

Altra Industrial Motion Corp.  
Form DEFM14A  
August 06, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14-12

**ALTRA INDUSTRIAL MOTION CORP.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

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No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
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- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

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**EXPLANATORY NOTE**

This proxy statement relates to the special meeting of stockholders of Altra Industrial Motion Corp. ( Altra ) to approve the proposals described herein with respect to the merger (the Merger ) of McHale Acquisition Corp., a Delaware corporation ( Merger Sub ), which is a wholly-owned subsidiary of Altra, with and into Stevens Holding Company, Inc., a Delaware corporation ( Newco ), which is a wholly-owned subsidiary of Fortive Corporation ( Fortive ), whereby the separate corporate existence of Merger Sub will cease and Newco will continue as the surviving company and as a wholly-owned subsidiary of Altra. Newco has filed a registration statement on Form S-4 and Form S-1 (Reg. No. 333-224754) to register the offer of shares of common stock, par value \$0.01 per share, which shares will be distributed to Fortive s stockholders pursuant to a split-off or spin-off in connection with the Merger, which shares of Newco common stock will be immediately converted into shares of Altra common stock in the Merger. In addition, Altra has filed a registration statement on Form S-4 (Reg. No. 333-224750) to register the shares of its common stock, par value \$.001 per share, that will be issued in the Merger.

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**Altra Industrial Motion Corp.**

**300 Granite Street, Suite 201**

**Braintree, Massachusetts 02184**

**[www.altramotion.com](http://www.altramotion.com)**

August 6, 2018

**MERGER PROPOSED YOUR VOTE IS IMPORTANT**

Dear Fellow Stockholders:

You are cordially invited to attend the special meeting of stockholders of Altra Industrial Motion Corp. ( Altra ), to be held at 9:00 a.m. Eastern Time on Tuesday, September 4, 2018, at the Boston Marriott Quincy, 1000 Marriott Drive, Quincy, Massachusetts 02169 to vote on actions associated with a strategic combination that your board of directors has determined represents a tremendous opportunity to strengthen Altra and position it to deliver enhanced, sustainable stockholder value. A notice of the special meeting and the proxy statement follow.

As previously announced, on March 7, 2018, Altra and Fortive Corporation ( Fortive ) agreed to combine Fortive s Automation & Specialty platform, but excluding Fortive s Hengstler and Dynapar businesses (such businesses, the A&S Business ) with Altra. We are extremely excited about this strategic combination. It significantly expands our position across the technology spectrum by bringing together our strong mechanical and electronic capabilities in engineered power transmission with the A&S Business s strong electric, electronic and software content in precision motion control. Altra will have increased exposure to higher growth, higher margin categories as well as the scale and global reach to better serve our customers. We will also have an enhanced financial profile, with sales and earnings growth expected to generate substantial free cash flow enabling the company to quickly de-lever. Finally, we are confident in our ability to integrate the business, particularly given our proven track-record in this area.

In connection with the transactions necessary to combine the A&S Business and Altra, at the special meeting you will be asked to approve:

the issuance of shares of Altra common stock in the Merger (the Share Issuance );

an amendment to Altra s Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Altra common stock from 90,000,000 to 120,000,000 (the Charter Amendment );

amendments to Altra s 2014 Omnibus Incentive Plan to increase the number of shares authorized for issuance by 2,200,000 shares, contingent upon the closing of the transactions, for a total of 3,700,000 authorized shares, and to impose a more restrictive limit on non-employee director compensation, which limit is not contingent upon the closing of the transactions (collectively, the Altra Equity Plan Amendments ); and

adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment or the Altra Equity Plan Amendments.

**If the proposal to approve the Share Issuance is not approved, the transactions necessary to combine the A&S Business and Altra cannot be completed.**

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After the consummation of the transactions necessary to combine the A&S Business and Altra, approximately 54% of the outstanding shares of Altra common stock are expected to be held by pre-transactions holders of Fortive common stock and approximately 46% of the outstanding shares of Altra common stock are expected to be held by pre-transactions holders of Altra common stock. After the consummation of the transactions necessary to combine the A&S Business and Altra, Altra common stock will continue to be listed on the Nasdaq Global Market ( Nasdaq ) under Altra s current symbol, AIMC.

**The Altra board of directors recommends that stockholders vote FOR the proposal to approve the Share Issuance, FOR the proposal to approve the Charter Amendment, FOR the proposal to approve the Altra Equity Plan Amendments and FOR the proposal to approve adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment or the Altra Equity Plan Amendments.**

Only those Altra stockholders of record at the close of business on August 6, 2018 are entitled to notice of the special meeting and to vote at the special meeting and any adjournments or postponements of the special meeting.

*Your vote is very important.* Whether or not you plan to attend the special meeting, please vote by completing, signing and dating the enclosed proxy card for the special meeting and mailing the proxy card to us. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** each of the proposals presented at the special meeting. In addition, you may vote by proxy by calling the toll-free telephone number or by accessing the internet. If you do not return your card, vote by telephone or by using the internet, or if you do not specifically instruct your bank, broker or other nominee how to vote any shares held for you in street name, your shares will not be voted at the special meeting.

This document is a proxy statement of Altra for its use in soliciting proxies for the special meeting. **We urge you to review this entire document carefully. In particular, you should consider the matters discussed under Risk Factors beginning on page 33.**

We thank you for your consideration and continued support of Altra.

Sincerely,

**Carl R. Christenson**

*Chairman and Chief Executive Officer*

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**Altra Industrial Motion Corp.**

**300 Granite Street, Suite 201**

**Braintree, Massachusetts 02184**

August 6, 2018

A special meeting of stockholders (the special meeting ) of Altra Industrial Motion Corp. ( Altra ) will be held as follows:

DATE: September 4, 2018

TIME 9:00 a.m. Eastern Time

LOCATION: Boston Marriott Quincy, 1000 Marriott Drive, Quincy, Massachusetts 02169

PURPOSE: To consider and act upon the following:

1. to approve issuance of shares of Altra common stock in the Merger (the Share Issuance );
2. to approve an amendment to Altra s Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Altra common stock from 90,000,000 to 120,000,000 (the Charter Amendment );
3. to approve amendments to Altra s 2014 Omnibus Incentive Plan to increase the number of shares authorized for issuance by 2,200,000 shares, contingent upon the closing of the Transactions, for a total of 3,700,000 authorized shares, and to impose a more restrictive limit on non-employee director compensation, which limit is not contingent upon the closing of the Transactions (collectively, the Altra Equity Plan Amendments ); and
4. to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment or the Altra Equity Plan Amendment.

**The Altra board of directors has determined that the Transactions (as defined in this proxy statement) are advisable and in the best interests of Altra and its stockholders, approved the Transaction Documents (as defined in this proxy statement), approved the Transactions and authorized and adopted the Charter Amendment and the Altra Equity Plan Amendments. The Altra board of directors recommends that stockholders vote FOR the proposal to approve the Share Issuance, FOR the proposal to approve the Charter Amendment, FOR the proposal to approve the Altra Equity Plan Amendments and FOR the proposal to approve adjournments or postponements of the special meeting, if necessary or appropriate, to solicit**

**additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment or the Altra Equity Plan Amendments. If the proposal to approve the Share Issuance is not approved, the Transactions cannot be completed.**

All Altra stockholders are cordially invited to attend the special meeting, although only those stockholders of record at the close of business on August 6, 2018 are entitled to notice of the special meeting and to vote at the special meeting and any adjournments or postponements of the special meeting.

By Order of the Board of Directors:

**Glenn E. Deegan**

*Vice President, Legal & Human Resources,*

*General Counsel and Secretary*

**It is important that your shares be represented and voted, whether or not you plan to attend the meeting.**



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**YOU CAN VOTE:**

**1. BY MAIL:**

**Promptly return your signed and dated proxy/voting instruction card in the enclosed envelope.**

**2. BY TELEPHONE:**

**Call toll-free 1-800-690-6903 and follow the instructions.**

**3. BY INTERNET:**

**Access [www.proxyvote.com](http://www.proxyvote.com) and follow the on-screen instructions.**

**4. IN PERSON:**

**You may attend the special meeting and vote in person.**

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**REFERENCES TO ADDITIONAL INFORMATION**

This document incorporates important business and financial information about Altra from documents filed with the Securities and Exchange Commission ( SEC ) that have not been included or delivered with this document. This information is available to Altra stockholders without charge by accessing the SEC 's website maintained at www.sec.gov, or upon written request to Altra Industrial Motion Corp., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184, Attention: Investor Relations. See Where You Can Find More Information; Incorporation by Reference.

All information contained or incorporated by reference in this document with respect to Altra and Merger Sub and their respective subsidiaries, as well as information on Altra after the consummation of the Transactions, has been provided by Altra. All other information contained or incorporated by reference in this document with respect to Fortive, Newco or their respective subsidiaries or the A&S Business and with respect to the terms and conditions of Fortive 's Exchange Offer has been provided by Fortive.

The information included in this document regarding Fortive 's exchange offer is being provided for informational purposes only and does not purport to be complete. For additional information on Fortive 's Exchange Offer and the terms and conditions of Fortive 's Exchange Offer, Altra 's stockholders are urged to read, when available, Newco 's registration statement on Form S-4 and Form S-1 (Reg. No. 333-224754), Altra 's registration statement on Form S-4 (Reg. No. 333-224750) and all other documents Newco or Altra file with the SEC relating to the Transactions. This document constitutes only a proxy statement for Altra stockholders relating to the special meeting and is not an offer to sell or a solicitation of an offer to purchase shares of Altra common stock, Fortive common stock or Altra common stock.

**HELPFUL INFORMATION**

Certain abbreviations and terms used in the text and notes are defined below:

<b>Abbreviation/Term</b>	<b>Description</b>
A&S Assets	The assets of the A&S Business designated as A&S Assets in the Separation Agreement, as described in the section of this document entitled The Separation Agreement The Separation Transfer of Assets
A&S Business	The Automation & Specialty platform of Fortive and its subsidiaries as conducted by them under certain related brands, including by the Portescap, Kollmorgen, Thomson and Jacobs Vehicle Systems operating companies, the A&S Companies and the Direct Sales Asset Sellers, but excluding Fortive 's Hengstler and Dynapar businesses
A&S Companies	Newco and its subsidiaries, after giving effect to the Newco Transfer, and the Direct Sales Entities (and their subsidiaries)
A&S Liabilities	The liabilities of the A&S Business designated as A&S Liabilities in the Separation Agreement, as described in the section of this document entitled The Separation Agreement The

Separation Assumption of Liabilities

Above-Basis Amount

\$1.4 billion minus the Basis Amount minus the Direct Sales  
Purchase Price

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<b>Abbreviation/Term</b>	<b>Description</b>
Added-Back Shares	Any shares of Altra common stock subject to outstanding awards under the 2004 Equity Incentive Plan (which the Altra Equity Plan replaced) that may become available for issuance because they expire, are forfeited or otherwise terminate without having been exercised or settled in full, in accordance with the Altra Equity Plan
Altra	Altra Industrial Motion Corp.
Altra Bylaws	Altra's Second Amended and Restated Bylaws (as they may be amended)
Altra Charter	Altra's Second Amended and Restated Certificate of Incorporation (as it may be amended)
Altra common stock	The common stock, par value \$0.001 per share, of Altra
Altra Commitment Parties	Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A., Wells Fargo Securities, LLC, Wells Fargo Bank, National Association, Citigroup Global Markets Inc., UBS Securities LLC, UBS AG, Stamford Branch, HSBC Securities (USA) Inc., HSBC Bank USA, National Association, MUFG Union Bank, N.A., BMO Harris Bank N.A., Bank of Montreal, BMO Capital Markets Corp., Citizens Bank, N.A., Royal Bank of Canada, RBC Capital Markets, The Toronto-Dominion Bank, New York Branch, TD Securities (USA) LLC, TD Bank, N.A. and U.S. Bank National Association
Altra Companies	Altra and each of Altra's subsidiaries, including Merger Sub
Altra Equity Plan	Altra's 2014 Omnibus Incentive Plan
Altra Equity Plan Amendments	The proposed amendments to the Altra Equity Plan to (i) increase the number of shares authorized for issuance by 2,200,000 shares, contingent on the closing of the Transactions, for a total of 3,700,000 authorized shares, of which 2,795,910 shares, plus Added-Back Shares, would be available for future grants, and (ii) to impose a more restrictive limit on non-employee director compensation, which limit is not contingent upon the closing of the Transactions
Altra Form S-4 Registration Statement	Altra's registration statement on Form S-4 to be filed with the SEC in connection with the issuance of Altra common stock pursuant to the Merger, as such registration statement may be amended prior to the time it becomes effective under the Securities Act
Altra Products	Products or services (i) both (x) designated or developed and (y) sold, or (ii) under development and substantially completed, or (iii) manufactured, sold or distributed, in each of the foregoing (i), (ii) and (iii), by or on behalf of the Altra Companies as of the date of the Merger Agreement, including the products listed in the Altra disclosure letter to the Merger Agreement



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<b>Abbreviation/Term</b>	<b>Description</b>
Altra Superior Offer	An unsolicited bona fide written offer by a third party to purchase at least a majority of the outstanding shares of Altra common stock or at least a majority of the assets of Altra (whether through a tender offer, merger or otherwise), that is determined by the Altra board of directors, in its good faith judgment, after consulting with its financial advisor and outside legal counsel, and after taking into account the terms and conditions of the offer, including the likelihood and anticipated timing of consummation, (i) to be more favorable, from a financial point of view, to Altra's stockholders than the proposed Transactions and (ii) to be reasonably likely to be completed, taking into account any financing and approval requirements that the Altra board of directors determines to be relevant and all other financial, legal, regulatory and other aspects of such proposal that the Altra board of directors determines to be relevant, including whether financing, if a cash transaction (in whole or part), is then fully committed
Ancillary Agreements	The Employee Matters Agreement, the IP License Agreement, the Tax Matters Agreement, the Transition Services Agreement, and any other agreements mutually agreed to by the parties pursuant to or in connection with the Transactions
Audited Financial Statements	The audited financial statements of (i) the A&S Business on a combined basis and (ii) Newco (before giving effect to the Internal Restructuring), including the balance sheets of (A) the A&S Business on a combined basis and (B) Newco (before giving effect to the Internal Restructuring) (except for Newco, only an opening balance sheet) as of December 31, 2016 and December 31, 2017, and the combined and consolidated statements of earnings, cash flows and parent equity of (1) the A&S Business and (2) Newco (before giving effect to the Internal Restructuring) for the years ended December 31, 2015, December 31, 2016 and December 31, 2017, together with an audit report, without qualification or exception thereto, on the financial statements from the independent accountants for the A&S Business and Newco
Basis Amount	\$175,000,000, unless, pursuant to a written notice delivered to Altra at least 30 days prior to the anticipated Distribution Date, Fortive elects to increase or reduce the Basis Amount by the amount specified in such notice after considering in good faith the estimated adjusted tax basis of the A&S Assets and the estimated amount of A&S Liabilities; provided, however, that the Basis Amount shall not be reduced below \$150,000,000 without the prior written consent of Altra
Cash Dividend	A cash dividend in an aggregate amount equal to the Basis

Amount

Charter Amendment

The proposed amendment to the Altra Charter to increase the number of authorized shares of Altra common stock from 90,000,000 to 120,000,000

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<b>Abbreviation/Term</b>	<b>Description</b>
clean-up spin-off	The distribution of the remaining shares of Newco common stock owned by Fortive on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after consummation of the Exchange Offer if the Exchange Offer is not fully subscribed
Code	The Internal Revenue Code of 1986, as amended
Danaher	Danaher Corporation
Danaher Separation	Separation of Fortive from Danaher
Debt Exchange	The transfer of the Newco Securities in exchange for certain debt obligations of Fortive held by the Debt Exchange Parties, as described in the section of this document entitled "The Merger Agreement - Debt Exchange"
Debt Exchange Parties	Certain persons who, prior to the Debt Exchange, own certain debt obligations of Fortive as principals for their own account
DGCL	General Corporation Law of the State of Delaware
Direct Sales	The (i) sale of the Direct Sales Assets and Direct Sales Entities (and their subsidiaries) by the Direct Sales Sellers to the Direct Sales Purchasers and (ii) assumption by the Direct Sales Purchasers of A&S Liabilities of or attributable to the Direct Sales Sellers
Direct Sales Assets	The A&S Assets held by the Direct Sales Asset Sellers or the Direct Sales Entities (and their subsidiaries)
Direct Sales Asset Sellers	The subsidiaries of Fortive that are contemplated by the Separation Plan to sell the Direct Sales Assets
Direct Sales Entity	The entities reflected as "Direct Sales Entities" in the Separation Plan
Direct Sales Entity Sellers	The subsidiaries of Fortive designated by Fortive prior to the Distribution to sell the Direct Sales Entities
Direct Sales Purchasers	The subsidiaries of Altra designated by Altra prior to the Distribution to purchase the Direct Sales Assets and the Direct Sales Entities
Direct Sales Purchase Price	\$1,000,000,000, unless changed in accordance with the terms of the Separation Agreement
Direct Sales Sellers	The Direct Sales Entity Sellers and the Direct Sales Asset Sellers.
Distribution	The distribution by Fortive, pursuant to the Separation Agreement, of 100% of the shares of Newco common stock to Fortive's stockholders in an exchange offer followed, if necessary, by a clean-up spin-off
Distribution Date	

The date selected by the Fortive board or its designee for the distribution of the shares of Newco common stock to holders of Fortive common stock

Employee Matters Agreement

The Employee Matters Agreement, dated as of March 7, 2018, by and among Fortive, Newco and Altra

Exchange Act

The Securities Exchange Act of 1934, as amended



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<b>Abbreviation/Term</b>	<b>Description</b>
Exchange Offer	An exchange offer whereby Fortive is offering to its stockholders the ability to exchange all or a portion of their shares of Fortive common stock for shares of Newco common stock, which Newco common stock will be immediately exchanged for Altra common stock in the Merger
Fortive	Fortive Corporation
Fortive common stock	The common stock, par value \$0.01 per share, of Fortive
Fortive Equity Award	Any outstanding Fortive Option or Fortive RSU that is held by a Newco Employee, or any other outstanding stock option, restricted stock, restricted stock unit or other equity award with respect to the equity interests of Fortive or any Fortive Affiliate that is held by a Newco Employee
Fortive Equity Plan	Fortive's 2016 Stock Incentive Plan
Fortive Group	Fortive and each of its subsidiaries and any legal predecessors thereto, but excluding any member of the Newco Group and any Direct Sales Entity (and its subsidiaries)
Fortive Option	Each option to purchase shares of Fortive common stock from Fortive, whether granted by Fortive pursuant to the Fortive Equity Plan, assumed by Fortive in connection with any merger, acquisition or similar transaction or otherwise issued or granted and whether vested or unvested
Fortive RSU	Each restricted stock unit representing the right to vest in and be issued shares of Fortive common stock by Fortive, whether granted by Fortive pursuant to a Fortive Equity Plan, assumed by Fortive in connection with any merger, acquisition or similar transaction or otherwise issued or granted and whether vested or unvested
Fortive Savings Plans	The Fortive Corporation Retirement Savings Plan and the Fortive Corporation Union Retirement Savings Plan
Fortive Shared Contract	Any contract that is not primarily related to the A&S Business, including under any such contract relating to, but not primarily relating to, the A&S Business
Fortive Stock Fund	The unitized pool of Fortive common stock and cash available as an investment option under the Fortive Savings Plans
GAAP	Generally accepted accounting principles in the United States
HSR Act	The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended
Internal Restructuring	The internal restructuring to separate and consolidate the A&S Business, except with respect to the Direct Sales, under Newco pursuant to the corporate structuring steps contemplated by the

Separation Plan as finally determined in accordance with the terms of the Separation Agreement, as described in the section of this document entitled The Transactions Overview

IP License Agreement

The Intellectual Property Cross-License Agreement substantially in the form attached as Exhibit C to the Separation Agreement

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<b>Abbreviation/Term</b>	<b>Description</b>
IRS	The United States Internal Revenue Service
IRS Ruling	A private letter ruling from the IRS addressing the tax consequences of certain aspects of the Newco Contribution, the Distribution and the Debt Exchange
Merger	The merger of Merger Sub with and into Newco, with Newco surviving the merger as a wholly-owned subsidiary of Altra, as contemplated by the Merger Agreement
Merger Agreement	The Agreement and Plan of Merger and Reorganization, dated as of March 7, 2018, by and among Fortive, Altra, Newco and Merger Sub (as it may be amended from time to time)
Merger Sub	McHale Acquisition Corp., a wholly-owned subsidiary of Altra
Nasdaq	The Nasdaq Global Market
New York City time	Local time in the City of New York
Newco	Stevens Holding Company, Inc., a Delaware corporation and currently a wholly-owned subsidiary of Fortive Corporation
Newco Assets	The A&S Assets to be held by the Newco Group
Newco Bylaws	The Bylaws of Stevens Holding Company, Inc., dated as of February 13, 2018 (as they may be amended)
Newco Certificate of Incorporation	The Certificate of Incorporation of Stevens Holding Company, Inc., dated as of February 13, 2018 (as it may be amended)
Newco Commitment Parties	Goldman Sachs Bank USA, UBS Securities LLC, UBS AG, Stamford Branch, Citigroup Global Markets Inc., Wells Fargo Securities, LLC, Wells Fargo Bank, National Association, HSBC Securities (USA) Inc., HSBC Bank USA, National Association, MUFG Union Bank, N.A., Bank of Montreal, BMO Capital Markets Corp., Citizens Bank, N.A., Royal Bank of Canada, RBC Capital Markets, The Toronto-Dominion Bank, New York Branch and TD Securities (USA) LLC.
Newco common stock	The common stock, par value \$0.01 per share, of Newco
Newco Contribution	The conveyance by Fortive to Newco or one or more subsidiaries of Fortive of certain assets and liabilities constituting the A&S Business, excluding the Direct Sales Assets, as described in the section of this document entitled The Transactions Overview
Newco Employee	Each employee who is employed as of the Separation Date and is either: (i) exclusively or primarily engaged in the A&S Business or (ii) necessary for the ongoing operation of the A&S Business following the Separation Date, in each case, as determined by Fortive in good faith, subject to Altra's timely review and consultation with Fortive, and identified to Altra no later than 45 days prior to the Separation Date; provided that Fortive and Altra

may agree in writing to exclude certain employees who would otherwise be covered no later than 45 days prior to the Separation Date

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<b>Abbreviation/Term</b>	<b>Description</b>
Newco Group	Newco, each of the subsidiaries of Fortive contemplated to be owned (directly or indirectly) by Newco immediately prior to the Separation Time pursuant to the Separation Plan and the Internal Restructuring, and any legal predecessors thereto
Newco Indemnitees	Newco, each other member of the Newco Group, each Direct Sales Entity, each Subsidiary of a Direct Sales Entity and Altra, and each of their respective successors and assigns, and all persons who are or have been stockholders, directors, partners, managers, managing members, officers, agents or employees of any member of the Newco Group, any Direct Sales Entity and any Subsidiary of a Direct Sales Entity (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns
Newco IP	All intellectual property rights owned by, or purported to be owned by, licensed to or used by Fortive or its affiliates and primarily used in the A&S Business, including with regard to any patents included in the foregoing, the applicable patent family thereof
Newco Registration Statements	Newco's registration statement on Form S-1/S-4 or registration statement on Form 10, as applicable, filed with the SEC
Newco Securities	Securities representing indebtedness of Newco in an aggregate principal amount equal to the Above-Basis Amount
Newco Shared Contract	Any contract primarily relating to the A&S Business that also relates to any business or business function of the Fortive group to which Fortive, Newco or any member of their respective groups is a party or by which any of their respective assets is bound
Newco Transfer	(i) The Newco Contribution, (ii) the transfer, directly or indirectly, of the Excluded Assets and Excluded Liabilities, in each case, relating to, arising out of or resulting from the transactions contemplated by the Separation Agreement and (iii) certain related transactions specified in the Separation Agreement
NYSE	The New York Stock Exchange
SEC	The United States Securities and Exchange Commission
Securities Act	The Securities Act of 1933, as amended
Separation	The Newco Transfer and the other transactions, other than the Direct Sales, contemplated by the Separation Agreement to transfer the A&S Business to Newco
Separation Agreement	The Separation and Distribution Agreement, dated as of March 7, 2018, by and among Fortive, Altra and Newco (as it may be amended from time to time)

Separation Date

The effective date of the Separation

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<b>Abbreviation/Term</b>	<b>Description</b>
Separation Plan	Fortive's plan with respect to the Internal Restructuring, as further described in the Separation Agreement
Separation Time	The effective time of the Separation
Share Issuance	The issuance of shares of Altra common stock to the stockholders of Newco in the Merger
spin-off	The distribution of Newco common stock to stockholders of Fortive through a pro rata dividend
split-off	The distribution of Newco common stock to stockholders of Fortive through an exchange offer
Tax Matters Agreement	The Tax Matters Agreement substantially in the form attached as Exhibit A to the Separation Agreement
Termination Fee	The termination fee of \$40 million payable by Altra to Fortive upon termination of the Merger Agreement under circumstances as described in the section of this document entitled "The Merger Agreement - Termination Fee Payable in Certain Circumstances."
Transaction Documents	The Merger Agreement, the Separation Agreement and the Ancillary Agreements
Transactions	The Separation, the Distribution, the Direct Sales, the Merger, the Debt Exchange, certain debt financing transactions and all other transactions as contemplated by the Transaction Documents
Transition Services Agreement	The Transition Services Agreement substantially in the form attached as Exhibit B to the Separation Agreement
Valuation Dates	The last three full trading days ending on and including the third trading day preceding the expiration date of the Exchange Offer period, as it may be voluntarily extended
VWAP	Volume-weighted average price

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**QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS AND THE SPECIAL MEETING**

The following are some of the questions that Altra stockholders may have, and answers to those questions. These questions and answers, as well as the following summary, are not meant to be a substitute for the information contained in the remainder of this document, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this document. You are urged to read this document in its entirety prior to making any decision.

**Q: Why am I receiving this document?**

A: Altra and Fortive have entered into the Merger Agreement pursuant to which the A&S Business will combine with Altra's business. Altra is holding a special meeting of its stockholders in order to obtain stockholder approval of the Share Issuance, the Charter Amendment and the Altra Equity Plan Amendment. Altra cannot complete the Transactions unless the Share Issuance is approved by the affirmative vote of a majority of votes cast, either in person or by proxy.

This document includes important information about the Transactions and the special meeting of Altra stockholders. Altra stockholders should read this information carefully and in its entirety. A copy of the Merger Agreement is attached hereto as Annex A and a copy of the Separation Agreement is attached hereto as Annex B. The enclosed voting materials allow Altra stockholders to vote their shares without attending the Altra special meeting. **The vote of Altra stockholders is very important and Altra encourages its stockholders to vote their proxy as soon as possible. Please follow the instructions set forth on the enclosed proxy card (or on the voting instruction form provided by the record holder if shares of Altra stock are held in the name of a bank, broker or other nominee).**

**Q: What is Altra proposing?**

A: Altra is proposing to combine the A&S Business with Altra's business in Transactions having an estimated aggregate value of approximately \$2.9 billion, based on the closing on Nasdaq of Altra common stock as of August 1, 2018. The Merger and Direct Sales will be effected through the Transactions that are described in more detail below and elsewhere in this document. Following the consummation of the Transactions:

Certain assets, liabilities and equity interests constituting a portion of the A&S Business will be owned by Newco, which will be a wholly-owned subsidiary of Altra;

Newco will have incurred new indebtedness of approximately \$400 million and will have distributed to Fortive the Cash Dividend in an amount equal to the Basis Amount and issued directly to Fortive the Newco Securities, unless Fortive determines that the Debt Exchange is not reasonably likely to be consummated at the time of the Distribution and elects to receive cash in lieu of the Newco Securities, in which case Newco will have distributed to Fortive a cash dividend in an amount equal to the Above-Basis Amount and will have incurred new indebtedness in the form of debt securities, loans or a combination thereof to finance such



cash payment;

Altra will have incurred new indebtedness of approximately \$1.3 billion and will have paid to Fortive the Direct Sales Purchase Price and repaid in full and extinguished all outstanding indebtedness for borrowed money under Altra's existing revolving credit facility;

Fortive will have transferred certain non-U.S. assets and equity interests constituting the remaining portion of the A&S Business to the Direct Sales Purchasers, and Altra or its subsidiaries will have assumed certain liabilities associated with such assets;

Altra and its wholly-owned domestic subsidiaries will have guaranteed the debt obligations of Newco, and Newco and its wholly-owned domestic subsidiaries will have guaranteed the debt obligations of Altra; and

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approximately 54% of the outstanding shares of Altra common stock are expected to be held by pre-Merger holders of Newco common stock and approximately 46% of the outstanding shares of Altra common stock are expected to be held by pre-Merger Altra stockholders.

**Q: What are the Transactions described in this document?**

A: On March 7, 2018, Altra and Fortive agreed to enter into the Transactions to effect the transfer of the A&S Business to Altra. These Transactions provide for (i) the Separation and the Distribution of a portion of the A&S Business and the subsequent merger of Merger Sub with and into Newco, with Newco surviving as a wholly-owned subsidiary of Altra and (ii) the Direct Sales pursuant to which Altra will acquire the remaining portion of the A&S Business. In order to effect the Separation, the Distribution, the Direct Sales and the Merger, Fortive, Newco, Altra and Merger Sub entered into the Merger Agreement and Fortive, Newco and Altra entered into the Separation Agreement. In addition, Fortive, Newco, Altra and certain of their respective affiliates have entered into, or will enter into, the Ancillary Agreements in connection with the Transactions. These agreements, which are described in greater detail in Other Agreements, govern the relationship among Fortive, Newco, Altra and their respective affiliates after the Separation, the Distribution, the Direct Sales and the Merger.

On the closing date of the Merger, Fortive will distribute its shares of Newco common stock to its participating stockholders in the Exchange Offer. If the Exchange Offer is consummated but is not fully subscribed, Fortive will distribute the remaining shares of Newco common stock on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after consummation of the Exchange Offer. Any Fortive stockholder who validly tenders (and does not properly withdraw) shares of Fortive common stock for shares of Newco common stock in the Exchange Offer will waive, with respect to such shares, their rights to receive, and forfeit any rights to, shares of Newco common stock distributed on a pro rata basis to Fortive stockholders in the event the Exchange Offer is not fully subscribed. If there is a pro rata distribution, the Exchange Offer agent will calculate the exact number of shares of Newco common stock not exchanged in the Exchange Offer and to be distributed on a pro rata basis, and the number of shares of Altra common stock into which the remaining shares of Newco common stock will be converted in the Merger will be transferred to Fortive stockholders (after giving effect to the consummation of the Exchange Offer) as promptly as practicable thereafter.

After the Merger and the Direct Sales, Altra will own and operate the A&S Business through Newco and the Direct Sales Purchasers and will also continue Altra's current business. All shares of Altra common stock, including those issued in the Merger, will be listed on Nasdaq under Altra's current trading symbol AIMC.

**Q: What are the steps for the Transactions described above?**

A: Below is a step-by-step list illustrating the material events relating to the Separation, the Distribution, the Direct Sales and the Merger. Each of these events is discussed in more detail elsewhere in this document.

Step #1 *Internal Restructuring; the Separation.* Prior to the Distribution and the Merger, Fortive will convey to Newco or one or more subsidiaries of Fortive certain assets and liabilities constituting a portion of the A&S Business (excluding any Direct Sales Assets or Direct Sales Entities, which will be transferred in the Direct Sales described below), and will cause any applicable subsidiary of Fortive to convey to Fortive or its designated subsidiary (other than Newco or any of Newco's subsidiaries) certain excluded assets and excluded liabilities in order to separate and consolidate a portion of the A&S Business. Immediately thereafter, Fortive will contribute all the equity interests in

each such subsidiary of Fortive holding assets and liabilities constituting a portion of the A&S Business to Newco.

Step #2 *Issuance of Newco common stock.* Immediately prior to the Distribution, Newco will issue to Fortive shares of Newco common stock. Following this issuance, Fortive will own 35 million shares of Newco common stock, which will constitute all of the issued and outstanding stock of Newco.

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**Step #3 *Issuance of Newco Securities.*** Prior to the effective time of the Merger, and as a condition to the Distribution, Newco will make distributions to Fortive of the Cash Dividend and Newco Securities. Fortive expects to exchange the Newco Securities with the Debt Exchange Parties for certain outstanding debt obligations of Fortive, which may include debt securities, loans, commercial paper, or a combination thereof, held by the Debt Exchange Parties. Following the Debt Exchange, the Debt Exchange Parties, or their affiliates, are expected to sell the Newco Securities to third-party investors. The Direct Sales were included in the Transactions as a way to dispose of certain non-U.S. assets, liabilities and entities of the A&S Business to Altra subsidiaries for cash in a tax-efficient manner, while reducing the size of the Debt Exchange needed in order to provide Fortive with the same level of monetization of the A&S Business in the Transactions. If Fortive determines that the Debt Exchange is not reasonably likely to be consummated at or prior to the End Date (as such term is described in The Merger Agreement Termination ) in an amount equal to the Above-Basis Amount at the time of the Distribution, then Fortive may elect to (i) require Newco to issue to Fortive the Newco Securities even though the Debt Exchange will not occur at the time of the Distribution, (ii) require Newco to incur indebtedness in an amount up to the Above-Basis Amount, whether in the form of debt securities, loans or a combination thereof, and distribute to Fortive an amount in cash equal to the net proceeds thereof, or (iii) terminate the Merger Agreement as described under The Merger Agreement Termination and pay the termination fee as described under The Merger Agreement Termination Fees and Expenses Payable in Certain Circumstances. Any debt securities issued by Newco to fund the Cash Dividend or issued in lieu of all or any portion of the Newco Securities may be fungible with the Newco Securities that are distributed to Fortive.

**Step #4 *The Distribution; Exchange Offer or Spin-Off.*** On the closing date of the Merger, Fortive will distribute 100% of the shares of Newco common stock to Fortive stockholders through either a spin-off or a split-off. In a spin-off, all Fortive stockholders would receive a pro rata number of shares of Newco common stock. In a split-off, Fortive would offer its stockholders the option to exchange all or a portion of their shares of Fortive common stock for shares of Newco common stock in an exchange offer. If the Exchange Offer is undertaken and consummated, but the Exchange Offer is not fully subscribed because fewer than all shares of Newco common stock owned by Fortive are exchanged, the remaining shares of Newco common stock owned by Fortive would be distributed on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after consummation of the Exchange Offer. See The Separation Agreement The Distribution.

The Exchange Offer agent will hold, for the account of the relevant Fortive stockholders, the book-entry authorizations representing all of the outstanding shares of Newco common stock, pending the consummation of the Merger. Shares of Newco common stock will not be able to be traded during this period.

As previously noted, this disclosure has been prepared under the assumption that the shares of Newco will be distributed to Fortive stockholders pursuant to a split-off. Based on market conditions prior to closing, including, but not limited to, the relative valuation and market price of shares of common stock of Fortive and Altra, the implied valuation of the A&S Business, the likelihood of demand from stockholders of Fortive for shares of common stock of Altra to be issued in the Transactions and the assessment by Fortive and its financial advisors of the likelihood of sufficient tender of the shares of common stock of Fortive in a split-off, Fortive will determine whether the Newco shares will be distributed to Fortive's stockholders in a spin-off or a split-off and, once a final decision is made, this disclosure will be amended to reflect that decision, if necessary.

**Step #5 *The Direct Sales.*** In order for Altra to acquire the remaining portion of the A&S Business, prior to the effective time of the Merger, (i) the Direct Sales Sellers will sell to the Direct Sales Purchasers the Direct Sales Assets and the Direct Sales Entities and (ii) the Direct Sales Purchasers will assume the A&S Liabilities of or attributable to the Direct Sales Sellers, in exchange for the Direct Sales Purchase Price.

Step #6 *The Merger*. In the Merger, Merger Sub will be merged with and into Newco, with Newco surviving as a wholly-owned subsidiary of Altra. In the Merger, each outstanding share of Newco common

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stock (except for shares of Newco common stock held by Fortive, Newco, Altra or Merger Sub, which shares will be canceled and cease to exist, and no consideration will be delivered in exchange therefor) will be converted into the right to receive a number of shares of Altra common stock equal to (x) 35 million shares of Altra common stock divided by (y) the aggregate number of shares of Newco common stock issued and outstanding as of immediately prior to the effective time of the Merger.

Immediately after the consummation of the Merger, approximately 54% of the outstanding shares of Altra common stock are expected to be held by pre-Merger holders of shares of Newco common stock and approximately 46% of the outstanding shares of Altra common stock are expected to be held by pre-Merger Altra stockholders.

**Q: What are the material U.S. federal income tax consequences to Altra and Altra's stockholders resulting from the Transactions?**

A: Altra will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Merger. Because Altra stockholders will not participate in the Distribution or the Merger, Altra stockholders will generally not recognize gain or loss upon either the Distribution (including the Exchange Offer) or the Merger. Altra stockholders should consult their own tax advisors for a full understanding of the tax consequences to them of the Distribution and the Merger.

**Q: What will Altra stockholders receive in the Merger?**

A: Altra stockholders will not directly receive any consideration in the Merger. All shares of Altra common stock issued and outstanding immediately before the Merger will remain issued and outstanding after the consummation of the Merger. Immediately after the Merger, Altra stockholders will continue to own shares in Altra, which will include the A&S Business, including Newco, as a wholly-owned subsidiary of Altra, and Altra will be responsible for repaying the approximately \$1.7 billion of debt that will be incurred or refinanced in connection with the Transactions. After the consummation of the Merger, the debt obligations incurred by Newco are expected to be guaranteed by Altra and its wholly-owned domestic subsidiaries, and the debt obligations incurred by Altra in connection with the Transactions are expected to be guaranteed by Newco and its wholly-owned domestic subsidiaries.

**Q: What are the principal adverse effects of the Transactions to Altra stockholders?**

A: Following the consummation of the Transactions, Altra stockholders will participate in a company that holds the A&S Business, but their percentage interest in this company will be diluted. Immediately after consummation of the Merger, pre-Merger Altra stockholders are expected to own 46% of Altra common stock on a fully-diluted basis, subject to adjustment in limited circumstances as provided in the Merger Agreement and as described in the section of this document entitled "The Merger Agreement - The Adjustment Payment." Therefore, the voting power represented by the shares held by pre-Merger Altra stockholders will be lower immediately following the Merger than immediately prior to the Merger.

In addition, Fortive stockholders that participate in the Exchange Offer will be exchanging their shares of Fortive common stock for shares of Newco common stock at a discount to the per-share value of Altra common stock, subject to the upper limit. The existence of a discount, along with the Share Issuance, may negatively affect the market price of Altra common stock. Altra also expects to incur significant one-time costs in connection with the Transactions, including advisory, legal, accounting and other professional fees related to the Transactions, transition and integration expenses, such as consulting professionals' fees, information technology implementation costs, financing fees and relocation costs, that Altra management believes are necessary to realize anticipated annualized cost synergies. The incurrence of these costs may have an adverse impact on Altra's liquidity or operating results in the periods in which they are incurred. Finally, Altra will be required to devote a significant amount of time and attention to the process of integrating the operations of Altra and the A&S Business. If Altra is not able to effectively manage the

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process, Altra's business could suffer and its stock price may decline. In addition, the market price of Altra common stock could decline as a result of sales of a large number of shares of Altra common stock in the market after the consummation of the Transactions or even the perception that these sales could occur. See **Risk Factors** for a further discussion of the material risks associated with the Transactions.

### **Q: How will the Transactions impact the future liquidity and capital resources of Altra?**

A: The approximately \$1.7 billion of indebtedness expected to be incurred under the Altra Term Loan B Facility, the Notes, the Newco Securities and the Bridge Facility, if any, which are each described in **Debt Financing**, will be the debt obligations of Newco and Altra. After the consummation of the Merger, the debt obligations of Newco are expected to be guaranteed by Altra and its wholly-owned domestic subsidiaries, and the debt obligations of Altra incurred to finance the Transactions are expected to be guaranteed by Newco and its wholly-owned domestic subsidiaries. Altra anticipates that its primary sources of liquidity for working capital and operating activities, including any future acquisitions, will be cash from operations and borrowings under the Altra Revolving Credit Facility described in more detail in **Debt Financing**. Altra expects that these sources of liquidity will be sufficient to make required payments of interest on the outstanding Altra debt and to fund working capital and capital expenditure requirements, including the significant one-time costs relating to the Transactions. Altra expects that it will be able to comply with the financial and other covenants under the credit agreement governing the Altra Term Loan B Facility and the Altra Revolving Credit Facility, the indentures or other instruments governing the Newco Securities and the Notes and the credit agreement governing the Bridge Facility, if any. Altra believes that the combination of Altra and the A&S Business will result in anticipated annualized cost synergies of approximately \$46 million within four years following the consummation of the Transactions as a result of anticipated enhanced strategic flexibility and scale and through the application of the A&S Business's supply chain expertise and Altra's Operational Excellence Program. If Altra and the A&S Business are able to expand existing products into additional geographies and markets, potential revenue synergies resulting in approximately \$6 million of additional annual operating income may be achievable within four years following the consummation of the Transactions. Altra expects to incur significant, one-time costs in connection with the Transactions, including approximately \$85 to \$95 million in transaction-related costs (of which \$45 to \$50 million will be capitalized) and approximately \$24 million in non-recurring implementation costs during the first four years following the consummation of the Transactions that Altra management believes are necessary to realize the anticipated synergies from the Transactions. See **Information on Altra** **Altra's Liquidity and Capital Resources After the Transactions**. The incurrence of these costs may have an adverse impact on Altra's liquidity, cash flows and operating results in the periods in which they are incurred.

### **Q: How do the Transactions impact Altra's dividend policy?**

A: Declarations of dividends on Altra's common stock are made at the discretion of Altra's board of directors upon the board's determination that the declaration of dividends are in the best interest of Altra's stockholders. Altra has consistently paid regular dividends, which have increased by more than 300% since being introduced during the quarter ended March 31, 2012. In April 2018, Altra's board of directors declared a quarterly dividend of \$0.17 per share, consistent with its dividend declarations in the prior four quarters. Pursuant to the Merger Agreement, Altra has agreed that prior to the consummation of the Transactions, Altra's board of directors will not declare or



pay any dividends or other distributions other than the declaration and payment of regular quarterly cash dividends of an amount not to exceed \$0.17 per share.

**Q: What will Fortive and Fortive stockholders receive in the Transactions?**

A: Immediately prior to the Distribution, Fortive will receive the Cash Dividend and the Newco Securities to be used in the Debt Exchange (or cash if Fortive elects to receive a cash dividend from Newco in lieu of the

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Newco Securities). The Newco Securities are expected to be issued by Newco directly to Fortive prior to the Distribution. The Newco Securities will be the debt obligations of Newco and, following the consummation of the Merger, are expected to be guaranteed by Altra and its wholly-owned domestic subsidiaries. In connection with the Direct Sales, Fortive will receive the Direct Sales Purchase Price. As a result, Fortive expects to receive in aggregate an amount equal to approximately \$1.4 billion in the Transactions, consisting of approximately (x) \$400 million from the Cash Dividend and the Debt Exchange in connection with the Separation, the Newco Contribution and the Distribution, subject to adjustments, and (y) the Direct Sales Purchase Price.

In the Exchange Offer, Fortive will offer to Fortive stockholders the right to exchange all or a portion of their shares of Fortive common stock for shares of Newco common stock. In the event the Exchange Offer is not fully subscribed, Fortive will distribute in the spin-off the remaining shares of Newco common stock owned by Fortive on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after the consummation of the Exchange Offer.

In the Merger, the shares of Newco common stock will be converted into the right to receive shares of Altra common stock. Thus, each Fortive stockholder will ultimately receive shares of Altra common stock in the Distribution and the Merger. Fortive stockholders will not be required to pay for the shares of Newco common stock distributed in the spin-off or the shares of Altra common stock issued in the Merger. Fortive stockholders will receive cash from the Exchange Offer agent in lieu of any fractional shares of Altra common stock to which such stockholders would otherwise be entitled. All shares of Altra common stock issued in the Merger will be issued in book entry form.

Calculated based on the closing price on Nasdaq of Altra common stock as of August 1, 2018, the shares of Altra common stock that Altra expects to issue to Fortive stockholders as a result of the Transactions would have had a market value of approximately \$1.5 billion in the aggregate (the actual value will not be known until the closing date of the Merger). For more information, see [The Transactions The Separation and the Distribution](#) beginning on page 112, [The Transactions The Merger](#) beginning on page 113 and [The Transactions Calculation of the Merger Consideration](#) beginning on page 113.

**Q: Are there any conditions to the consummation of the Transactions?**

A: Yes. Consummation of the Transactions is subject to a number of conditions, including:

the approval by Altra's stockholders of the Share Issuance;

the registration statements on Forms S-4 and S-1 of Newco and Form S-4 of Altra have become effective under the Securities Act;

the receipt by Fortive of an IRS ruling addressing the tax consequences of certain aspects of the Debt Exchange (unless Fortive has not obtained such IRS ruling by December 31, 2018, or takes certain actions relating to the financing transactions, in which case the condition will be deemed waived);

the receipt by Fortive and Newco of the Distribution Tax Opinion and a Merger Tax Opinion from Fortive's tax counsel, dated as of the closing date of the Merger;

the receipt by Altra and Merger Sub of a Merger Tax Opinion from Altra's tax counsel, dated as of the closing date of the Merger;

the completion of the various transaction steps contemplated by the Merger Agreement and the Separation Agreement, including the Separation and the Distribution;

the expiration or termination of any waiting period applicable to the Merger under applicable antitrust or competition laws in the United States and receipt of additional antitrust approvals in applicable jurisdictions (which waiting period has expired and approvals have been received);

the Debt Exchange shall have been consummated and Fortive shall have received the Cash Dividend immediately before the Distribution; and

other customary conditions.

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For a description of the material conditions precedent to the Transactions, see The Merger Agreement Conditions to the Merger.

**Q: When will the Transactions be completed?**

A: Altra and Fortive are working to complete the Merger as quickly as possible after satisfaction of the closing conditions, including consummation of certain transactions contemplated by the Merger Agreement and the Separation Agreement (such as the Separation) and receipt of Altra stockholder approval for the Share Issuance. In addition, other important conditions to the closing of the Separation and the Merger exist, including, among other things, the completion of the Internal Restructuring necessary to separate Fortive's A&S assets and liabilities from Fortive's other business, and the receipt by Fortive of an IRS ruling addressing the tax consequences of certain aspects of the Debt Exchange (unless Fortive has not obtained such IRS ruling by December 31, 2018, or takes certain actions relating to the financing transactions, in which case the condition will be deemed waived), the Distribution Tax Opinion and the Merger Tax Opinions. Altra and Fortive anticipate that the transfer of certain assets and liabilities of the A&S Business will be completed after the closing date of the Merger due to regulatory and other delays in certain jurisdictions outside the United States. It is possible that factors outside Altra's and Fortive's control could require Fortive to complete the Separation and the Distribution and Altra and Fortive to complete the Merger at a later time or not complete them at all. For a discussion of the conditions to the Separation and the Merger, see The Transactions Regulatory Approvals beginning on page 152, The Merger Agreement Conditions to the Merger beginning on page 171, and The Separation Agreement Conditions to the Separation beginning on page 184.

**Q: When is the termination date of the Merger Agreement?**

A: Subject to specified qualifications and exceptions, either Fortive or Altra may terminate the Merger Agreement at any time prior to the consummation of the Merger if the Merger has not been consummated by December 7, 2018 or, in certain circumstances at the election of Fortive or Altra, by February 12, 2019. See The Merger Agreement Termination.

**Q: Does Altra have to pay anything to Fortive if the Share Issuance is not approved by the Altra stockholders or if the Merger Agreement is otherwise terminated?**

A: Depending on the reasons for termination of the Merger Agreement, Altra may have to pay Fortive a termination fee of \$40 million or reimburse Fortive for its expenses in connection with the Transactions not to exceed \$5 million. For a discussion of the circumstances under which the termination fee is payable by Altra or the requirement to reimburse expenses applies, see The Merger Agreement Termination Fees and Expenses Payable in Certain Circumstances.

**Q: Does Fortive have to pay anything to Altra if the Merger Agreement is terminated?**

A: Depending on the reasons for termination of the Merger Agreement, Fortive may have to pay Altra a termination fee of \$40 million. For a discussion of the circumstances under which the termination fee is payable by Fortive, see The Merger Agreement Termination Fees and Expenses Payable in Certain Circumstances.

**Q: Are there risks associated with the Transactions?**

A: Yes. The material risks and uncertainties associated with the Transactions are discussed in the section entitled Risk Factors beginning on page 33 and the section entitled Cautionary Statement Concerning Forward-Looking Statements beginning on page 55. Those risks include, among others, the possibility that the Transactions may not be completed, the possibility that Altra may fail to realize the anticipated benefits

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of the Merger, the uncertainty that Altra will be able to integrate the A&S Business successfully, the possibility that Altra may be unable to provide benefits and services or access to equivalent financial strength and resources to the A&S Business that historically have been provided by Fortive, and the substantial dilution to the ownership interest of current Altra stockholders following the consummation of the Merger.

**Q: Will there be any change to the Altra board of directors or Altra's current senior management team after the Transactions?**

A: Those directors of Altra serving on its board of directors immediately before the effective time of the Merger are expected to continue to serve as directors of Altra immediately following the closing of the Merger. In addition, as of immediately following the effective time of the Merger, Altra will increase the size of its board of directors by one member, creating a vacancy, and one individual selected by Fortive (which individual is currently anticipated to be Patrick K. Murphy, Fortive's Senior Vice President) will be appointed to fill such vacancy and will, subject to the fiduciary duties of Altra's board of directors, be nominated for re-election at the expiration of such director's initial term. However, if Fortive's designated director: (i) is unwilling or unable to serve at the effective time of the Merger, (ii) is unwilling or unable to serve when such new term starts or (iii) is not nominated to serve such new term, then Fortive will designate a replacement, acceptable to Altra in its sole discretion, for such director before the effective time of the Merger or the start of such new term, as applicable.

It is expected that Altra's current management team will remain intact for the combined business, but may be expanded to include new management team members from the A&S Business. The executive officers of Altra immediately prior to the closing of the Merger are expected to remain executive officers of Altra immediately following the closing of the Merger.

**Q: What stockholder approvals are needed in connection with the Transactions?**

A: Altra cannot complete the Transactions unless the proposal relating to the Share Issuance is approved by the affirmative vote of a majority of the shares of Altra common stock represented and voting at the special meeting, either in person or by proxy (assuming a quorum is present). No vote of Fortive stockholders is required or being sought in connection with the Transactions.

**Q: What is the proposed Charter Amendment on which I am being asked to vote?**

A: Altra is seeking stockholder approval of a proposal to amend the Altra Charter to increase the number of authorized shares of Altra common stock from 90,000,000 shares to 120,000,000 shares. See the section of this document entitled "Proposal No. 2 Proposal to Approve the Amendment of Altra's Amended and Restated Certificate of Incorporation to Increase the Number of Authorized Shares of Altra Common Stock" for a discussion of this proposal.

**Q: What are the proposed Altra Equity Plan Amendments on which I am being asked to vote?**

- A: Altra is seeking stockholder approval of a proposal to amend the Incentive Plan to (i) increase the number of shares authorized for issuance by 2,200,000 shares, contingent on the closing of the Transactions, for a total of 3,700,000 authorized shares, of which 2,795,910 shares, plus any Added-Back Shares, would be available for future grants and (ii) impose a more restrictive limit on non-employee director compensation, which limit is not contingent upon the closing of the transactions. See the section of this document entitled "Proposal No. 3 Proposal to Approve Amendments to Altra's 2014 Omnibus Incentive Plan" for a discussion of this proposal.

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**Q: Why is Altra proposing to amend the Altra Charter to increase the number of authorized shares of Altra common stock?**

A: The Altra Charter currently authorizes the issuance of 90,000,000 shares of common stock. As of August 1, 2018, there were 29,387,971 shares of Altra common stock issued and outstanding and no shares of Altra preferred stock issued and outstanding. In addition, as of August 1, 2018, awards and other rights or options to acquire shares of Altra common stock were outstanding under these plans that represented rights or options to acquire approximately 750,000 shares of Altra common stock and Altra had reserved approximately 750,000 additional shares of Altra common stock for future issuances under these plans. Altra expects to issue 35,000,000 shares of Altra common stock in the Merger.

Although the Altra board of directors did not have to increase the number of authorized shares to complete the Share Issuance, the Altra board of directors believes it is in Altra's best interest to increase the number of authorized shares to assure that additional shares of common stock are available for general corporate purposes, which may include:

raising capital through sales of equity securities (issuances of shares of Altra common stock or debt or equity securities that are convertible into Altra common stock);

acquiring other businesses or assets;

establishing strategic relationships with other companies;

providing equity incentives to employees, officers or directors;

declaring stock dividends or effecting stock splits; or

achieving other corporate purposes.

**Q: Why is stockholder approval needed in connection with the Charter Amendment?**

A: Under the DGCL, Altra cannot amend the Altra Charter to increase the number of authorized shares of Altra common stock unless the Charter Amendment is approved by the affirmative vote of a majority of the shares of Altra common stock entitled to vote on the proposal.

**Q: Why is stockholder approval needed in connection with the Altra Equity Plan Amendments?**

A:



Pursuant to Nasdaq Listing Rule 5635(c), the Altra board of directors cannot amend the Altra Equity Plan to increase the number of shares authorized for issuance unless the Altra Equity Plan Amendments are approved by a majority of the votes cast on the proposal at the special meeting. In addition, stockholder approval is being sought for a more restrictive limit on non-employee director compensation, in response to some recent decisions by Delaware courts.

**Q: What vote is required to approve the Share Issuance?**

The proposal to approve the Share Issuance must be approved by a majority of the votes cast on the proposal at the special meeting. An abstention from voting will have no effect on the proposal to approve the Share Issuance. In accordance with applicable rules, banks, brokers and other nominees who hold shares of common stock in street name for their customers do not have discretionary authority to vote the shares with respect to the proposal to approve the Share Issuance. Accordingly, there will be no broker non-votes and shares held in street name (that is, shares held through a bank, broker or other nominee) will not be voted on the proposal to approve the Share Issuance unless the bank, broker or nominee has received voting instructions from its customer. If this proposal is not approved, the Merger cannot be completed.

**Q: What vote is required to approve the Charter Amendment?**

A: The proposal to approve the Charter Amendment must be approved by the affirmative vote of a majority of the shares of Altra common stock entitled to vote on the proposal. An abstention from voting will have the

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same effect as a vote **AGAINST** the proposal to approve the Charter Amendment. In accordance with applicable rules, banks, brokers and other nominees who hold shares of common stock in street name for their customers do not have discretionary authority to vote the shares with respect to the proposal to approve the Charter Amendment. Accordingly, there will be no broker non-votes and shares held in street name (that is, shares held through a bank, broker or other nominee) will not be voted on the proposal to approve the Charter Amendment unless the bank, broker or nominee has received voting instructions from its customer.

**Q: What vote is required to approve the Altra Equity Plan Amendments?**

A: The proposal to approve the Altra Equity Plan Amendments must be approved by a majority of the votes cast on the proposal at the special meeting. An abstention from voting will have no effect on the proposal to approve the Altra Equity Plan Amendments. In accordance with applicable rules, banks, brokers and other nominees who hold shares of common stock in street name for their customers do not have discretionary authority to vote the shares with respect to the proposal to approve the Altra Equity Plan Amendments. Accordingly, there will be no broker non-votes and shares held in street name (that is, shares held through a bank, broker or other nominee) will not be voted on the proposal to approve the Altra Equity Plan Amendments unless the bank, broker or nominee has received voting instructions from its customer.

**Q: Do Fortive stockholders have to vote to approve the Transactions?**

A: No.

**Q: What if an Altra stockholder does not vote on the proposals for the Share Issuance, the Charter Amendment or the Altra Equity Plan Amendments proposals?**

A: The outcome depends on how the Altra common stock is held and whether any vote is cast or not:  
*Holder of Record*

if an Altra stockholder submits a proxy to Altra but the proxy does not indicate how it should be voted on the proposals, the proxy will be counted as a vote **FOR** the proposals.

if an Altra stockholder submits a proxy to Altra and the proxy indicates that the stockholder abstains from voting as to the proposals to approve the Share Issuance, the Altra Equity Plan Amendment or the proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment and the Altra Equity Plan Amendment, it will count towards the required quorum but have effect on the proposals.

if an Altra stockholder submits a proxy to Altra and the proxy indicates that the stockholder abstains from voting as to the proposal to approve the Charter Amendment, it will have the same effect as a vote **AGAINST** the proposal.

if an Altra stockholder fails to submit a proxy to Altra, that stockholder's shares will not count towards the required quorum of a majority of the votes entitled to be cast on the proposals. Such a failure to submit a proxy to Altra will have the same effect as a vote **AGAINST** the Charter Amendment.

*Beneficial Owner*

if an Altra stockholder does not instruct its bank, broker or other nominee to vote its shares on the proposal to approve the Share Issuance, the Charter Amendment, the Altra Equity Plan Amendments or the proposal to approve the adjournment or postponement of the special meeting, if necessary or

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appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment and the Altra Equity Plan Amendment, the bank, broker or other nominee may not vote such shares on this proposal because it is a non-routine matter, so no proxy will be submitted on such stockholder's behalf and such stockholder's shares will not count toward the required quorum; and

if an Altra stockholder instructs its bank, broker or other nominee to vote its shares but does not instruct broker or other nominee as to how to vote its shares on one or both proposals, the bank, broker or other nominee will vote such stockholder's shares **FOR** the uninstructed proposal(s).

**Q: How does the Altra board of directors recommend stockholders vote?**

A: The Altra board of directors recommends that stockholders vote **FOR** the proposal to approve the Share Issuance, **FOR** the proposal to approve the Charter Amendment, **FOR** the proposal to approve the Altra Equity Plan Amendment and **FOR** the proposal to approve adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment or the Altra Equity Plan Amendment.

**Q: Have any Altra stockholders already agreed to vote for the Share Issuance?**

A: No.

**Q: How can Altra stockholders cast their vote?**

A: Altra stockholders may vote before the special meeting in one of the following ways:

by Internet, by following the Internet voting instructions printed on the proxy card;

by telephone, by following the telephone voting instructions printed on the proxy card;

by mail, by completing all of the required information on the proxy card and signing, dating and returning the proxy card in the enclosed postage-paid envelope; or

in person, by attending the special meeting and completing a ballot.

**Q:**

**If an Altra stockholder is not going to attend the special meeting, should that stockholder return its proxy card or otherwise vote its shares?**

A: Yes. Returning the proxy card or voting by calling the toll-free number shown on the proxy card or visiting the website shown on the proxy card before the required deadline, 11:59 p.m. Eastern Time on September 3, 2018, ensures that the shares will be represented and voted at the special meeting, even if an Altra stockholder will be unable to or does not attend.

**Q: If an Altra stockholder's shares are held in street name through its bank, broker or other nominee, will that bank, broker or other nominee vote those shares?**

A: If your shares are held by a bank, broker or other nominee on your behalf in street name, your bank, broker or other nominee will send you instructions as to how to provide voting instructions for your shares by proxy. Many banks and brokerage firms have a process for their customers to provide voting instructions by telephone or via the Internet, in addition to providing voting instructions by proxy card. In accordance with the applicable rules, banks, brokers and other nominees who hold shares of common stock in street name for their customers do not have discretionary authority to vote the shares with respect to the proposals to approve the Share Issuance, the Charter Amendment or the adjournment or postponement of

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the special meeting, if necessary or appropriate. Accordingly, there will be no broker non-votes and shares held in street name will not be voted on the proposals unless the bank, broker or other nominee has received voting instructions from its customer.

**Q: Can an Altra stockholder change its vote after mailing its proxy card or submitting voting instructions by Internet or telephone?**

A: Yes. If a holder of record of Altra common stock has properly completed and submitted its proxy card or submitted voting instructions by Internet or telephone, the Altra stockholder can change its vote in any of the following ways:

by sending a signed notice of revocation to the corporate secretary of Altra that is received prior to the special meeting stating that the Altra stockholder revokes its proxy;

by properly completing a new proxy card bearing a later date and properly submitting it so that it is received prior to the special meeting;

by logging onto the Internet website specified on the proxy card in the same manner a stockholder would to submit its proxy electronically or by calling the toll-free number specified on the proxy card prior to the special meeting, in each case if the Altra stockholder is eligible to do so and following the instructions on the proxy card; or

by attending the special meeting and voting in person.

Simply attending the special meeting will not revoke a proxy. In the event of multiple online or telephone votes by a stockholder, each vote will supersede the previous vote and the last vote cast will be deemed to be the final vote of the stockholder unless such vote is revoked in person at the special meeting.

If an Altra stockholder holds shares in street name through its bank, broker or other nominee, and has directed such person to vote its shares, it should instruct such person to change its vote, or if in the alternative an Altra stockholder wishes to vote in person at the special meeting, it must bring to the special meeting a letter from the bank, broker or other nominee confirming its beneficial ownership of the shares and that the bank, broker or other nominee is not voting the shares at the special meeting.

**Q: What should Altra stockholders do now?**

A: After carefully reading and considering the information contained in this document, Altra stockholders should vote their shares as soon as possible so that their shares will be represented and voted at the special meeting. Altra stockholders should follow the voting instructions set forth on the enclosed proxy card.

**Q: Can Altra stockholders dissent and require appraisal of their shares?**

A: No.

**Q: Will the instruments that govern the rights of Altra stockholders with respect to their shares of Altra common stock after the consummation of the Transactions be different from those that govern the rights of current Altra stockholders?**

A: The rights of Altra stockholders with respect to their shares of Altra common stock after the consummation of the Transactions will continue to be governed by federal and state laws and Altra's governing documents, including:

the corporate law of the State of Delaware, including the DGCL;

the Altra Charter; and

the Altra Bylaws.

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If the Charter Amendment proposal is approved by the Altra stockholders and the Merger is consummated, the Altra Charter will be amended to increase the number of authorized shares of Altra common stock from 90,000,000 shares to 120,000,000 shares. The additional shares of authorized Altra common stock would be identical to the shares of common stock now authorized and outstanding, and the Charter Amendment would not otherwise affect the rights of current holders of Altra common stock.

**Q: Who can answer my questions about the Transactions or the special meeting?**

A: If you have any questions about the Transactions or the special meeting, need assistance in voting your shares or need additional copies of this document or the enclosed proxy card, you should contact:

Innisfree M&A Incorporated  
501 Madison Avenue, 20th Floor  
New York, New York 10022  
Stockholders Call Toll-Free: (888) 750-5834  
Banks and Brokers Call: (212) 750-5833

or

Altra Industrial Motion Corp.  
300 Granite Street, Suite 201  
Braintree, Massachusetts 02184  
Attention: Investor Relations  
(781) 917-0541

**Q: Where can I find more information about Altra, the A&S Business and the Transactions?**

A: Altra stockholders can find more information about Altra, the A&S Business and the Transactions by reading this document and, with respect to Altra and the A&S Business, from Information on Altra, Information on the A&S Business and the various sources described in Where You Can Find More Information; Incorporation By Reference.





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**SUMMARY**

The following summary contains certain information described in more detail elsewhere in this document. It does not contain all the details concerning the Transactions, including information that may be important to you. To better understand the Transactions, you should carefully review this entire document and the documents it refers to. See *Where You Can Find More Information*; *Incorporation by Reference*.

**The Companies**

*Altra Industrial Motion Corp.*

Altra Industrial Motion Corp.

300 Granite Street, Suite 201

Braintree, MA 02184

Telephone: (781) 917-0600

Altra was incorporated in 2004 and is headquartered in Braintree, Massachusetts. Altra is a leading global designer, producer, and marketer of a wide range of mechanical power transmissions components, which include clutches, brakes, couplings and gearing. Altra sells its products in over 70 countries in a diverse group of industries, including energy, general industrial, material handling, metals, mining, special machinery, transportation, and turf and garden.

*McHale Acquisition Corp.*

McHale Acquisition Corp.

c/o Altra Industrial Motion Corp.

300 Granite Street, Suite 201

Braintree, MA 02184

Telephone: (781) 917-0600

McHale Acquisition Corp., a Delaware corporation, is a newly formed, direct wholly-owned subsidiary of Altra that was organized specifically for the purpose of completing the Merger. Merger Sub has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and in connection with the Transactions.

*Fortive Corporation*

Fortive Corporation

6920 Seaway Boulevard

Everett, WA 98203

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Telephone: (425) 446-5000

Fortive was incorporated in 2015 in connection with the Danaher Separation on July 2, 2016. Fortive is a diversified industrial growth company with well-known brands that hold leading positions in field solutions, transportation technology, sensing, product realization, Automation & Specialty and franchise distribution markets. Fortive designs, develops, services, manufactures and markets various products, software and services for a variety of industries, building on a foundation of leading brand names, innovative technology and significant market positions. Fortive is headquartered in Everett, Washington and has research and development, manufacturing, sales, distribution, service and administrative facilities in more than 40 countries. Fortive operates in two segments: (i) Professional Instrumentation, which includes Fortive's Advanced Instrumentation & Solutions and Sensing Technologies businesses, and (ii) Industrial Technologies, which includes Fortive's Transportation Technologies, Automation & Specialty Components and Franchise Distribution businesses.

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*Stevens Holding Company, Inc.*

Stevens Holding Company, Inc.

c/o Fortive Corporation

6920 Seaway Boulevard

Everett, WA 98203

Telephone: (425) 446-5000

Stevens Holding Company, Inc., a Delaware corporation, is a newly formed, direct wholly-owned subsidiary of Fortive that was organized specifically for the purpose of effecting the Separation. Newco has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the Transactions.

Newco is a holding company. In the Transactions, Fortive will transfer certain assets and liabilities related to the A&S Business (excluding any Direct Sales Assets or Direct Sales Entities, which will be transferred in the Direct Sales), including certain subsidiaries of Fortive, to Newco or its subsidiaries in exchange for the (i) issuance to Fortive of shares of Newco common stock, (ii) the Newco Securities and (iii) the Cash Dividend.

**The Transactions**

On March 7, 2018, Altra and Fortive agreed to enter into the Transactions to effect the transfer of a portion of the A&S Business to Altra, the transfer of certain non-U.S. assets, liabilities and entities constituting the remaining portion of the A&S Business directly to Altra or one or more subsidiaries of Altra and the assumption by Altra and its subsidiaries of substantially all of the liabilities associated with the transferred assets. These Transactions provide for the separation and distribution of a portion of the A&S Business and the subsequent merger of Merger Sub with and into Newco, with Newco, as the surviving entity, a wholly-owned subsidiary of Altra, as well as the direct sale to Altra of the remaining portion of the A&S Business. In order to effect the Separation, the Distribution, the Direct Sales and the Merger, Fortive, Newco, Altra and Merger Sub entered into the Merger Agreement and Fortive, Newco and Altra entered into the Separation Agreement. In addition, Fortive, Newco, Altra and certain of their respective affiliates entered into, or will enter into, the Ancillary Agreements in connection with the Transactions. These agreements, which are described in greater detail in this document, govern the relationships among Fortive, Newco, Altra, Merger Sub and their respective affiliates after the consummation of Separation, the Distribution, the Direct Sales and the Merger.

The A&S Business consists of the Automation & Specialty platform of Fortive and its subsidiaries as conducted by them under certain related brands, including by the Portescap, Kollmorgen, Thomson and Jacobs Vehicle Systems operating companies, the A&S Companies and the Direct Sales Asset Sellers, but excluding Fortive's Hengstler and Dynapar businesses. Prior to the Distribution and the Merger, Fortive will convey to Newco or one or more subsidiaries of Fortive certain assets and liabilities constituting a portion of the A&S Business, and will cause any applicable subsidiary of Fortive to convey to Fortive or its designated subsidiary (other than Newco or any of Newco's subsidiaries) certain excluded assets and excluded liabilities in order to separate and consolidate a portion of the A&S Business. Immediately thereafter, Fortive will contribute all the equity interests in each such subsidiary of Fortive holding assets and liabilities constituting a portion of the A&S Business to Newco. In exchange, Newco will: (i) issue to Fortive shares of Newco common stock, (ii) issue to Fortive the Newco Securities and (iii) distribute to Fortive the

Cash Dividend. In total, Newco will make distributions to Fortive of cash and debt instruments of Newco with an aggregate value of \$400 million, of which \$150 million (subject to adjustment as provided in the Separation Agreement) is expected to be the Cash Dividend, and \$250 million (subject to adjustment as provided in the Separation Agreement) is expected to be issued as Newco Securities. In addition, pursuant to the Merger Agreement, in the Direct Sales, Fortive will transfer certain non-U.S. assets, liabilities and entities constituting the remaining portion of the A&S Business directly to Altra or one or more subsidiaries of Altra, and the Altra subsidiaries will assume substantially all of

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the liabilities associated with the transferred assets, in exchange for the Direct Sales Purchase Price, which is expected to be \$1.0 billion. Fortive will transfer the Newco Securities to certain parties in exchange for certain outstanding debt obligations of Fortive held by the Debt Exchange Parties. Following the Debt Exchange, the Debt Exchange Parties are expected to sell the Newco Securities to third-party investors.

On the closing date of the Merger, Fortive will distribute all of the issued and outstanding shares of Newco common stock held by Fortive to its participating stockholders in the Exchange Offer. If the Exchange Offer is consummated but is not fully subscribed, Fortive will distribute the remaining shares of Newco common stock on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after consummation of the Exchange Offer. Any Fortive stockholder who validly tenders (and does not properly withdraw) shares of Fortive common stock for shares of Newco common stock in the Exchange Offer will waive their rights with respect to such shares to receive, and forfeit any rights to, shares of Newco common stock distributed on a pro rata basis to Fortive stockholders in the event the Exchange Offer is not fully subscribed. If there is a pro rata distribution, the Exchange Offer agent will calculate the exact number of shares of Newco common stock not exchanged in the Exchange Offer and to be distributed on a pro rata basis, and the number of shares of Altra common stock into which the remaining shares of Newco common stock will be converted in the Merger will be transferred to Fortive stockholders (after giving effect to the consummation of the Exchange Offer) as promptly as practicable thereafter.

Immediately after the Distribution and on the closing date of the Merger, Merger Sub will merge with and into Newco, whereby the separate corporate existence of Merger Sub will cease and Newco will continue as the surviving company and as a wholly-owned subsidiary of Altra. In the Merger, each share of Newco common stock will be converted into the right to receive shares of Altra common stock based on the exchange ratio set forth in the Merger Agreement, as described in the section of this document entitled *The Merger Agreement Merger Consideration*. After the consummation of the Merger and the Direct Sales, Altra will own and operate the A&S Business through Newco and the Direct Sales Purchasers and will also continue Altra's current businesses. All shares of Altra common stock, including those issued in the Merger, will be listed on Nasdaq under Altra's current trading symbol AIMC.

In connection with the Merger, Altra expects to issue 35 million shares of Altra common stock to Fortive stockholders that receive shares of Newco common stock in the Distribution. Calculated based on the closing price on Nasdaq of Altra common stock as of August 1, 2018 the shares of Altra common stock that Altra expects to issue to such Fortive stockholders as a result of the Transactions would have had a market value of approximately \$1.5 billion in the aggregate (the actual value will not be known until the closing date). See *Calculation of the Merger Consideration*.

As a result of the Transactions described above, the aggregate value of the consideration payable to Fortive or Fortive stockholders with respect to the A&S Business is estimated, as of August 1, 2018, to be approximately \$2.9 billion, consisting of (i) approximately \$1.5 billion in value of Altra common stock (calculated based on the closing price on Nasdaq of the Altra common stock as of August 1, 2018) issuable to Fortive stockholders that participate in the Exchange Offer, (ii) \$1.0 billion in cash payable to certain subsidiaries of Fortive in respect of the Direct Sales and (iii) \$400 million payable to Fortive in respect of the Cash Dividend and issuance of the Newco Securities.

***Transaction Steps***

Below is a step-by-step list illustrating the material events relating to the Separation, the Distribution and the Merger. Each of these events is discussed in more detail elsewhere in this document.

**Step #1 *Internal Restructuring; the Separation.*** Prior to the Distribution and the Merger, Fortive will convey to Newco or one or more subsidiaries of Fortive certain assets and liabilities constituting a portion of the A&S Business (excluding any Direct Sales Assets or Direct Sales Entities, which will be transferred in the Direct



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Sales described below), and will cause any applicable subsidiary of Fortive to convey to Fortive or its designated subsidiary (other than Newco or any of Newco's subsidiaries) certain excluded assets and excluded liabilities in order to separate and consolidate a portion of the A&S Business. Immediately thereafter, Fortive will contribute all the equity interests in each such subsidiary of Fortive holding assets and liabilities constituting a portion of the A&S Business to Newco.

*Step #2 Issuance of Newco common stock.* Immediately prior to the Distribution, Newco will issue to Fortive shares of Newco common stock. Following this issuance, Fortive will own 35 million shares of Newco common stock, which will constitute all of the issued and outstanding stock of Newco.

*Step #3 Issuance of Newco Securities.* Prior to the effective time of the Merger, and as a condition to the Distribution, Newco will make distributions to Fortive of the Cash Dividend and Newco Securities. Fortive expects to exchange the Newco Securities with the Debt Exchange Parties for certain outstanding debt obligations of Fortive, which may include debt securities, loans, commercial paper, or a combination thereof, held by the Debt Exchange Parties. Following the Debt Exchange, the Debt Exchange Parties, or their affiliates, are expected to sell the Newco Securities to third-party investors. The Direct Sales were included in the Transactions as a way to dispose of certain non-U.S. assets, liabilities and entities of the A&S Business to Altra for cash in a tax-efficient manner, while reducing the size of the Debt Exchange needed in order to provide Fortive with the same level of monetization of the A&S Business in the Transactions. If Fortive determines that the Debt Exchange is not reasonably likely to be consummated at or prior to the End Date (as such term is described in The Merger Agreement Termination ) in an amount equal to the Above-Basis Amount at the time of the Distribution, then Fortive may elect to (i) require Newco to issue to Fortive the Newco Securities even though the Debt Exchange will not occur at the time of the Distribution, (ii) require Newco to incur indebtedness in an amount up to the Above-Basis Amount, whether in the form of debt securities, loans or a combination thereof, and distribute to Fortive an amount in cash equal to the net proceeds thereof, or (iii) terminate the Merger Agreement as described under The Merger Agreement Termination and pay the termination fee as described under The Merger Agreement Termination Fees and Expenses Payable in Certain Circumstances. Any debt securities issued by Newco to fund the Cash Dividend or issued in lieu of all or any portion of the Newco Securities may be fungible with the Newco Securities that are distributed to Fortive.

*Step #4 The Distribution; Exchange Offer or Spin-Off.* On the closing date of the Merger, Fortive will distribute 100% of the shares of Newco common stock to Fortive stockholders through either a spin-off or a split-off. In a spin-off, all Fortive stockholders would receive a pro rata number of shares of Newco common stock. In a split-off, Fortive would offer its stockholders the option to exchange all or a portion of their shares of Fortive common stock for shares of Newco common stock in an exchange offer. If the Exchange Offer is undertaken and consummated, but the Exchange Offer is not fully subscribed because fewer than all shares of Newco common stock owned by Fortive are exchanged, the remaining shares of Newco common stock owned by Fortive would be distributed on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after consummation of the Exchange Offer. See The Separation Agreement The Distribution.

The Exchange Offer agent will hold, for the account of the relevant Fortive stockholders, the book-entry authorizations representing all of the outstanding shares of Newco common stock, pending the consummation of the Merger. Shares of Newco common stock will not be able to be traded during this period.

As previously noted, this disclosure has been prepared under the assumption that the shares of Newco will be distributed to Fortive stockholders pursuant to a split-off. Based on market conditions prior to closing, including, but not limited to, the relative valuation and market price of shares of common stock of Fortive and Altra, the implied valuation of the A&S Business, the likelihood of demand from stockholders of Fortive for shares of common stock of Altra to be issued in the Transactions and the assessment by Fortive and its financial





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advisors of the likelihood of sufficient tenders of shares of common stock of Fortive in a split-off, Fortive will determine whether the Newco shares will be distributed to Fortive's stockholders in a spin-off or a split-off and, once a final decision is made, this disclosure will be amended to reflect that decision, if necessary.

Step #5 *The Direct Sales*. In order for Altra to acquire the remaining portion of the A&S Business, prior to the effective time of the Merger, (i) the Direct Sales Sellers will sell to the Direct Sales Purchasers the Direct Sales Assets and the Direct Sales Entities and (ii) the Direct Sales Purchasers will assume the A&S Liabilities of or attributable to the Direct Sales Sellers, in exchange for the Direct Sales Purchase Price.

Step #6 *The Merger*. In the Merger, Merger Sub will be merged with and into Newco, with Newco surviving as a wholly-owned subsidiary of Altra. In the Merger, each outstanding share of Newco common stock (except for shares of Newco common stock held by Fortive, Newco, Altra or Merger Sub, which shares will be canceled and cease to exist, and no consideration will be delivered in exchange therefor) will be converted into the right to receive a number of shares of Altra common stock equal to (x) 35 million shares of Altra common stock divided by (y) the aggregate number of shares of Newco common stock issued and outstanding as of immediately prior to the effective time of the Merger.

Immediately after the consummation of the Merger, approximately 54% of the outstanding shares of Altra common stock are expected to be held by pre-Merger holders of shares of Newco common stock and approximately 46% of the outstanding shares of Altra common stock are expected to be held by pre-Merger Altra stockholders.

Set forth below are diagrams that graphically illustrate, in simplified form, the existing corporate structure, the corporate structure immediately following the Separation and Distribution but before the Merger and the Direct Sales, and the corporate structure immediately following the consummation of the Merger and the Direct Sales.

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**Table of Contents****SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA**

The following summary combined financial data of the A&S Business and summary consolidated financial data of Fortive and Altra are being provided to help you in your analysis of the financial aspects of the Transactions. You should read this information in conjunction with the financial information included elsewhere and incorporated by reference into this document. See [Where You Can Find More Information](#); [Incorporation by Reference](#), [Management's Discussion and Analysis of Financial Condition and Results of Operations for the A&S Business](#), [Information on the A&S Business](#), [Information on Fortive](#), [Information on Altra](#), and [Selected Financial Statement Data](#).

**Summary Historical Combined Financial Data of the A&S Business**

The summary historical combined financial data of the A&S Business for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, and as of December 31, 2017 and December 31, 2016, as set forth below, have been derived from the audited annual combined financial statements of the A&S Business, which are included in the [Index to Financial Statements](#) section of this prospectus. The summary historical combined condensed financial data for the three months ended March 30, 2018 and March 31, 2017 and as of March 30, 2018, as set forth below, have been derived from the interim unaudited combined condensed financial statements of the A&S Business, which are included in the [Index to the Financial Statements](#) section of this prospectus. The unaudited summary historical combined financial data as of March 31, 2017 and December 31, 2015, and as of and for the years ended December 31, 2014 and December 31, 2013, have been derived from the unaudited annual combined financial statements of the A&S Business not included or incorporated by reference in this prospectus. This information is only a summary and the table below should be read in conjunction with [Management's Discussion and Analysis of Financial Condition and Results of Operations for the A&S Business](#) and the annual and quarterly combined financial statements of the A&S Business and the notes thereto included elsewhere in this prospectus.

(\$ in millions)	As of and for the Three Months Ended		As of and for the Year Ended December 31,				
	March 30, 2018 (unaudited)	March 31, 2017 (unaudited)	2017	2016	2015	2014 (a) (unaudited)	2013 (a) (unaudited)
<b>Selected Statement of Earnings Information:</b>							
Sales	\$ 250.6	\$ 218.8	\$ 907.3	\$ 852.6	\$ 874.1	\$ 960.9	\$ 959.0
Operating profit	57.7	45.7	193.2	166.7	165.4	215.5	179.8
Net earnings	47.8 (unaudited)	34.7 (unaudited)	151.7	121.2	110.1 (unaudited)	149.1 (unaudited)	132.7 (unaudited)
<b>Selected Balance Sheet Information:</b>							
Total assets	\$ 894.7	\$ 853.4	\$ 872.0	\$ 836.4	\$ 832.1	\$ 850.8	\$ 933.0

- (a) In August 2014, the A&S Business completed the divestiture of its electric vehicle systems (EVS)/hybrid product line for a sale price of approximately \$87 million in cash. This product line contributed sales, operating profit and net earnings of approximately \$59.5 million, \$10.5 million and \$7.3 million, respectively, in 2014 prior to the

divestiture. This product line contributed sales, operating profit and net earnings of approximately \$106.5 million, \$10.5 million and \$7.8 million, respectively, in 2013. The Business recorded a pre-tax gain on the sale of the product line of approximately \$34 million (\$26 million after-tax). As of December 31, 2013, this product line had assets of approximately \$66 million. Subsequent to the August 2014 sale, the A&S Business had no continuing involvement in the EVS/hybrid product line. The divestiture of the EVS/hybrid product line was not classified as a discontinued operation in these financial statements because the disposition does not represent a strategic shift that had a major effect on the A&S Business's operations and financial statements.

**Table of Contents****Summary Historical Consolidated Financial Data of Altra**

The following summary historical consolidated financial data of Altra for the three months ended March 31, 2018 and March 31, 2017, and as of such dates, have been derived from Altra's historical unaudited consolidated and combined financial statements as of and for the three months ended March 31, 2018 and March 31, 2017. The following summary historical consolidated financial data of Altra for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, and as of such dates, have been derived from Altra's historical audited consolidated and combined financial statements as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013. This information is only a summary and should be read in conjunction with the financial statements of Altra and the notes thereto and the

Management's Discussion and Analysis of Financial Condition and Results of Operations section contained in Altra's Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference into this document. See [Where You Can Find More Information; Incorporation by Reference](#).

(\$ in millions except per share data)	Three Months Ended			Year Ended			
	March 31,			December 31,			
	2018	2017	2017	2016	2015	2014	2013
<b>Results of Operations:</b>							
Net sales	\$ 240.4	\$ 215.4	\$ 876.7	\$ 708.9	\$ 746.7	\$ 819.8	\$ 722.2
Cost of sales	166.2	149.3	601.0	486.8	518.2	570.9	506.8
Gross profit	74.2	66.1	275.7	222.1	228.5	248.9	215.4
Operating expenses:							
Selling, general and administrative expenses	47.1	40.3	164.5	140.5	139.3	156.5	130.2
Research and development expenses	6.5	6.2	24.4	17.7	17.8	15.5	12.5
Impairment of Intangible assets				6.6			
Restructuring costs and other costs	0.9	1.9	5.8	9.8	7.2	1.8	1.1
	54.5	48.4	194.7	174.6	164.3	173.8	143.8
Income from operations	19.7	17.7	81.0	47.5	64.2	75.1	71.6
Other non-operating income and expense:							
Interest expense, net	1.8	1.7	7.7	11.7	12.2	12.0	10.6
Loss on partial settlement of pension plan	5.1						
Loss on extinguishment of convertible debt		1.8	1.8	2.0			
Other non-operating expense (income), net	(0.1)	(0.5)	0.4		0.9		1.7
	6.8	3.0	9.9	13.7	13.1	12.0	12.3
Income before income taxes	12.9	14.7	71.1	33.8	51.1	63.1	59.3
Provision for income taxes	3.9	4.4	19.7	8.7	15.8	22.9	19.1
Net income	9.0	10.3	51.4	25.1	35.3	40.2	40.2
					0.1		0.1

Net loss (income) attributable to  
non-controlling interest

Net income attributable to Altra Industrial Motion Corp.	\$	9.0	\$	10.3	\$	51.4	\$	25.1	\$	35.4	\$	40.2	\$	40.3
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**Other Financial Data:**

Depreciation and amortization	\$	9.4	\$	8.8	\$	36.0	\$	29.9	\$	30.1	\$	32.1	\$	27.9
Purchases of fixed assets		(7.0)		(7.3)		(32.8)		(18.9)		(22.9)		(28.1)		(27.8)
Cash flow provided by (used in):														
Operating activities		3.7		3.0		80.6		76.6		86.8		84.5		89.6
Investing activities		(7.0)		(7.3)		(26.7)		(206.9)		(21.7)		(42.3)		(130.0)
Financing activities		(3.7)		(13.7)		(74.0)		149.8		(55.8)		(54.0)		18.0

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(\$ in millions except per share data)	Three Months Ended			Year Ended			
	March 31,			December 31,			
	2018	2017	2017	2016	2015	2014	2013
Weighted average shares, basic	29.1	28.8	28.9	25.7	26.1	26.7	26.8
Weighted average shares, diluted	29.2	28.9	29.1	25.9	26.1	27.4	26.8
<b>Basic Earnings per share:</b>							
Net income attributable to Altra Industrial Motion Corp.	\$ 0.31	\$ 0.36	\$ 1.78	\$ 0.97	\$ 1.36	\$ 1.50	\$ 1.50
<b>Diluted earnings per share:</b>							
Net income attributable to Altra Industrial Motion Corp.	\$ 0.31	\$ 0.36	\$ 1.77	\$ 0.97	\$ 1.36	\$ 1.47	\$ 1.50
Cash dividend declared	\$ 0.17	\$ 0.15	\$ 0.66	\$ 0.60	\$ 0.57	\$ 0.46	\$ 0.38
<b>Balance Sheet Data:</b>							
Cash and cash equivalents	\$ 46.4	\$ 52.9	\$ 52.0	\$ 69.1	\$ 50.3	\$ 47.5	\$ 63.6
Total assets	938.5	877.5	920.7	869.8	632.3	676.4	727.4
Total debt, net of unaccreted discount	279.7	318.0	276.0	369.7	234.8	255.8	278.3
Long-term liabilities, excluding long-term debt	\$ 104.2	\$ 84.3	\$ 105.9	\$ 88.9	\$ 53.8	\$ 56.7	\$ 55.7

**Summary Unaudited Combined Pro Forma Financial Data of Altra and the A&S Business**

The following summary unaudited pro forma combined financial information of Altra and the A&S Business is being presented for illustrative purposes only, and this information should not be relied upon for purposes of making any investment or other decisions. The following summary unaudited pro forma combined financial data assume that the A&S Business had been owned by Altra for the period, and at the date presented. Altra and the A&S Business may have performed differently had they actually been combined for all periods or on the date presented. You should also not rely on the following summary unaudited pro forma combined financial data as being indicative of the results or financial condition that would have been achieved had Altra and the A&S Business been combined during the periods or on the date presented or of the actual future results or financial condition of Altra to be achieved following the Transactions. See Risk Factors Risks Related to the Combined Company's Business The unaudited pro forma combined financial information of Altra and the A&S Business is not intended to reflect what actual results of operations and financial condition would have been had Altra and the A&S Business been a combined company for the periods presented, and therefore these results may not be indicative of the combined company's future operating performance.

This information is only a summary and has been derived from and should be read in conjunction with the financial statements of Altra and the notes thereto contained in Altra's Quarterly Report on Form 10-Q for the three months ended March 31, 2018 and Annual Report on Form 10-K for the year ended December 31, 2017, which are incorporated by reference in this document, the financial statements of the A&S Business and the notes thereto included elsewhere in this document and the more detailed unaudited pro forma condensed combined financial statements of Altra and the A&S Business and the notes thereto included elsewhere in this document. See Where You Can Find More Information; Incorporation by Reference, Unaudited Pro Forma Combined Information of Altra and the A&S Business and the audited financial statements of the A&S Business included elsewhere in this document.





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(\$ in millions except per share and ratio data)	As of and for the Three Months Ended March 31, 2018		As of and for the Year Ended December 31, 2017	
<b>Results of Operations:</b>				
Net sales	\$	491.0	\$	1,784.0
Cost of sales		323.6		1,150.0
Gross profit		167.4		634.0
Operating expenses:				
Research and development		15.6		61.0
Selling, general and administrative		82.5		302.5
Amortization of acquired intangible assets		17.3		68.4
Restructuring charges and other		0.9		5.8
		116.3		437.7
Income from operations		51.1		196.3
Total other (income) expense		28.0		94.0
Income before income tax expense		23.1		102.3
Income tax expense		5.2		23.5
Net income	\$	17.9	\$	78.8
<b>Per Share Information:</b>				
Basic net income per share:	\$	0.28	\$	1.23
Diluted net income per share:	\$	0.28	\$	1.22
Weighted average common shares outstanding used in computing				
Net income per share Basic		64.1		63.9
Net income per share Diluted		64.6		64.5
<b>Balance Sheet Data:</b>				
Cash and cash equivalents	\$	46.4	\$	52.0
Total assets		4,518.9		4,495.5
Debt		1,722.1		1,722.4
Total stockholders equity	\$	2,019.7	\$	1,999.7
Ratio of earnings to fixed charges <sup>(1)</sup>		2.0x		2.1x

(1) The full computation of the combined company's ratio of earnings to fixed charges for the periods specified is filed as Exhibit 12.1 to Altra's amended registration statement on Form S-4 filed with the SEC on June 21, 2018, which is incorporated by reference into this document.

**Summary Comparative Historical and Pro Forma Per Share Data**

The following table sets forth certain historical and pro forma per share data for Altra. The Altra historical data have been derived from and should be read together with Altra's audited consolidated financial statements and related notes thereto contained in Altra's Quarterly Report on Form 10-Q for the three months ended March 31, 2018 and Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which are incorporated by reference into this document. The pro forma data have been derived from the unaudited pro forma combined financial statements of Altra

and the A&S Business included elsewhere in this document. See [Where You Can Find More Information; Incorporation by Reference](#).

This summary comparative historical and pro forma per share data are being presented for illustrative purposes only. Altra and the A&S Business may have performed differently had the Transactions occurred prior to the period or at the date presented. You should not rely on the pro forma per share data presented as being

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indicative of the results that would have been achieved had Altra and the A&S Business been combined during the period or at the date presented or of the actual future results or financial condition of Altra or the A&S Business to be achieved following the Transactions.

Altra	As of and for the Three Months Ended March 31, 2018		As of and for the Year Ended December 31, 2017	
	Historical	Pro Forma	Historical	Pro Forma
	<i>(in millions, except per share data)</i>			
Basic earnings per share	\$ 0.31	\$ 0.28	\$ 1.78	\$ 1.23
Diluted earnings per share	\$ 0.31	\$ 0.28	\$ 1.77	\$ 1.22
Weighted average common shares outstanding Basic	29.1	64.1	28.9	63.9
Weighted average common shares outstanding Diluted	29.2	64.6	29.1	64.5
Book value per share of common stock	\$ 14.19	\$ 31.33	\$ 13.65	\$ 31.04
Dividends declared per share of common stock	\$ 0.17	\$ 0.17	\$ 0.66	\$ 0.66

**Historical Common Stock Market Price and Dividend Data**

Historical market price data for Newco have not been presented because the A&S Business is currently owned and operated by Fortive and there is no established trading market for Newco common stock. Newco common stock does not currently trade separately from Fortive common stock.

Shares of Fortive common stock currently trade on the NYSE under the symbol FTV. On March 6, 2018, the last trading day before the announcement of the Transactions, the last sale price of Fortive's common stock reported by the NYSE was \$75.12. On August 3, 2018, the last trading day prior to the date of this document, the last sale price of Fortive common stock reported by the NYSE was \$81.21.

Shares of Altra common stock currently trade on Nasdaq under the symbol AIMC. On March 6, 2018, the last trading day before the announcement of the Transactions, the last sale price of Altra's common stock reported by Nasdaq was \$44.60. On August 3, 2018, the last trading day prior to the date of this document, the last sale price of Altra common stock reported by Nasdaq was \$42.00.

**Altra Dividend Policy**

Declarations of dividends on Altra's common stock are made at the discretion of Altra's board of directors upon the board's determination that the declaration of dividends are in the best interest of Altra's stockholders. Altra has consistently paid regular dividends, which have increased by more than 300% since being introduced during the quarter ended March 31, 2012. In April 2018, Altra's board of directors declared a quarterly dividend of \$0.17 per share, consistent with its dividend declarations in the prior four quarters. Pursuant to the Merger Agreement, Altra has agreed that prior to the consummation of the Transactions, Altra's board of directors will not declare or pay any dividends or other distributions other than the declaration and payment of regular quarterly cash dividends of an amount not to exceed \$0.17 per share.



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**RISK FACTORS**

You should carefully consider the following risks, together with the other information contained or incorporated by reference in this document and the exhibits hereto. Some of the risks described below relate principally to the business and the industry in which Altra, including the A&S Business, will operate after the Transactions, while others relate principally to the Transactions and participation in the Exchange Offer. The remaining risks relate principally to the securities markets generally and ownership of shares of Altra common stock. For a discussion of additional uncertainties associated with forward-looking statements in this document, please see the section entitled "Cautionary Statement Concerning Forward-Looking Statements." In addition, you should consider the risks associated with Altra's business that appear in Altra's Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference into this document.

**Risks Related to the Transactions**

***Altra and Fortive may be unable to satisfy the conditions or obtain the approvals required to complete the Transactions.***

The consummation of the Transactions is subject to numerous conditions, as described in this document, including consummation of certain transactions contemplated by the Merger Agreement and the Separation Agreement (such as the Separation and the receipt of Altra stockholder approval for the Share Issuance). Neither Fortive nor Altra can make any assurances that the Transactions will be consummated on the terms or timeline currently contemplated, or at all. Each of Fortive and Altra has and will continue to expend time and resources and incur expenses related to the proposed Transactions.

Governmental agencies may not approve the Transactions or may impose conditions to the approval of the Transactions or require changes to the terms of the Transactions. Any such conditions or changes could have the effect of delaying completion of the Merger, imposing costs on or limiting the revenues of the combined company following the Merger or otherwise reducing the anticipated benefits of the Merger. Any condition or change which results in a Burdensome Condition, as such term is described in "The Merger Agreement Regulatory Matters," on the A&S Business and/or Altra under the Merger Agreement might cause Fortive and/or Altra to restructure or terminate the Transactions.

Altra and Newco will need to obtain debt financing to complete the Transactions. Although the Commitment Letters have been obtained from various lenders, the obligations of the lenders under the Commitment Letters are subject to the satisfaction or waiver of customary conditions, including, among others, the absence of any material adverse effect. Accordingly, there can be no assurance that these conditions will be satisfied or, if not satisfied, waived by the lenders. If Altra is not able to obtain alternative financing on commercially reasonable terms, it could prevent the consummation of the Transactions or materially and adversely affect Altra's business, liquidity, financial condition and results of operations if the Transactions are ultimately consummated.

***If completed, the Transactions may not be successful or achieve their anticipated benefits.***

If the Transactions are completed Altra may not be able to successfully realize anticipated growth opportunities or integrate Altra's business and operations with the A&S Business's business and operations. After the Transactions, Altra will have significantly more revenue, expenses, assets and employees than Altra did prior to the Transactions. In the Transactions, Altra will also be assuming certain liabilities of the A&S Business and taking on other obligations (including collective bargaining agreements and certain non-U.S. pension obligations with respect to transferred employees). Altra may not successfully or cost-effectively integrate the A&S Business's business and operations into

Altra's existing business and operations. Even if the combined company is able to integrate the combined businesses and operations successfully, this integration may not result in the realization of the full benefits of the growth and other opportunities that Altra currently expects from the Transactions within the anticipated time frame, or at all.

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***Altra's estimates and judgments related to the acquisition accounting models used to record the purchase price allocation may be inaccurate.***

Management will make significant accounting judgments and estimates for the application of acquisition accounting under GAAP, and the underlying valuation models. Altra's business, operating results and financial condition could be materially and adversely impacted in future periods if Altra's accounting judgments and estimates related to these models prove to be inaccurate.

***Altra may be required to recognize impairment charges for goodwill and other intangible assets.***

The proposed Transactions will add approximately \$3.1 billion of goodwill and other intangible assets to Altra's consolidated balance sheet. In accordance with GAAP, management periodically assesses these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to Altra's business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets, divestitures and market capitalization declines may impair goodwill and other intangible assets. Any charges relating to such impairments would adversely affect results of operations in the periods recognized.

***Altra is required to abide by potentially significant restrictions which could limit Altra's ability to undertake certain corporate actions (such as the issuance of Altra common stock or the undertaking of a merger or consolidation) that otherwise could be advantageous.***

To preserve the tax-free treatment to Fortive and/or its stockholders of the Distribution and certain related transactions, under the Tax Matters Agreement, Altra is restricted from taking certain actions that could prevent such transactions from being tax-free. These restrictions may limit Altra's ability to pursue certain strategic transactions or engage in other transactions, including using Altra common stock to make acquisitions and in connection with equity capital market transactions that might increase the value of Altra's business. See Other Agreements Tax Matters Agreement for a detailed description of these restrictions.

***The Distribution could result in significant tax liability, and Altra may be obligated to indemnify Fortive for any such tax liability imposed on Fortive.***

The completion of the Transactions is conditioned upon the receipt by Fortive of the Distribution Tax Opinion and the receipt by Fortive and Altra of Merger Tax Opinions to the effect that (among other things), for U.S. federal income tax purposes, the Newco Contribution, taken together with the Distribution, will qualify as a reorganization under Sections 368(a), 361 and 355 of the Code (in the case of the Distribution Tax Opinion) and the Merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code (in the case of the Merger Tax Opinions). Provided that the Newco Contribution, the Distribution and the Merger so qualify, Fortive's stockholders will not recognize any taxable income, gain or loss as a result of the Distribution or the Merger for U.S. federal income tax purposes (except for any gain or loss attributable to the receipt of cash in lieu of fractional shares) and Fortive will not recognize gain or loss except to the extent the Cash Dividend exceeds Fortive's adjusted tax basis in the Newco common stock or, if the Debt Exchange is not reasonably likely to be consummated in an amount equal to the Above-Basis Amount at the time of the Distribution, Fortive elects to require Newco (a) to issue to Fortive the Newco Securities or (b) to borrow an amount up to the Above-Basis Amount pursuant to the Bridge Facility and distribute the net proceeds thereof to Fortive. Fortive also intends to seek a ruling from the IRS regarding certain issues relevant to the qualification of the Distribution and certain other aspects of the Transactions for tax-free treatment for U.S. federal income tax purposes.



Although the IRS Ruling, if received, will generally be binding on the IRS, the continuing validity of such ruling will be subject to the accuracy of factual representations and assumptions made in the ruling request. In addition, the Distribution Tax Opinion and the Merger Tax Opinions will be based upon various factual representations and assumptions, as well as certain undertakings made by Fortive and Newco. If any of those factual representations or assumptions are untrue or incomplete in any material respect, any undertaking is not

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complied with, or the facts upon which the opinion will be based are materially different from the facts at the time of the Distribution, the Distribution may not qualify for tax-free treatment. Opinions of counsel are not binding on the IRS. As a result, the conclusions expressed in the opinions of counsel could be challenged by the IRS, and if the IRS prevails in such challenge, the tax consequences to Fortive and its stockholders could be materially unfavorable.

If the Exchange Offer were determined not to qualify for non-recognition of gain and loss under Sections 355 and 368(a)(1)(D) of the Code, each Fortive stockholder who receives Newco common stock in the Exchange Offer would generally be treated as recognizing taxable gain or loss equal to the difference between the fair market value of the Newco common stock received by the stockholder in the Exchange Offer and its tax basis in the shares of Fortive common stock exchanged therefor, or, in certain circumstances, as receiving a taxable distribution equal to the fair market value of the Newco common stock received by the stockholder in the Exchange Offer. If the spin-off (in the event the Exchange Offer is not fully subscribed) were determined not to qualify for non-recognition of gain and loss under Sections 355 and 368(a)(1)(D) of the Code, each Fortive stockholder who receives Newco common stock in the spin-off would generally be treated as receiving a taxable distribution equal to the fair market value of the Newco common stock received by the stockholder in the spin-off.

In addition, if the Distribution were determined not to qualify for non-recognition of gain and loss under Sections 355 and 368(a)(1)(D) of the Code, Fortive would generally recognize gain with respect to the transfer of Newco common stock in the Distribution.

Even if the Distribution otherwise qualifies under Section 355 of the Code, the Distribution would be taxable to Fortive (but not to Fortive stockholders) pursuant to Section 355(e) of the Code if one or more persons acquire a 50% or greater interest (measured by vote or value) in the stock of Fortive or Newco, directly or indirectly (including through acquisitions of Altra's stock after the completion of the Transactions), as part of a plan or series of related transactions that includes the Distribution. Current law generally creates a presumption that any direct or indirect acquisition of stock of Fortive or Newco within two years before or after the Distribution is part of a plan that includes the Distribution, although the parties may be able to rebut that presumption in certain circumstances. The process for determining whether an acquisition is part of a plan under these rules is complex, inherently factual in nature, and subject to a comprehensive analysis of the facts and circumstances of the particular case. Although it is expected that the Merger will be treated as part of such a plan, the Merger standing alone will not cause Section 355(e) of the Code to apply to the Distribution because holders of Newco common stock immediately before the Merger will hold more than 50% of the stock of the combined company (by vote and value) immediately after the Merger. However, if the IRS were to determine that other direct or indirect acquisitions of stock of Fortive or Newco, either before or after the Distribution, were part of a plan that includes the Distribution, such determination could cause Section 355(e) of the Code to apply to the Distribution, which could result in a material tax liability.

The Distribution and certain aspects of the Separation could be taxable to Fortive if Newco or Altra were to engage in a Newco Disqualifying Action (as defined in the Tax Matters Agreement). In such cases, under the Tax Matters Agreement, Newco and Altra will be required to indemnify Fortive against any taxes resulting from the Distribution or certain aspects of the Separation that arise as a result of a Newco Disqualifying Action. If Fortive were to recognize gain on the Distribution or certain aspects of the Separation for reasons not related to a Newco Disqualifying Action by Newco or Altra, Fortive would not be entitled to be indemnified under the Tax Matters Agreement and the resulting tax to Fortive could have a material adverse effect on Fortive. If Newco or Altra were required to indemnify Fortive as a result of the Distribution or certain aspects of the Separation being taxable, this indemnification obligation would likely be substantial and could have a material adverse effect on Altra, including with respect to its financial condition and results of operations.



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***Upon completion of the Transactions, Altra will incur significant expenses in connection with the integration of the A&S Business.***

Upon completion of the Transactions, Altra expects to incur significant expenses in connection with the integration of the A&S Business, including integrating products and technology, personnel, information technology systems, accounting systems and suppliers of each business and implementing consistent standards, policies and procedures, and may possibly be subject to material write downs in assets and charges to earnings, which may include severance pay and other costs.

***Altra will incur significant costs related to the Transactions that could have a material adverse effect on its liquidity, cash flows and operating results.***

Altra expects to incur significant one-time costs in connection with the Transactions, including approximately \$85 to \$95 million in transaction-related costs (of which \$45 to \$50 million will be capitalized) and approximately \$24 million in non-recurring implementation costs during the first four years following the consummation of the Transactions that Altra management believes are necessary to realize the anticipated synergies from the Transactions. The incurrence of these costs may have a material adverse effect on Altra's liquidity, cash flows and operating results in the periods in which they are incurred.

***Failure to consummate the Transactions could adversely impact the market price of Altra's common stock as well as Altra's business, financial condition and results of operations.***

If the Transactions are not completed for any reason, the price of Altra's common stock may decline. In addition, Altra may be subject to additional risks, including:

depending on the reasons for termination of the Merger Agreement, Altra may have to pay Fortive a termination fee of \$40 million or reimburse Fortive for its expenses in connection with the Transactions not to exceed \$5 million; and

substantial costs related to the Transactions, such as legal, accounting, regulatory filing, financial advisory and financial printing fees, which must be paid regardless of whether the Transactions are completed. For a discussion of the circumstances under which the termination fee is payable by Altra or the requirement to reimburse expenses applies, see The Merger Agreement Termination Fees and Expenses Payable in Certain Circumstances.

***Some of Altra's directors and executive officers have interests in seeing the Transactions completed that may be different from, or in addition to, those of other Altra stockholders. Therefore, some of Altra's directors and executive officers may have a conflict of interest in recommending the proposals being voted on at Altra's special meeting.***

In considering the recommendations of the Altra board of directors that Altra's stockholders vote to approve the Share Issuance, you should be aware that Altra's executive officers have financial interests in the Transactions that may be different from, or in addition to, the interests of Altra's stockholders generally. The members of the Altra board of directors were aware of and considered these interests, among other matters, in reaching the determination to approve the terms of the Transactions, including the Merger, and in recommending to Altra's stockholders that they vote to

approve the Share Issuance.

The interests of Altra's executive officers generally include the following:

potential enhanced severance payments in the event of a qualifying termination of employment within the first 24 months following the closing date of the Merger and certain terminations in anticipation of the Merger;

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potential acceleration of equity awards held under the Altra Equity Plan in the event of a qualifying termination of employment within the first 24 months following the closing date of the Merger; and

conversion of performance shares into service-vesting restricted stock units immediately upon the closing of the Merger, with the performance goals deemed satisfied based on actual performance as of the last completed quarter prior to the closing date of the Merger.

The executive officers of Altra immediately prior to the closing of the Merger are generally expected to be the executive officers of Altra immediately after the closing of the Merger. None of Altra's non-employee directors will receive any payments or benefits in connection with the Transactions, and the Transactions will have no impact on stock awards held by non-employee directors. For a description and quantification of the benefits that Altra's executive officers may receive as a result of these interests, see "The Transactions: Interests of Altra's Directors and Executive Officers in the Transactions."

***Altra may waive one or more of the conditions to the consummation of the Transactions without re-soliciting stockholder approval.***

Altra may determine to waive, in whole or in part, one or more of the conditions to its obligations to consummate the Transactions, to the extent permitted by applicable law. If Altra waives the satisfaction of a material condition to the consummation of the Transactions, Altra will evaluate the appropriate facts and circumstances at that time and re-solicit stockholder approvals of the Share Issuance if required to do so by law or the rules of Nasdaq. In some cases, if the Altra board of directors determines that such waiver or its effect on Altra's stockholders does not rise to the level of materiality that would require re-solicitation of proxies pursuant to applicable law or the rules of Nasdaq, Altra would complete the Transactions without seeking further stockholder approval. Any determination whether to waive any condition to the Transactions or as to re-soliciting Altra stockholder approval or amending this proxy statement as a result of a waiver will be made by the Altra board of directors at the time of such waiver based on the facts and circumstances as they exist at that time.

## **Risks Related to the Combined Company's Business Following the Transactions**

***Sales of Altra common stock after the Transactions may negatively affect the market price of Altra common stock.***

The shares of Altra common stock to be issued in the Transactions to holders of shares of Newco common stock will generally be eligible for immediate resale. The market price of Altra common stock could decline as a result of sales of a large number of shares of Altra common stock in the market after the consummation of the Transactions or even the perception that these sales could occur.

It is expected that upon completion of the Transactions, pre-Merger holders of Newco common stock and Newco Employees will hold approximately 54% of Altra's common stock on a fully-diluted basis and Altra's existing stockholders will hold approximately 46% of Altra's common stock on a fully-diluted basis, subject to adjustment in limited circumstances as provided in the Merger Agreement and as described in the section of this document entitled "The Merger Agreement: The Adjustment Payment." Currently, Fortive stockholders may include index funds that have performance tied to certain stock indices and institutional investors subject to various investing guidelines.

Because Altra may not be included in these indices following the consummation of the Transactions or may not meet the investing guidelines of some of these institutional investors, these index funds and institutional investors may decide to or may be required to sell the shares of Altra common stock that they receive in the Transactions. In addition, the investment fiduciaries of Fortive's defined contribution plans may decide to sell any shares of Altra

common stock that the trusts for these plans receive in the Transactions, or may decide not to participate in the Exchange Offer, in response to their fiduciary obligations under applicable law. These sales, or the possibility that these sales may occur, may also make it more difficult for Altra to obtain additional capital by selling equity securities in the future at a time and at a price that it deems appropriate.

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***The historical financial information of the A&S Business may not be representative of its results or financial condition if it had been operated independently of Fortive and, as a result, may not be a reliable indicator of its future results.***

The A&S Business is currently operated by Fortive. Consequently, the financial information of the A&S Business included in this document has been derived from the combined financial statements and accounting records of the A&S Business and reflects all direct costs as well as assumptions and allocations made by management of Fortive. The financial position, results of operations and cash flows of the A&S Business presented may be different from those that would have resulted had the A&S Business been operated independently of Fortive during the applicable periods or at the applicable dates. For example, in preparing the financial statements of the A&S Business, Fortive made allocations of costs and Fortive corporate expenses deemed to be attributable to the A&S Business. However, these costs and expenses reflect the costs and expenses attributable to the A&S Business operated as part of a larger organization and do not necessarily reflect costs and expenses that would be incurred by the A&S Business had it been operated independently. As a result, the historical financial information of the A&S Business may not be a reliable indicator of future results.

***The unaudited pro forma combined financial information of Altra and the A&S Business is not intended to reflect what actual results of operations and financial condition would have been had Altra and the A&S Business been a combined company for the periods presented, and therefore these results may not be indicative of the combined company's future operating performance.***

Because Altra will combine with the A&S Business only upon completion of the Transactions, it has no available historical financial information that consolidates the financial results for the A&S Business and Altra. The historical financial statements contained or incorporated by reference in this document consist of the separate financial statements of Fortive, the A&S Business and Altra.

The unaudited pro forma combined financial information presented in this document is for illustrative purposes only and is not intended to, and does not purport to, represent what the combined company's actual results or financial condition would have been if the Transactions had occurred on the relevant date. In addition, such unaudited pro forma combined financial information is based in part on certain assumptions regarding the Transactions that Altra believes are reasonable. These assumptions, however, are only preliminary and will be updated only after the consummation of the Transactions. The unaudited pro forma combined financial information has been prepared using the acquisition method of accounting, with Altra considered the acquirer of the A&S Business. Under the acquisition method of accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair values with any excess purchase price allocated to goodwill. The pro forma purchase price allocation was based on an estimate of the fair values of the tangible and intangible assets and liabilities of the A&S Business. In arriving at the estimated fair values, Altra has considered the preliminary appraisals of independent consultants which were based on a preliminary and limited review of the assets and liabilities related to the A&S Business to be transferred to, or assumed by, Newco and the Direct Sales Purchasers in the Transactions. Following the effective date of the Transactions, Altra expects to complete the purchase price allocation after considering the fair value of the A&S Business's assets and liabilities at the level of detail necessary to finalize the required purchase price allocation. The final purchase price allocation may be different than that reflected in the pro forma purchase price allocation presented herein, and this difference may be material. The unaudited pro forma combined financial information also does not reflect the costs of any integration activities or transaction-related costs or incremental capital spending that Altra management believes are necessary to realize the anticipated synergies from the Transactions. Accordingly, the pro forma financial information included in this document does not reflect what Altra's results of operations or operating condition would have been had Altra and the A&S Business been a consolidated entity during all periods presented, or what the combined company's results of operations and financial



condition will be in the future.

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***Altra's business, financial condition and results of operations may be adversely affected following the Transactions if Altra cannot negotiate terms that are as favorable as those Fortive has received when Altra replaces contracts after the closing of the Transactions.***

Prior to consummation of the Transactions, certain functions (such as treasury, cash management, tax compliance, benefits, corporate development, internal audit, purchasing and information systems) for the A&S Business are generally being performed or supported under centralized systems that will not be transferred to Altra and, in some cases, under contracts that are also used for Fortive's other businesses and which are not intended to be assigned to Altra with the A&S Business. In addition, some other contracts that Fortive or its subsidiaries are a party to on behalf of the A&S Business require consents of third parties to assign them to Newco. While Fortive, under the Transition Services Agreement, will agree to provide Altra with certain limited services, there can be no assurance that Altra will be able to obtain those consents or negotiate terms that are as favorable as those Fortive received when and if Altra replaces these services with its own agreements for similar services. Although Altra believes that it will be able to obtain any such consents or enter into new agreements for similar services, it is possible that the failure to obtain consents for or replace a significant number of these agreements for any of these services or to replace them on terms that are as favorable as those Fortive has received could have a material adverse impact on Altra's business, financial condition and results of operations following completion of the Transactions.

***Altra's failure to successfully integrate the A&S Business and any future acquisitions into its business within its expected timetable could adversely affect the combined company's future results and the market price of Altra's common stock following the completion of the Transactions.***

The success of the Transactions will depend, in large part, on Altra's ability, as a combined company following the completion of the Transactions, to realize the anticipated benefits of the Transactions and on the sales and profitability of the combined company. To realize these anticipated benefits, the combined company must successfully integrate its businesses. This integration will be complex and time-consuming. The failure to successfully integrate and manage the challenges presented by the integration process may result in Altra's failure to achieve some or all of the anticipated benefits of the Transactions.

Potential difficulties that may be encountered in the integration process include, among others:

the failure to implement Altra's business plan for the combined company;

lost sales and customers as a result of customers of Altra or the A&S Business deciding not to do business with the combined company;

risks associated with managing the larger and more complex combined company;

integrating personnel of Altra and the A&S Business while maintaining focus on providing consistent, high-quality products and service to customers;

the loss of key employees;

unanticipated issues in integrating manufacturing, logistics, information, communications and other systems;

possible inconsistencies in standards, controls, procedures, policies and compensation structures;

the impact on Altra's internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002; and

potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the Transactions.

If any of these events were to occur, Altra's ability to maintain relationships with customers, suppliers and employees or Altra's ability to achieve the anticipated benefits of the Transactions could be adversely affected, or could reduce Altra's sales or earnings or otherwise adversely affect Altra's business and financial results after the Transactions and, as a result, adversely affect the market price of Altra's common stock.

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Apart from the Transactions, as part of Altra's growth strategy, it has made and expects to continue to make, acquisitions. The combined company's continued growth may depend on Altra's ability to identify and acquire companies that complement or enhance the combined company's business on acceptable terms. Altra may not be able to identify or complete future acquisitions. The combined company may not be able to integrate successfully its recent acquisitions, or any future acquisitions, operate these acquired companies profitably, or realize the potential benefits from these acquisitions.

***Altra faces risks associated with its prior acquisitions of Svendborg Brakes A/S and S.B. Patent Holding ApS (collectively, Svendborg) and the shares and certain assets and liabilities of the Stromag business from GKN plc (Stromag).***

In connection with Altra's acquisitions of Svendborg and Stromag, Altra is subject to substantially all of the liabilities of Svendborg and Stromag, respectively, that were not satisfied on or prior to the corresponding closing date. There may be liabilities that Altra underestimated or did not discover in the course of performing its due diligence investigation of Svendborg and Stromag. Under the purchase agreements for the acquisitions, the sellers agreed to provide Altra with a limited set of representations and warranties, including with respect to outstanding and potential liabilities. Damages resulting from a breach of a representation or warranty could have a material and adverse effect on Altra's financial condition and results of operations, and there is no guarantee that Altra would actually be able to recover all or any portion of the sums payable in connection with such breach.

***The success of the combined company will also depend on relationships with third parties and pre-existing customers of Altra and the A&S Business, which relationships may be affected by customer or third-party preferences or public attitudes about the Transactions. Any adverse changes in these relationships could adversely affect the combined company's business, financial condition or results of operations.***

The combined company's success will depend on Altra's ability to maintain and renew relationships with pre-existing customers, suppliers and other third parties of both Altra and the A&S Business, and Altra's ability to establish new relationships. There can be no assurance that the business of the combined company will be able to maintain and renew pre-existing contracts and other business relationships, or enter into or maintain new contracts and other business relationships, on acceptable terms, if at all. The failure to maintain important business relationships could have a material adverse effect on Altra's business, financial condition or results of operations as a combined company.

***The growth of the combined company could suffer if the markets into which the combined company sells its products and services experience cyclicity.***

The growth of the combined company will depend in part on the growth of the markets which the combined company serves and on the U.S. and global economies in general. Some of the markets Altra serves are highly cyclical, such as the metals, mining and energy markets, including oil, gas and renewable energy. The A&S Business serves certain industries that have historically been cyclical and have experienced periodic downturns that have had a material adverse impact on demand for the products that the A&S Business offers. In such an environment, expected cyclical activity or sales may not occur or may be delayed and may result in significant quarter-to-quarter variability in the combined company's performance. Any of these factors could adversely affect the business, financial condition and results of operations of the combined company in any given period.

***Defects, quality issues, inadequate disclosure or misuse with respect to the products and capabilities of the combined company could adversely affect the business, reputation and financial statements of the combined company.***

Defects in, quality issues with respect to or inadequate disclosure of risks relating to the combined company's products or the misuse of the combined company's products, could lead to lost profits and

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other economic damage, property damage, personal injury or other liability resulting in third-party claims, criminal liability, significant costs, damage to its reputation and loss of business. Any of these factors could adversely affect the business, financial condition and results of operations of the combined company.

***The combined company will have a substantial amount of indebtedness following the Transactions, which could materially adversely affect its financial condition.***

Altra's level of indebtedness will increase as a result of the Transactions. As of March 31, 2018, Altra had \$279.7 million of indebtedness outstanding (of which \$278.3 million was long-term indebtedness), and as of March 31, 2018 on a pro forma basis after giving effect to the Transactions, Altra would have had \$1,722.1 million of indebtedness outstanding (of which \$1,717.0 million would have been long-term indebtedness). In connection with the Transactions, Altra will engage in the following financing activities: the entry (a) by Altra into the Altra Term Loan B Facility in an aggregate principal amount of up to \$1,340,000,000, the proceeds of which will be used, together with cash on hand of Altra or its subsidiaries (if necessary), to, among other things, (i) consummate the Direct Sales, (ii) repay in full and extinguish all outstanding indebtedness for borrowed money under Altra's existing revolving credit facility under the Second Amended and Restated Credit Agreement, dated as of October 22, 2015, among Altra and certain of its subsidiaries, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent and the lenders, other agents and other parties party thereto from time to time (as amended, amended and restated, supplemented or otherwise modified through the date hereof) and (iii) pay certain fees, costs and expenses in connection with the consummation of the Transactions and (b) by Altra (and at Altra's option, Altra Industrial Motion Netherlands B.V. and any other wholly-owned direct and indirect subsidiaries of Altra to be agreed) into the Altra Revolving Credit Facility, a new senior secured revolving credit facility in an aggregate principal amount of up to \$300,000,000. Altra and each of its subsidiaries will also guarantee the obligations of Newco incurred pursuant to the Notes, the Newco Securities or the Bridge Facility, each as described in further detail under Debt Financing. Despite its level of indebtedness, Altra has and expects to continue to have the ability to borrow additional debt.

After the consummation of the Transactions, Altra's indebtedness could have important consequences, including but not limited to:

limiting its ability to fund working capital, capital expenditures and other general corporate purposes;

limiting its ability to accommodate growth by reducing funds otherwise available for other corporate purposes and to compete, which in turn could prevent Altra from fulfilling its obligations under its indebtedness;

limiting its operational flexibility due to the covenants contained in its debt agreements;

requiring it to dispose of significant assets in order to satisfy its debt service and other obligations if it is not able to satisfy these obligations from cash from operations or other sources;

to the extent that Altra's debt is subject to floating interest rates, increasing Altra's vulnerability to fluctuations in market interest rates;

limiting Altra's ability to buy back Altra common stock or pay cash dividends;

limiting its flexibility in planning for, or reacting to, changes in its business or industry or economic conditions, thereby limiting its ability to compete with companies that are not as highly leveraged; and

increasing its vulnerability to economic downturns.

Altra's ability to generate sufficient cash flow from operations to make scheduled payments on Altra's debt will depend on a range of economic, competitive and business factors, many of which are outside its control. There can be no assurance that Altra's business will generate sufficient cash flow from operations to make these payments. If Altra is unable to meet its expenses and debt obligations, Altra may need to refinance all or a portion of its indebtedness before maturity, sell assets or issue additional equity. Altra may not be able to

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refinance any of its indebtedness, sell assets or issue additional equity on commercially reasonable terms or at all, which could cause Altra to default on its obligations and impair its liquidity. Altra's inability to generate sufficient cash flow to satisfy its debt obligations, or to refinance its debt obligations on commercially reasonable terms, would have a material adverse effect on Altra's business, financial condition and results of operations, as well as on Altra's ability to satisfy its debt obligations.

***Altra's ability to comply with the financial maintenance covenants cannot be assured.***

The Altra Revolving Credit Facility will contain certain financial maintenance covenants requiring Altra to not exceed a maximum consolidated senior secured net leverage ratio and to maintain a minimum consolidated cash interest coverage ratio. There can be no assurance that Altra will be able to remain in compliance with these ratios. If Altra failed to comply with either of these covenants in a future period and was not able to obtain waivers from the lenders thereunder, Altra would need to refinance the Altra Revolving Credit Facility. However, there can be no assurance that such refinancing would be available to Altra on terms that would be acceptable to it or at all.

***Altra and the A&S Business operate in the highly competitive power transmission and motion control industries and if Altra and the A&S Business are not able to compete successfully the combined company's business may be significantly harmed.***

Altra and the A&S Business operate in highly fragmented and very competitive markets in the power transmission and motion control industries. Some of Altra and the A&S Business's competitors have achieved substantially more market penetration in certain of the markets in which Altra and the A&S Business operate, and some of Altra and the A&S Business's competitors are larger than the combined company will be following the consummation of the Transactions and have greater financial and other resources. With respect to certain of Altra and the A&S Business's products, Altra and the A&S Business compete with divisions of their original equipment manufacturer customers. Competition in their business lines is based on a number of considerations, including quality, reliability, pricing, availability, and design and application engineering support. Altra's and the A&S Business's customers increasingly demand a broad product range and Altra and the A&S Business must continue to develop their expertise in order to manufacture and market these products successfully. To remain competitive, regular investment in manufacturing, customer service and support, marketing, sales, research and development and intellectual property protection is required. In the future, the combined company may not have sufficient resources to continue to make such investments and may not be able to maintain its competitive position within each of the markets it serves. The combined company may have to adjust the prices of some of its products to stay competitive.

Additionally, some of Altra's and the A&S Business's larger, more sophisticated customers are attempting to reduce the number of vendors from which they purchase in order to increase their efficiency. If the combined company is not selected to become one of these preferred providers, the combined company may lose market share in some of the markets in which it competes.

There is substantial and continuing pressure on major original equipment manufacturers and larger distributors to reduce costs, including the cost of products purchased from outside suppliers. As a result of cost pressures from customers, Altra's and the A&S Business's ability to compete depends in part on their ability to generate production cost savings and, in turn, to find reliable, cost effective outside suppliers to source components or manufacture their products. If the combined company is unable to generate sufficient cost savings in the future to offset price reductions, then its gross margin could be materially adversely affected.

***The combined company's operating results could be negatively affected during economic downturns.***



Global economic and financial market conditions have been weak and/or volatile in recent years, and those conditions have adversely affected the operations of Altra and the A&S Business and are expected to continue to

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adversely affect the operations of Altra and the A&S Business. A weakening of current conditions or a future downturn may adversely affect the combined company's future results of operations and financial condition. Weak, challenging or volatile economic conditions in the end-markets, businesses or geographic areas in which the combined company sells its products could reduce demand for products and result in a decrease in sales volume for a prolonged period of time, which would have a negative impact on the combined company's future results of operations.

***International economic, political, legal, compliance and business factors could negatively affect the financial statements, operations and growth of the combined company.***

Altra and the A&S Business derive significant sales from customers outside the United States and certain manufacturing operations, suppliers and employees of Altra and the A&S Business are located outside the United States. Altra expects the combined company to continue to increase its sales and presence outside the United States, particularly in high-growth markets. The international business of Altra and the A&S Business (and particularly their respective businesses in high-growth markets) is subject to risks associated with doing business internationally, and Altra's future results could be materially adversely affected by a variety of factors, including:

fluctuations in currency exchange rates;

exchange rate controls;

tariffs or other trade protection measures and import or export licensing requirements;

potentially negative consequences from changes in tax laws;

interest rates;

unexpected changes in regulatory requirements;

changes in foreign intellectual property law;

differing labor regulations;

requirements relating to withholding taxes on remittances and other payments by subsidiaries;

restrictions on Altra's ability to own or operate subsidiaries, make investments or acquire new businesses in various jurisdictions;

potential political instability and the actions of foreign governments; and

restrictions on Altra's ability to repatriate dividends from its subsidiaries.

In addition, the international operations of Altra and the A&S Business are governed by various U.S. laws and regulations, including the Foreign Corrupt Practices Act and other similar laws that prohibit Altra, the A&S Business and their respective business partners from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business. Any alleged or actual violations of these regulations may subject Altra and the A&S Business to government scrutiny, severe criminal or civil sanctions and other liabilities.

As Altra continues to expand the combined company's business globally, its success will depend, in large part, on its ability to anticipate and effectively manage these and other risks associated with its international operations. However, any of these factors could materially adversely affect the combined company's international operations and, consequently, its operating results.

***Adverse conditions in the credit and capital markets may limit or prevent the combined company's ability to borrow or raise capital.***

While Altra believes it has and will continue to have facilities in place that should allow the combined company to borrow funds as needed to meet its ordinary course business activities, adverse conditions in the

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credit and financial markets could prevent the combined company from obtaining financing, if the need arises. The combined company's ability to invest in its businesses and refinance or repay maturing debt obligations could require access to the credit and capital markets and sufficient bank credit lines to support cash requirements. If the combined company is unable to access the credit and capital markets on commercially reasonable terms, the combined company could experience a material adverse effect on its business, financial position or results of operations.

***Altra and the A&S Business rely on independent distributors and the loss of these distributors could adversely affect the combined company's business.***

In addition to a direct sales force and manufacturer sales representatives, Altra depends on the services of independent distributors to sell its products and provide service and aftermarket support to its customers. Altra supports an extensive distribution network, with over 3,000 distributor locations worldwide. During the year ended December 31, 2017, approximately 26% of Altra's net sales from continuing operations were generated through independent distributors. In particular, sales through Altra's largest distributor accounted for approximately 6% of Altra's net sales for the year ended December 31, 2017. Almost all of the distributors with whom Altra transacts business offer competitive products and services to Altra's customers. In addition, the distribution agreements Altra has are typically non-exclusive and cancelable by the distributor after a short notice period. The A&S Business uses similar channels to sell its products and provide service and aftermarket support to its customers. The loss of any major distributor or a substantial number of smaller distributors or an increase in the distributors' sales of Altra's and the A&S Business's competitors' products to Altra's and the A&S Business's customers could materially reduce the combined company's sales and profits.

***The combined company must continue to invest in new technologies and manufacturing techniques; however, its ability to develop or adapt to changing technology and manufacturing techniques is uncertain and its failure to do so could place the combined company at a competitive disadvantage.***

The successful implementation of Altra's business strategy for the combined company requires it to invest continuously in new technologies and manufacturing techniques to evolve its existing products and introduce new products to meet its customers' needs in the industries it serves and wants to serve. The combined company's products are characterized by performance and specification requirements that mandate a high degree of manufacturing and engineering expertise. Altra believes that its customers and those of the A&S Business rigorously evaluate their suppliers on the basis of a number of factors, including:

product quality and availability;

price competitiveness;

technical expertise and development capability;

reliability and timeliness of delivery;

product design capability;

manufacturing expertise; and

sales support and customer service.

The combined company's success depends on its ability to invest in new technologies and manufacturing techniques to continue to meet its customers' changing demands with respect to the above factors. The combined company may not be able to make required capital expenditures and, even if the combined company does so, the combined company may be unsuccessful in addressing technological advances or introducing new products necessary to remain competitive within its markets. Furthermore, the combined company's technological developments may not be able to produce a sustainable competitive advantage. If the combined company fails to invest successfully in improvements to its technology and manufacturing techniques, its business may be materially adversely affected.

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***Altra and the A&S Business rely on estimated forecasts of their original equipment manufacturer customers needs, and inaccuracies in such forecasts could materially adversely affect the combined company's business.***

Altra and the A&S Business generally sell their products pursuant to individual purchase orders instead of under long-term purchase commitments. Therefore, Altra and the A&S Business rely on estimated demand forecasts, based upon input from their customers, to determine how much material to purchase and product to manufacture. Because Altra's and the A&S Business's sales are based on purchase orders, their customers may cancel, delay or otherwise modify their purchase commitments with little or no consequence to them and with little or no notice to Altra or the A&S Business. For these reasons, Altra and the A&S Business generally have limited visibility regarding their customers' actual product needs. The quantities or timing required by Altra's and the A&S Business's customers for their products could vary significantly. Whether in response to changes affecting the industry or a customer's specific business pressures, any cancellation, delay or other modification in Altra's or the A&S Business's customers' orders could significantly reduce the combined company's revenue, impact its working capital, cause its operating results to fluctuate from period to period and make it more difficult for the combined company to predict its revenue. In the event of a cancellation or reduction of an order, the combined company may not have enough time to reduce operating expenses to minimize the effect of the lost revenue on its business and the combined company may purchase too much inventory and spend more capital than expected, which may materially adversely affect its business.

From time to time, the combined company's customers may experience deterioration of their businesses. In addition, during periods of economic difficulty, the combined company's customers may not be able to accurately estimate demand forecasts and may scale back orders in an abundance of caution. As a result, existing or potential customers may delay or cancel plans to purchase the combined company's products and may not be able to fulfill their obligations to the combined company in a timely fashion. Such cancellations, reductions or inability to fulfill obligations could significantly reduce the combined company's revenue, impact its working capital, cause its operating results to fluctuate adversely from period to period and make it more difficult for the combined company to predict its revenue.

***The combined company's inability to efficiently utilize or renegotiate minimum purchase requirements in certain supply agreements could decrease its profitability.***

The combined company's ability to maintain and expand its business depends, in part, on its ability to continue to obtain raw materials and component parts on favorable terms from various suppliers. Agreements with some of the combined company's suppliers contain minimum purchase requirements. Neither Altra nor the A&S Business can give any assurance that the combined company will be able to utilize the minimum amount of raw materials or component parts that it is required to purchase under certain supply agreements which contain minimum purchase requirements. If the combined company is required to purchase more raw materials or component parts than it is able to utilize in the operation of its business, the costs of providing their respective products would likely increase, which could decrease the combined company's profitability and have a material adverse effect on the combined company's business, financial condition and results of operations.

***Disruption of the combined company's supply chain could have an adverse effect on its business, financial condition and results of operations.***

Altra's and the A&S Business's ability, including manufacturing or distribution capabilities, and that of their respective suppliers, business partners and contract manufacturers, to make, move and sell products is critical to the combined company's success. Damage or disruption to Altra's, the A&S Business's or their respective suppliers' manufacturing or distribution capabilities due to weather, natural disaster, fire or explosion, terrorism, pandemics, strikes, repairs or enhancements at Altra's, the A&S Business's or their suppliers' facilities, excessive demand, raw material shortages, or other reasons, could impair the combined company's ability, and that of its suppliers, to manufacture or sell the

combined company's products. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events

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if they occur, could adversely affect the combined company's business, financial condition and results of operations, as well as require additional resources to restore the combined company's supply chain.

***The materials used to produce the combined company's products are subject to price fluctuations that could increase costs of production and adversely affect its profitability.***

The materials used to produce the combined company's products, especially electronic components, aluminum, rare-earth magnets, plastics, copper and steel, are sourced on a global or regional basis, and the prices of those materials are susceptible to price fluctuations due to supply and demand trends, transportation costs, government regulations and tariffs, changes in currency exchange rates, price controls, the economic climate and other unforeseen circumstances. If the combined company is unable to continue to pass a substantial portion of such price increases on to its customers on a timely basis, its future profitability may be materially adversely affected. In addition, passing through these costs to the combined company's customers may also limit the combined company's ability to increase its prices in the future.

***Altra and the A&S Business face potential liability claims relating to products they manufacture or distribute, which could result in the combined company having to expend significant time and expense to defend these claims and to pay material damages or settlement amounts.***

Altra and the A&S Business face a business risk of exposure to product liability claims in the event that the use of their respective products is alleged to have resulted in injury or other adverse effects. Altra and the A&S Business currently have several product liability claims against them with respect to their products. Altra may not be able to obtain product liability insurance for the combined company on acceptable terms in the future, if at all, or obtain insurance that will provide adequate coverage against potential claims. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for long periods of time, regardless of the ultimate outcome. An unsuccessful product liability defense could exceed any insurance that Altra maintains for the combined company and could have a material adverse effect on its business, financial condition, results of operations or its ability to make payments under the combined company's debt obligations when due. In addition, Altra believes its business depends on the strong brand reputations it and the A&S Business have developed. In the event that Altra's and the A&S Business's reputations are damaged, the combined company may face difficulty in maintaining its pricing positions with respect to some of its products, which would reduce its sales and profitability.

The combined company also risks exposure to product liability claims in connection with products sold by businesses that it acquires. Altra cannot assure you that third parties that have retained responsibility for product liabilities relating to products manufactured or sold prior to the combined company's acquisition of the relevant business or persons from whom it has acquired a business that are required to indemnify the combined company for certain product liability claims subject to certain caps or limitations on indemnification will in fact satisfy their obligations to the combined company with respect to liabilities retained by them or their indemnification obligations. If those third parties become unable to or otherwise do not comply with their respective obligations, including indemnity obligations, or if certain product liability claims for which the combined company is obligated were not retained by third parties or are not subject to these indemnities, the combined company could become subject to significant liabilities or other adverse consequences. Moreover, even in cases where third parties retain responsibility for product liabilities or are required to indemnify the combined company, significant claims arising from products that the combined company has acquired could have a material adverse effect on the combined company's ability to realize the benefits from an acquisition, could result in the combined company reducing the value of goodwill that it has recorded in connection with an acquisition, or could otherwise have a material adverse effect on the combined company's business, financial condition, or operations.





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***Altra and the A&S Business may be subject to litigation for a variety of claims, which could adversely affect the combined company's business, financial condition or results of operations.***

In addition to product liability claims and securities class action litigation, which has often been brought against a company following a decline in the market price of its securities, Altra, the A&S Business and the directors and officers of the combined company may be subject to claims arising from normal business activities. These may include claims, suits and proceedings involving stockholder and fiduciary matters, intellectual property, labor and employment, wage and hour, and commercial and other matters. The outcome of any litigation, regardless of its merits, is inherently uncertain. Any claims and lawsuits, and the disposition of such claims and lawsuits, could be time-consuming and expensive to resolve, divert management attention and resources, and lead to attempts on the part of other parties to pursue similar claims. Any adverse determination related to litigation or settlement or other resolution of a legal matter could adversely affect the combined company's business, financial condition or results of operations, harm its reputation or otherwise negatively impact its business.

***Altra and the A&S Business may be subject to work stoppages at their facilities, or their customers may be subjected to work stoppages, which could seriously impact the combined company's operations and the profitability of its business.***

As of December 31, 2017, Altra had approximately 4,580 full-time employees, of whom approximately 43% were located in North America (primarily in the United States), 42% in Europe, and 15% in Asia and the rest of the world, and the A&S Business employed approximately 4,750 persons, of whom approximately 40% were located in the United States and approximately 60% were employed outside the United States. Approximately 9% of Altra's full-time factory U.S. employees are represented by labor unions. In addition, approximately 1,332 employees or 82%, of Altra's European employees are represented by labor unions or works councils. Approximately 45 employees in the Lamiflex production facilities in Brazil are represented by a works council. Additionally, approximately 79 employees in the TB Wood's production facility in Mexico are unionized under a collective bargaining agreement that is subject to annual renewals. Of the A&S Business's U.S. employees, approximately 17% were hourly rated, unionized employees.

Altra is a party to three U.S. collective bargaining agreements. The agreements will expire in November 2019, June 2020 and February 2021. Altra is also party to a collective bargaining agreement with approximately 42 union employees at its Toronto, Canada manufacturing facility. That agreement will expire in July 2018. Altra may be unable to renew these agreements on terms that are satisfactory to it, if at all. One of the three U.S. collective bargaining agreements contains provisions for additional, potentially significant, lump-sum severance payments to all employees covered by that agreement who are terminated as the result of a plant closing, and one of Altra's collective bargaining agreements contains provisions restricting its ability to terminate or relocate operations. Altra's facilities in Europe and Brazil have employees who are generally represented by local or national social works councils. Social works councils meet with employer industry associations periodically to discuss employee wages and working conditions. Altra's facilities in Denmark, France, Germany, Slovakia, and Brazil often participate in such discussions and adhere to any agreements reached.

The A&S Business is currently party to four U.S. collective bargaining agreements. The agreements will expire in January 2019, April 2019, September 2020 and November 2020. The A&S Business may be unable to renew these agreements on terms that are satisfactory to it, if at all. Three of the four U.S. collective bargaining agreements contain provisions for potentially significant severance payments to any employees covered by the agreements who have their employment terminated as a result of a plant closing. Additionally, three of the four U.S. collective bargaining agreements require the payment of potentially significant vacation accruals upon qualifying separations from employment. Outside the United States, the A&S Business has government-mandated collective bargaining

arrangements and union contracts in certain countries, particularly in Europe where certain of its employees are represented by unions and/or works councils.

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If the combined company's unionized workers or those represented by a works council were to engage in a strike, work stoppage or other slowdown in the future, the combined company could experience a significant disruption of its operations. Such disruption could interfere with the combined company's ability to deliver products on a timely basis and could have other negative effects, including decreased productivity and increased labor costs. In addition, if a greater percentage of the combined company's work force becomes unionized, the combined company's business and financial results could be materially adversely affected. Many of the combined company's direct and indirect customers have unionized work forces. Strikes, work stoppages or slowdowns experienced by these customers or their suppliers could result in slowdowns or closures of assembly plants where the combined company's products are used and could cause cancellation of purchase orders with the combined company or otherwise result in reduced revenues from these customers.

### ***Changes in employment laws could increase the combined company's costs and may adversely affect its business.***

Various federal, state and international labor laws govern its relationship with employees and affect operating costs. These laws include minimum wage requirements, overtime, unemployment tax rates, workers' compensation rates paid, leaves of absence, mandated health and other benefits, and citizenship requirements. Significant additional government-imposed increases or new requirements in these areas could materially affect the combined company's business, financial condition, operating results or cash flow.

In the event the combined company's employee-related costs rise significantly, the combined company may have to curtail the number of its employees or shut down certain manufacturing facilities. Any such actions would not only be costly but could also materially adversely affect its business.

### ***Altra depends on the services of key executives, the loss of whom could materially harm its business.***

Altra's senior executives are important to its success because they are instrumental in setting its strategic direction, operating its business, maintaining and expanding relationships with distributors, identifying, recruiting and training key personnel, identifying expansion opportunities, executing merger and acquisition transactions and arranging necessary financing. Losing the services of any of these individuals could adversely affect its business until a suitable replacement could be found. Altra believes that its senior executives could not easily be replaced with executives of equal experience and capabilities, but it cannot prevent its key executives from terminating their employment with Altra. Altra does not maintain key person life insurance policies on any of its executives.

### ***If the combined company loses certain of its key sales, marketing or engineering personnel, its business may be adversely affected.***

Altra's success depends on its ability to recruit, retain and motivate highly skilled sales, marketing and engineering personnel. Competition for these persons in the power transmission and motion control industries is intense and Altra may not be able to successfully recruit, train or retain qualified personnel. If Altra fails to retain and recruit the necessary personnel, the combined company's business and its ability to obtain new customers, develop new products and provide acceptable levels of customer service could suffer. If certain of these key personnel were to terminate their employment with Altra and the A&S Business, the combined company may experience difficulty replacing them, and its business could be harmed.

### ***Altra and the A&S Business are subject to environmental laws that could impose significant costs on the combined company and the failure to comply with such laws could subject the combined company to sanctions and material fines and expenses.***

Altra and the A&S Business are subject to a variety of federal, state, local, foreign and provincial environmental laws and regulations, including those governing the discharge of pollutants into the air or water,

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the management and disposal of hazardous substances and wastes and the responsibility to investigate and clean up contaminated sites that are or were owned, leased, operated or used by Altra, the A&S Business or their respective predecessors. Some of these laws and regulations require Altra and the A&S Business to obtain permits, which contain terms and conditions that impose limitations on their respective ability to emit and discharge hazardous materials into the environment and periodically may be subject to modification, renewal and revocation by issuing authorities. Fines and penalties may be imposed for non-compliance with applicable environmental laws and regulations and the failure to have or to comply with the terms and conditions of required permits. From time to time, the combined company's operations may not be in full compliance with the terms and conditions of its permits. The operation of manufacturing plants entails risks related to compliance with environmental laws, requirements and permits, and a failure by Altra and the A&S Business to comply with applicable environmental laws, regulations or permits could result in civil or criminal fines, penalties, enforcement actions, third party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of clean up, or regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, including the installation of pollution control equipment or remedial actions. Moreover, if applicable environmental laws and regulations, or the interpretation or enforcement thereof, become more stringent in the future, the combined company could incur capital or operating costs beyond those currently anticipated.

Certain environmental laws in the United States, such as the federal Superfund law and similar state laws, impose liability for the cost of investigation or remediation of contaminated sites upon the current or, in some cases, the former site owners or operators and upon parties who arranged for the disposal of wastes or transported or sent those wastes to an off-site facility for treatment or disposal, regardless of when the release of hazardous substances occurred or the lawfulness of the activities giving rise to the release. Such liability can be imposed without regard to fault and, under certain circumstances, can be joint and several, resulting in one party being held responsible for the entire obligation. As a practical matter, however, the costs of investigation and remediation generally are allocated among the viable responsible parties on some form of equitable basis. Liability also may include damages to natural resources. In addition, from time to time, Altra and the A&S Business are notified that each is a potentially responsible party and may have liability in connection with off-site disposal facilities. There can be no assurance that the combined company will be able to resolve pending and future matters relating to off-site disposal facilities at all or for nominal sums.

There is contamination at some of Altra's and the A&S Business's current facilities, primarily related to historical operations at those sites, for which the combined company could be liable for the investigation and remediation under certain environmental laws. The potential for contamination also exists at other of Altra's and the A&S Business's current or former sites, based on historical uses of those sites. The combined company's costs or liability in connection with potential contamination conditions at its facilities cannot be predicted at this time because the potential existence of contamination has not been investigated or not enough is known about the environmental conditions or likely remedial requirements. Currently, with respect to certain of Altra's and the A&S Business's facilities, other parties with contractual liability are addressing or have plans or obligations to address those contamination conditions that may pose a material risk to human health, safety or the environment. In addition, there may be environmental conditions currently unknown to Altra and the A&S Business relating to their respective prior, existing or future sites or operations or those of predecessor companies whose liabilities the combined company may have assumed or acquired which could have a material adverse effect on its business.

Altra and the A&S Business are being indemnified, or expect to be indemnified, by third parties subject to certain caps or limitations on the indemnification, for certain environmental costs and liabilities associated with certain owned or operated sites. Altra cannot assure you that third parties who indemnify or who are expected to indemnify Altra and the A&S Business for certain environmental costs and liabilities associated with certain owned or operated sites will in fact satisfy their indemnification obligations. If those third parties become unable to, or otherwise do not, comply

with their respective indemnity obligations, or if certain contamination or other

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liability for which Altra and the A&S Business are obligated is not subject to these indemnities, the combined company could become subject to significant liabilities.

***Altra may not be able to protect its or the A&S Business's intellectual property rights, brands or technology effectively, which could allow competitors to duplicate or replicate the combined company's technology and could adversely affect the combined company's ability to compete.***

Altra and the A&S Business rely on a combination of patent, trademark, copyright and trade secret laws in the United States and other jurisdictions, as well as on license, non-disclosure, employee and consultant assignment and other agreements and domain names registrations in order to protect their respective proprietary technology and rights. Applications for protection of the combined company's intellectual property rights may not be allowed, and the rights, if granted, may not be maintained. In addition, third parties may infringe or challenge Altra's and the A&S Business's intellectual property rights. In some cases, Altra and the A&S Business rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise obtain access to Altra's and the A&S Business's unpatented technology. In addition, in the ordinary course of Altra's operations, Altra pursues potential claims from time to time relating to the protection of certain products and intellectual property rights, including with respect to some of its more profitable products. Such claims could be time-consuming, expensive and divert resources. If Altra is unable to maintain the proprietary nature of its and the A&S Business's technologies or proprietary protection of its and the A&S Business's brands, the combined company's ability to market or be competitive with respect to some or all of its products may be affected, which could reduce its sales and profitability.

***The combined company or its products could infringe on the intellectual property of others, which may cause it to engage in costly litigation and, if the combined company is not successful, could cause the combined company to pay substantial damages and prohibit it from selling its products.***

Third parties may assert infringement or other intellectual property claims against the combined company based on their patents or other intellectual property claims, and the combined company may have to pay substantial damages, possibly including treble damages, if it is ultimately determined that the combined company's products infringe. The combined company may have to obtain a license to sell its products if it is determined that its products infringe upon another party's intellectual property. The combined company might be prohibited from selling its products before it obtains a license, which, if available at all, may require it to pay substantial royalties. Even if infringement claims against the combined company are without merit, defending these types of lawsuits takes significant time, may be expensive and may divert management attention from other business concerns.

***Goodwill and indefinite-lived intangibles comprise a significant portion of Altra's stand-alone total assets and will comprise a significant portion of the combined company's total assets, and if Altra determines that goodwill or indefinite-lived intangibles become impaired in the future, the combined company's net income in such years may be materially and adversely affected.***

Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. The proposed Transactions will add approximately \$3.1 billion of goodwill and other intangible assets to Altra's consolidated balance sheet. Due to the acquisitions Altra has completed historically, goodwill comprises a significant portion of its total assets. In addition, indefinite-lived intangibles, primarily tradenames and trademarks, comprise a significant portion of its total assets. Altra reviews goodwill and indefinite-lived intangibles annually for impairment and any excess in carrying value over the estimated fair value is charged to the results of operations. Future reviews of goodwill and indefinite-lived intangibles could result in future reductions. Any reduction in net income resulting from the write down or impairment of goodwill and indefinite-lived intangibles could adversely affect Altra's financial results. If economic conditions deteriorate Altra may be required to impair goodwill and indefinite-lived intangibles in



future periods.

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***Unplanned repairs or equipment outages could interrupt production and reduce income or cash flow.***

Unplanned repairs or equipment outages, including those due to natural disasters, could result in the disruption of the combined company's manufacturing processes. Any interruption in the combined company's manufacturing processes would interrupt its production of products, reduce its income and cash flow and could result in a material adverse effect on its business and financial condition.

***Altra's and the A&S Business's operations are highly dependent on information technology infrastructure and failures could significantly affect the combined company's business.***

Altra and the A&S Business depend heavily on their information technology (IT) infrastructure in order to achieve their business objectives. If Altra or the A&S Business experiences a problem that impairs this infrastructure, such as a computer virus, a problem with the functioning of an important IT application or an intentional disruption of its IT systems by a third party, the resulting disruptions could impede the combined company's ability to record or process orders, manufacture and ship in a timely manner, or otherwise carry on its business in the ordinary course. Any such events could cause the combined company to lose customers or revenue and could require the combined company to incur significant expense to eliminate these problems and address related security concerns.

Computer viruses, malware and other hacking programs and devices (hacking events) expose the combined company to risk of theft of assets including cash. Any such event could require the combined company to incur significant expense to eliminate these problems and address related security concerns. Hacking events may also cause significant damage, delays or interruptions to the combined company's systems and operations or to certain of the products that the combined company sells resulting in damage to its reputation and brand names.

Additionally, hacking events may attack the combined company's infrastructure, industrial machinery, software or hardware, causing significant damage, delays or other service interruptions to its systems and operations. Hacking involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions, loss or corruption of data, software, hardware or other computer equipment. In addition, increasingly sophisticated malware may target real-world infrastructure or product components, including certain of the products that Altra and the A&S Business currently sell or may in the future sell by attacking, disrupting, reconfiguring and/or reprogramming industrial control software. Hacking events could result in significant damage to the combined company's infrastructure, industrial machinery, systems or databases. The combined company may incur significant costs to protect its systems and equipment against the threat of, and to repair any damage caused by, computer viruses and hacking events. Moreover, if hacking events affect the combined company's systems or products, its reputation and brand names could be materially damaged and use of its products may decrease.

***If Altra is unable to successfully implement its Enterprise Resource Planning system across Altra or such implementation is delayed, its operations may be disrupted or become less efficient.***

Altra is in the process of implementing an Enterprise Resource Planning system entitled SAP worldwide, with the aim of enabling management to achieve better control over Altra through: improved quality, reliability and timeliness of information; improved integration and visibility of information stemming from different management functions and countries; and optimization and global management of corporate processes. The adoption of the SAP system, which replaces the existing accounting and management systems, poses several challenges relating to, among other things, training of personnel, communication of new rules and procedures, changes in corporate culture, migration of data, and the potential instability of the new system. In order to mitigate the impact of such critical issues, Altra decided to implement the SAP system on a step-by-step basis, both geographically and in terms of processes. If the remaining implementation of the SAP system is delayed, in whole or in part, Altra would continue to use its current systems

which may not be sufficient to support its planned operations and significant upgrades to the current systems may be warranted or required to meet its business needs pending SAP implementation. In addition, Altra relies on third-party vendors to provide long-

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term software maintenance support and hosting services for its information systems. Software vendors may decide to discontinue further development, integration or long-term software maintenance support for Altra's information systems, which may increase Altra's operational expense as well as disrupt the management of its business operations. In addition, Altra does not control the operation of any third party hosting facilities. These facilities are vulnerable to damage or interruption from natural disasters, fires, power loss, telecommunications failures and similar events. They are also subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. The occurrence of any of these disasters or other unanticipated problems with Altra's third party hosting vendors could disrupt the management of, and have a material adverse effect on, Altra's business operations. However, there can be no assurance that the new SAP system will be successfully implemented and failure to do so could have a material adverse effect on Altra's operations.

***Altra faces risks associated with its exposure to variable interest rates and foreign currency exchange rates.***

Altra is exposed to various types of market risk in the normal course of business, including the impact of interest rate changes and foreign currency exchange rate fluctuations. Some of its indebtedness, including indebtedness incurred under the Altra Term Loan B Facility and Altra Revolving Credit Facility, bears interest at variable rates, generally linked to market benchmarks such as LIBOR. Any increase in interest rates would increase Altra's finance expenses relating to its variable rate indebtedness and increase the costs of refinancing its existing indebtedness and issuing new debt. A portion of Altra's indebtedness is also euro-denominated. In addition, Altra conducts its business and incurs costs in the local currency of the countries in which it operates. As Altra continues expanding its business into markets such as Europe, China, Australia, India and Brazil, it expects that an increasing percentage of its revenue and cost of sales will be denominated in currencies other than the U.S. dollar, Altra's reporting currency. As a result, Altra is subject to currency translation risk, whereby changes in exchange rates between the dollar and the other currencies in which Altra borrows and does business could result in foreign exchange losses and have a material adverse effect on its results of operations.

***Altra is exposed to swap counterparty credit risk that could materially and adversely affect its business, operating results and financial conditions.***

From time to time, Altra relies on interest rate swap contracts and cross-currency swap contracts and hedging arrangements to effectively manage its interest rate risk. Failure to perform under derivatives contracts by one or more of Altra's counterparties could disrupt its hedging operations, particularly if Altra were entitled to a termination payment under the terms of the contract that it did not receive, if Altra had to make a termination payment upon default of the counterparty or if Altra were unable to reposition the swap with a new counterparty.

***Altra is subject to tax laws and regulations in many jurisdictions, and the inability to successfully defend claims from taxing authorities related to its current or acquired businesses could adversely affect its operating results and financial position.***

Altra conducts business in many countries, which requires it to interpret the income tax laws and rulings in each of those taxing jurisdictions. Due to the subjectivity of tax laws between those jurisdictions as well as the subjectivity of factual interpretations, Altra estimates of income tax liabilities may differ from actual payments or assessments. Claims from taxing authorities related to these differences could have an adverse impact on Altra's operating results and financial position. Moreover, changes to tax laws and regulations in the United States or other countries where Altra does business could have an adverse effect on its operating results and financial position.

***Tax reform may significantly affect the combined company and its stockholders.***

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act ( TCJA ), which significantly reforms the Code. The TCJA, among other things, includes changes to U.S. federal tax rates, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitations of

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the tax deduction for interest expense to 30% of adjusted earnings (except for certain small businesses), limitations of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, modifying or repealing many business deductions and credits and putting into effect the migration from a worldwide system of taxation to a territorial system. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the new federal tax law is uncertain and the combined company's business and financial condition could be adversely affected. In addition, it is uncertain if and to what extent various states will adjust their policies in response to the newly enacted federal tax law. The impact of this tax reform as well as other tax laws and regulations in the United States or other countries where the combined company does business on holders of its common stock and its operating results and financial position is uncertain and could be adverse.

***Certain of Altra's businesses are exposed to renewable energy markets which depend significantly on the availability and size of government subsidies and economic incentives.***

Certain of Altra's businesses sell product to customers within the renewable energy market, which among other energy sources includes wind energy and solar energy. This market is inherently cyclical and can be impacted by governmental policy, the comparative cost differential between various forms of energy, and the general macroeconomic climate.

At present, the cost of many forms of renewable energy may exceed the cost of conventional power generation in locations around the world. Various governments have used different policy initiatives to encourage or accelerate the development and adoption of renewable energy sources such as wind energy and solar energy. Renewable energy policies are in place in the European Union, certain countries in Asia, including China, Japan, India and South Korea, and many of the states in Australia and the United States. Examples of government-sponsored financial incentives include capital cost rebates, feed-in tariffs, tax credits, net metering and other incentives to end-users, distributors, system integrators and manufacturers of renewable energy products to promote the use of renewable energy and to reduce dependency on other forms of energy. Governments may decide to reduce or eliminate these economic incentives for political, financial or other reasons. Reductions in, or eliminations of, government subsidies and economic incentives could reduce demand for Altra's products and, as Altra's customers attempt to compete on a level playing field with other forms of nonrenewable energy, also increase pressure to reduce cost throughout the supply chain. Lower demand or increased pricing pressure could adversely affect Altra's business prospects and results of operations.

***Regulations related to conflict minerals could adversely impact the combined company's business.***

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve transparency and accountability concerning the supply of certain minerals, known as conflict minerals, originating from the Democratic Republic of Congo (DRC) and adjoining countries. As a result, in August 2012 the SEC adopted annual disclosure and reporting requirements for those companies who use conflict minerals mined from the DRC and adjoining countries in their products. These new requirements required country of origin inquiries and potentially due diligence, with initial disclosure requirements beginning in May 2014 relating to activities in 2013. There have been and will continue to be costs associated with complying with these disclosure requirements, including for country of origin inquiries and due diligence to determine the sources of conflict minerals used in the combined company's products and other potential changes to products, processes or sources of supply as a consequence of such verification activities. These rules could adversely affect the sourcing, supply and pricing of materials used in the combined company's products. As there may be only a limited number of suppliers offering conflict free conflict minerals, the combined

company cannot be sure that it will be able to obtain necessary conflict minerals from such suppliers in sufficient quantities or at competitive prices. Also, the combined company may face reputational challenges if it determines that certain of its products contain minerals not determined to be conflict free or if the combined company is unable to verify sufficiently the origins for all conflict minerals used in its products through the procedures it has implemented.

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***Altra may not be able to achieve the efficiencies, savings and other benefits anticipated from its cost reduction, margin improvement and other business optimization initiatives.***

Altra has in the past undertaken and expects to continue to undertake various restructuring activities and cost reduction initiatives in an effort to better align its organizational structure and costs with its strategy. Altra cannot assure you that it will be able to achieve all of the cost savings that it expects to realize from current or future activities and initiatives. Furthermore, in connection with these activities, Altra may experience a disruption in its ability to perform functions important to its strategy. Unexpected delays, increased costs, challenges with adapting its internal control environment to a new organizational structure, inability to retain and motivate employees or other challenges arising from these initiatives could adversely affect its ability to realize the anticipated savings or other intended benefits of these activities and could have a material adverse impact on its financial condition and operating results.

***The uncertainty surrounding the implementation and effect of Brexit and related negative developments in the European Union could adversely affect the combined company's business and financial results. The vote by the United Kingdom to leave the European Union could adversely affect the combined company.***

In a Referendum of the United Kingdom held on June 23, 2016, the United Kingdom voted to leave the European Union (referred to as Brexit or Brexit Referendum), which could cause disruptions to and create uncertainty surrounding the combined company's business, including affecting its relationships with the combined company's existing and future customers, suppliers and employees, which could have an adverse effect on its business, financial results and operations. The formal process for the United Kingdom leaving the European Union began in March 2017, when the United Kingdom served notice to the European Council under Article 50 of the Treaty of Lisbon. The long-term nature of the United Kingdom's relationship with the European Union is unclear and there is considerable uncertainty when any relationship will be agreed to and implemented. The political and economic instability created by Brexit has caused and may continue to cause significant volatility in global financial markets and uncertainty regarding the regulation of data protection in the United Kingdom. Brexit could also have the effect of disrupting the free movement of goods, services and people between the United Kingdom, the European Union and elsewhere. The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently. The measures could potentially disrupt the markets the combined company serves and the tax jurisdictions in which the combined company operates and adversely change tax benefits or liabilities in these or other jurisdictions, and may cause the combined company to lose customers, suppliers and employees. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. Further, in the Brexit Referendum, Scotland voted to remain in the European Union, while England and Wales voted to exit. The disparity has renewed the Scottish independence movement. Scottish leaders have publicly stated that a second independence referendum will not be held until after the terms of the Brexit are clear; however, plans may change. Political issues and a potential breakup of the United Kingdom could create legal and economic uncertainty in the region and have a material adverse effect on the combined company and other economies in which it operates. There can be no assurance that any or all of these events will not have a material adverse effect on the combined company's business operations, results of operations and financial condition.



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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This document (including information included or incorporated by reference herein) contains certain statements relating to future events and each of Fortive's, Newco's and Altra's intentions, beliefs, expectations and predictions for the future, including, but not limited to, statements concerning future business conditions and prospects, growth opportunities and estimates of growth, the outlook for each of Fortive's, Newco's and Altra's business, the expected benefits of the Transactions, integration plans and expected synergies therefrom and the expected timing of consummation of the Transactions described in this document based upon information currently available. Any such statements, other than statements of historical fact, are forward-looking statements. Wherever possible, these forward-looking statements have been identified by words such as will, may, anticipates, believes, intends, expects, projects, plans, targets, forecasts, and similar phrases. These forward-looking statements are based upon current assumptions and expectations of each of Fortive's, Newco's and Altra's management. Such forward-looking statements are subject to risks and uncertainties that could cause each of Fortive's, Newco's and Altra's actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements included in this document. These risks and uncertainties include risks relating to:

Altra's ability to obtain requisite stockholder approval to complete the Transactions;

Fortive being unable to obtain the IRS Ruling and other regulatory approvals required to complete the Transactions, or such required approvals delaying the Transactions or resulting in the imposition of conditions that could have a material adverse effect on the combined company or causing the companies to abandon the Transactions;

other conditions to the closing of the Transactions not being satisfied;

a material adverse change, event or occurrence affecting Altra or the A&S Business prior to the closing of the Transactions delaying the Transactions or causing the companies to abandon the Transactions;

problems arising in successfully integrating the A&S Business and Altra, which may result in the combined company not operating as effectively and efficiently as expected;

Altra's ability to achieve the synergies expected to result from the Transactions in the estimated amounts and within the anticipated time frame, if at all;

the possibility that the Transactions may involve other unexpected costs, liabilities or delays;

the possibility that there may be delays in consummating the Transactions, or the Transactions may not be consummated at all;

the possibility that the failure to complete the Transactions could adversely affect the market price of Altra common stock as well as Altra's business, financial condition and results of operations;

the possibility that if completed, the Transactions may not be successful or achieve their anticipated benefits;

the businesses of each respective company being negatively impacted as a result of uncertainty surrounding the Transactions;

disruptions from the Transactions harming relationships with customers, employees or suppliers;

dependence upon broad-based acceptance of the combined company's products and services;

the presence of competitors with greater financial resources than the combined company and their strategic response to the combined company's products;

the possibility that conditions of the capital markets during the periods covered by the forward-looking statements may have an adverse effect on each company's businesses, financial condition, results of operations and cash flows;

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uncertainties regarding future prices, industry capacity levels and demand for each company's products, raw materials and energy costs and availability, changes in governmental regulations or the adoption of new laws or regulations that may make it more difficult or expensive to operate each company's businesses or manufacture its products before or after the Transactions, each company's ability to generate sufficient cash flow from its businesses before and after the Transactions, future economic conditions in the specific industries to which its respective products are sold and global economic conditions;

future compliance with debt covenants and access to capital;

Altra and Newco may be unable to timely satisfy all conditions to the financings required in connection with the Transactions; and

other risk factors discussed herein and listed from time to time in Fortive's and Altra's public filings with the SEC.

In addition, other factors besides those listed here could adversely affect each of Newco's and Altra's business and results of operations. Other unknown or unpredictable factors could also have a material adverse effect on each of Newco's and Altra's actual future results, performance, or achievements. For a further discussion of these and other risks and uncertainties, see the section of this document entitled "Risk Factors." As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. None of Fortive, Newco or Altra undertakes, and each expressly disclaims, any duty to update any forward-looking statement whether as a result of new information, future events, or changes in its respective expectations, except as required by law.

Because forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond each of Fortive's, Newco's and Altra's control or are subject to change, actual results could be materially different and any or all of these forward-looking statements may turn out to be wrong. Forward-looking statements speak only as of the date made and can be affected by assumptions each of Fortive, Newco and Altra might make or by known or unknown risks and uncertainties. Many factors mentioned in this document and in Fortive's and Altra's annual and quarterly reports will be important in determining future results. Consequently, none of Fortive, Newco or Altra can assure you that expectations or forecasts expressed in such forward-looking statements will be achieved. Actual future results may vary materially. Except as required by law, none of Fortive, Newco or Altra undertakes, and each expressly disclaims, any obligation to update any forward-looking or other statements, whether as a result of new information, future events, or otherwise.

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**INFORMATION ABOUT THE SPECIAL MEETING**

**General; Date; Time and Place; Purposes of the Meeting**

The enclosed proxy is solicited on behalf of the Altra board of directors for use at a special meeting of stockholders to be held at 9:00 a.m. Eastern Time, on September 4, 2018, or at any adjournments or postponements of the special meeting, for the purposes set forth in this document and in the accompanying notice of special meeting. The special meeting will be held at the Boston Marriott Quincy, 1000 Marriott Drive, Quincy, Massachusetts 02169. This document and the accompanying proxy card are being mailed on or about August 6, 2018 to all stockholders entitled to vote at the special meeting.

At the special meeting, stockholders will be asked to:

approve the Share Issuance;

approve the Charter Amendment;

approve the Altra Equity Plan Amendment;

approve adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment or the Altra Equity Plan Amendment; and

transact any other business that may properly come before the special meeting or any adjourned or postponed session of the special meeting.

Copies of the Merger Agreement and the Separation Agreement are attached to this document as Annex A and Annex B, respectively. All Altra stockholders are urged to read the Merger Agreement and the Separation Agreement carefully and in their entirety.

Altra does not expect a vote to be taken on any other matters at the special meeting. If any other matters are properly presented at the special meeting for consideration, however, the holders of the proxies, if properly authorized, will have discretion to vote on these matters in accordance with their best judgment.

When this document refers to the special meeting, it is also referring to any adjourned or postponed session of the special meeting, if necessary or appropriate.

**Record Date; Quorum; Voting Information; Required Votes**

The holders of record of common stock as of the close of business on August 6, 2018, the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting and any adjourned or postponed session thereof. As of the close of business on the record date, 29,387,971 shares of Altra common stock were outstanding and entitled to vote. Each stockholder is entitled to cast one vote on each matter submitted to the stockholders for each

share of Altra common stock held on the record date.

Shares entitled to vote at the special meeting may take action on a matter at the special meeting only if a quorum of those shares exists with respect to that matter. The presence at the special meeting, in person or by proxy, of the holders of shares of Altra common stock representing a majority of the votes entitled to be cast on a matter at the special meeting will constitute a quorum for the transaction of business at the special meeting. Once a share is represented for any purpose at the special meeting, it will be deemed present for the purpose of determining whether a quorum exists. Shares voted **FOR** and **AGAINST** and abstentions will be counted for purposes of determining the presence of a quorum. In accordance with applicable rules, banks, brokers and other nominees who hold shares of common stock in street name for their customers do not have discretionary authority to vote the shares with respect to the proposals to approve the Share Issuance, the Charter Amendment, the Altra Equity Plan Amendments or the adjournment or postponement of the special meeting, if necessary or appropriate. Accordingly, shares held in street name (that is, shares held through a bank, broker or other nominee) will not be counted for purposes of determining the presence of a quorum unless the bank, broker or other nominee has been instructed to vote on at least one of the proposals presented in this proxy statement.

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The Share Issuance must be approved by the affirmative vote of a majority of the votes cast on that proposal at the special meeting. If Altra's stockholders fail to approve the Share Issuance upon a vote at the special meeting, each of Fortive and Altra will have the right to terminate the Merger Agreement, as described in the section of this document entitled "The Merger Agreement Termination."

The Charter Amendment must be approved by the affirmative vote of a majority of the shares of Altra common stock entitled to vote on the proposal. The Charter Amendment will be effected only if the proposal relating to the Share Issuance is approved by Altra's stockholders and the Merger is consummated.

The Altra Equity Plan Amendments must be approved by the affirmative vote of a majority of the votes cast on that proposal at the special meeting. If Altra's stockholders fail to approve the Altra Equity Plan Amendments upon a vote at the special meeting, Fortive will have the right to terminate the Merger Agreement, as described in the section of this document entitled "The Merger Agreement Termination."

The adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment or the Altra Equity Plan Amendments must be approved by the affirmative vote of a majority of the votes cast on that proposal at the special meeting.

An abstention will have no effect on the outcome of the proposals to approve the Share Issuance, the Altra Equity Plan Amendments or the adjournment or postponement of the special meeting, if necessary or appropriate. An abstention from voting will be treated as a vote cast with regard to the proposal to approve the Charter Amendment and will have the same effect as a vote **AGAINST** the proposal to approve the Charter Amendment.

As of August 1, 2018, Altra's directors and executive officers held 2.5% of the shares entitled to vote at Altra's special meeting of stockholders. As of August 1, 2018, no affiliates of Altra's directors and executive officers held shares entitled to vote at Altra's special meeting of stockholders. As of August 1, 2018, Newco's directors, executive officers and their affiliates did not hold shares entitled to vote at Altra's special meeting of stockholders. Newco's stockholders are not required to vote on any of the special meeting proposals, and Newco will not hold a special meeting of stockholders in connection with the Transactions.

## **Recommendation of Board of Directors**

After careful consideration, the Altra board of directors has determined that the Transactions, including the Merger, the Share Issuance, the Charter Amendment and the Altra Equity Plan Amendment, are advisable and in the best interests of Altra and its stockholders, approved the Merger Agreement and the other Transaction Documents, approved the Transactions, including the Merger, the Share Issuance, the Charter Amendment, the Altra Equity Plan Amendment, and authorized and adopted the Charter Amendment and the Altra Equity Plan Amendment.

**The Altra board of directors recommends that stockholders vote FOR the proposal to approve the Share Issuance, FOR the proposal to approve the Charter Amendment, FOR the proposal to approve the Altra Equity Plan Amendment and FOR the proposal to approve adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment or the Altra Equity Plan Amendment.**

## **How to Vote**

Stockholders of record described above may cast their votes by:

- (1) signing, completing and return the enclosed proxy card in the enclosed postage-paid envelope;

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- (2) calling toll-free 1-800-690-6903 and following the instructions;
- (3) accessing [www.proxyvote.com](http://www.proxyvote.com) and following the instructions; or
- (4) attending the Annual Meeting and voting in person.

*Registered Owners:* If an Altra stockholder's shares of common stock are registered directly in its name with Altra's transfer agent, American Stock Transfer & Trust Co., the Altra stockholder is considered a registered stockholder with respect to those shares. If this is the case, the proxy materials have been sent or provided directly to the Altra stockholder by American Stock Transfer & Trust Co.

*Beneficial Owners:* If an Altra stockholder holds shares of Altra common stock in street name (that is, the shares are held through a bank, broker or other nominee), the stockholder must obtain the proxy materials from that bank, broker or other nominee in its capacity as owner of record of the shares. As the beneficial owner, an Altra stockholder has the right to direct its bank, broker or other nominee as to how to vote its shares held in street name by using the voting instruction form or proxy card included in the proxy materials, or by voting via the Internet or by telephone, but the scope of its rights depends upon the voting processes of the bank, broker or other nominee. Please carefully follow the voting instructions provided by the bank, broker or other nominee or its respective agent.

If an Altra stockholder signs its proxy card without indicating its vote, its shares will be voted **FOR** the proposal to approve the Share Issuance, **FOR** the proposal to approve the Charter Amendment, **FOR** the proposal to approve the Altra Equity Plan Amendment and **FOR** the proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment or the Altra Equity Plan Amendment.

## **Solicitation of Proxies**

Altra will bear the entire cost of soliciting proxies from its stockholders. In addition to solicitation of proxies by mail, proxies may be solicited in person, by telephone or other electronic communications, such as emails or postings on Altra's website by Altra's directors, officers and employees, who will not receive additional compensation for these services. Altra has retained Innisfree M&A Incorporated to assist in the solicitation of proxies for an initial fee of \$25,000 plus reimbursement for certain expenses incurred in conjunction with the delivery of its services. Brokerage houses, nominees, custodians and fiduciaries will be requested to forward soliciting material to beneficial owners of stock held of record by them, and Altra will reimburse those persons for their reasonable expenses in doing so.

## **Revocation of Proxies**

If a holder of record of Altra common stock has properly completed and submitted its proxy card or submitted voting instructions by Internet or telephone, the Altra stockholder can change its vote in any of the following ways:

by sending a signed notice of revocation to the corporate secretary of Altra that is received prior to the special meeting stating that the Altra stockholder revokes its proxy;

by properly completing a new proxy card bearing a later date and properly submitting it so that it is received prior to the special meeting;



by logging onto the Internet website specified on the proxy card in the same manner a stockholder would to submit its proxy electronically or by calling the toll-free number specified on the proxy card

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prior to the special meeting, in each case if the Altra stockholder is eligible to do so and following the instructions on the proxy card; or

by attending the special meeting and voting in person.

Simply attending the special meeting will not revoke a proxy. In the event of multiple online or telephone votes by a stockholder, each vote will supersede the previous vote and the last vote cast will be deemed to be the final vote of the stockholder unless such vote is revoked in person at the special meeting.

If an Altra stockholder holds shares in street name through its bank, broker or other nominee, and has directed such person to vote its shares and wants to change its vote, it should instruct such person to change its vote, or if in the alternative an Altra stockholder wishes to vote in person at the special meeting, it must bring to the special meeting a letter from the bank, broker or other nominee confirming its beneficial ownership of the shares and that the bank, broker or other nominee is not voting the shares at the special meeting.

## **Adjournments and Postponements**

Although it is not currently expected, the special meeting may be adjourned or postponed, if necessary or appropriate, for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the special meeting to approve the Share Issuance, the Charter Amendment and the Altra Equity Plan Amendment. Any adjournment or postponement of the special meeting may be made from time to time if approved by the affirmative vote of a majority of the votes cast on a proposal at the special meeting to adjourn or postpone the meeting. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow Altra stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

The proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate, relates only to an adjournment or postponement of the special meeting occurring for purposes of soliciting additional proxies for the approval of the Share Issuance, the Charter Amendment and the Altra Equity Plan Amendment. The Altra board of directors retains full authority to adjourn or postpone the special meeting for any other purpose, including the absence of a quorum, or to postpone the special meeting before it is convened, without the consent or approval of any stockholders.

## **Attending the Special Meeting**

Stockholders of record can vote in person at the special meeting. Each attendee must bring a valid, government-issued photo identification, such as a driver's license or passport, as well as other verification of Altra common stock ownership. For a stockholder of record, please bring your proxy card. If you are a beneficial owner of Altra common stock, but do not hold your shares in your own name (i.e., your shares are held in street name), please bring the notice or voting instruction form you received from your bank, broker or other nominee. You may also bring your bank or brokerage account statement reflecting your ownership of Altra common stock as of August 6, 2018, the record date. Please note that cameras, sound or video recording equipment, cellular telephones, smartphones and other similar devices, as well as purses, briefcases, backpacks and packages, will not be allowed in the meeting room.

Altra does not expect representatives of Deloitte & Touche LLP to be present at the special meeting.



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**Questions and Additional Information**

If Altra stockholders have more questions about the Transactions or how to submit their proxy, or if they need additional copies of this document or the enclosed proxy card or voting instructions, please contact:

Innisfree M&A Incorporated  
501 Madison Avenue, 20th Floor  
New York, New York 10022  
Stockholders Call Toll-Free: (888) 750-5834

Banks and Brokers Call: (212) 750-5833

or

Altra Industrial Motion Corp.  
300 Granite Street, Suite 201  
Braintree, Massachusetts 02184  
Attention: Investor Relations  
(781) 917-0541

**The vote of Altra stockholders is important. Please sign, date, and return the proxy card or submit the proxy and/or voting instructions via the internet or by telephone promptly.**

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**INFORMATION ON FORTIVE S EXCHANGE OFFER**

Fortive expects to offer to holders of Fortive common stock the right to exchange all or a portion of their Fortive common stock for shares of Newco common stock at a discount to the per-share value of Altra common stock. See

The Transactions. Newco has filed a registration statement on Form S-4 and Form S-1 to register shares of its common stock which will be distributed to Fortive stockholders pursuant to a split-off or spin-off in connection with the Merger. The shares of Newco common stock will be immediately converted into shares of Altra common stock in the Merger. Altra has filed a registration statement on Form S-4 to register the shares of its common stock which will be issued in the Merger. The terms and conditions of the Exchange Offer are described in Newco's registration statement and Altra's registration statement. Altra is filing this proxy statement under the assumption that the shares of Newco common stock will be distributed to Fortive stockholders pursuant to a split-off. Altra does not intend to amend this proxy statement in the event that Fortive elects to distribute the shares of Newco common stock to Fortive stockholders pursuant to a spin-off. Altra and Altra stockholders are not a party to the Exchange Offer and are not being asked to separately vote on the Exchange Offer or to otherwise participate in the Exchange Offer.

Upon the consummation of the Exchange Offer, Fortive will deliver to the Exchange Offer agent a global certificate representing all of the Newco common stock being distributed in the Exchange Offer, with irrevocable instructions to hold the shares of Newco common stock in trust for the holders of Fortive common stock validly tendered and not withdrawn in the exchange offer and, in the case of a pro rata distribution, holders of Fortive common stock whose shares of Fortive common stock remain outstanding after the consummation of the Exchange Offer. Altra will deposit with the Exchange Offer agent for the benefit of persons who received shares of Newco common stock in the Exchange Offer book-entry authorizations representing shares of Altra common stock, with irrevocable instructions to hold the shares of Altra common stock in trust for the holders of Newco common stock.

Altra expects to issue 35 million shares of Altra common stock in the Merger. Based upon the reported closing sale price of \$42.90 per share for Altra common stock on Nasdaq on August 1, 2018, the total value of the shares to be issued by Altra would have been approximately \$1.5 billion. The actual value of the Altra common stock to be issued in the Merger will depend on the market price of shares of Altra common stock at the time of determination.

Fortive's Exchange Offer is subject to various conditions listed in Newco's registration statement and Altra's registration statement.

The information included in this section regarding Fortive's Exchange Offer is being provided to Altra's stockholders for informational purposes only and does not purport to be complete. For additional information on Fortive's Exchange Offer and the terms and conditions of Fortive's Exchange Offer, Altra shareholders are urged to read, when available, Newco's registration statement on Form S-4 and Form S-1, or Altra's registration statement on Form S-4, and all other documents Newco or Altra have filed or will file with the SEC. This document constitutes only a proxy statement for Altra stockholders relating to the approval of the Share Issuance, the Charter Amendment and the Altra Equity Plan Amendments and is not an offer to sell or an offer to purchase shares of Altra common stock.

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**INFORMATION ON ALTRA**

**Overview**

Altra is a leading global designer, producer and marketer of a wide range of mechanical power transmission components. Altra's products are used to control and transmit power and torque in virtually any industrial application involving movement. With its global footprint, Altra sells its products in over 70 countries and serves customers in a diverse group of industries, including energy, general industrial, material handling, metals, mining, special machinery, transportation, and turf and garden. Altra's product portfolio includes clutches and brakes, couplings, gearing and other power transmission components. Altra's products are used in a wide variety of high-volume manufacturing processes, where the reliability and accuracy of Altra's products are critical in both avoiding costly down time and enhancing the overall efficiency of manufacturing operations. Altra's products are also used in non-manufacturing applications where product quality and reliability are especially critical, such as clutches and brakes for elevators and residential and commercial lawnmowers. Altra was incorporated in 2004 in the State of Delaware and became a publicly traded company in 2006. Altra is headquartered in Braintree, Massachusetts.

Altra markets its products under well recognized and established brands, many of which have been in existence for over 50 years. Altra believes many of its brands, when taken together with its brands in the same product category, have achieved the number one or number two position in terms of consolidated market share and brand awareness in their respective product categories. Altra's products are either incorporated into products sold by original equipment manufacturers, sold to end users directly, or sold through industrial distributors.

For a more detailed description of the business of Altra, see Altra's Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference in this document. See [Where You Can Find More Information](#); [Incorporation by Reference](#).

**Altra's Business After the Transactions**

The combination of Altra and the A&S Business is intended to create a leading power transmission and motion control company with (i) a portfolio of market leading brands, (ii) access to higher growth, higher margin end markets and applications, (iii) a leading business system to drive improvement in manufacturing, leadership and growth and (iv) global scale to serve customers around the world.

Altra expects the Transactions to have the following strategic benefits:

*Increased size, economies of scale and geographic presence.* As a result of the Transactions, the combined company will be a global business with approximately 52 manufacturing facilities, over 25 engineering/service centers and approximately 9,300 employees worldwide.

*Diversification of Altra's portfolio of capabilities.* Altra expects that the combination of Altra and the A&S Business will (i) expand its market presence from electromechanical capabilities to precision motion control, (ii) broaden its suite of solutions from power transmission offerings to engineered servo, direct drive, specialty miniature motor technology and precision linear automation products and capabilities, and (iii) enhance its portfolio of braking technologies.

*Enhanced end market positioning.* Altra expects that the combination of Altra and the A&S Business will increase Altra's position in higher-growth end markets, such as medical, advanced material handling and robotics, and reduce its relative exposure to more cyclical end-markets, such as mining, renewable energy and oil & gas.

*A leading business system.* Altra believes that the A&S Business employees' experience with and knowledge of the established Fortive Business System tools will enhance Altra's ability to achieve its strategic objectives with respect to both its existing business and the businesses of the combined company.

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*Improved financial profile.* Altra believes that the combination of Altra and the A&S Business will enhance Altra's margins and top-line growth opportunities and provide strong free cash flow generation.

Prior to the consummation of the Transactions, Fortive and the A&S Business have provided certain functions (such as treasury, cash management, tax compliance, benefits, corporate development, internal audit, purchasing and information systems) to each other. To enable Altra and Fortive to manage an orderly transition in the operation of the A&S Business, Fortive, Newco and Altra will enter into the Transition Services Agreement. Pursuant to the Transition Services Agreement, Fortive and Altra will provide each other with certain limited transition services from the period beginning on the date of the Distribution and generally ending by a date to be agreed between Fortive and Altra, or a shorter or longer period for certain specific services.

**Altra's Liquidity and Capital Resources After the Transactions*****Overview***

As of March 31, 2018, Altra had total assets of \$938.5 million, current liabilities of \$143.1 million and long-term debt of \$278.3 million. Following the consummation of the Transactions, Altra's total assets and liabilities will increase significantly. As of March 31, 2018, on a pro forma basis (as described in the section of this document entitled

Unaudited Pro Forma Combined Financial Statements of Altra and the A&S Business ), Altra would have had total assets of \$4,518.9 million, current liabilities of \$302.0 million and long-term debt of \$1,717.0 million. Altra's cash from operations was \$3.7 million and \$80.6 million for the three months ended March 31, 2018 and the fiscal year ended December 31, 2017, respectively. Altra also expects its cash from operations to increase significantly as a result of the consummation of the Transactions and the integration of the A&S Business.

Altra expects its interest expense to increase significantly as a result of the consummation of the Transactions. For the three months ended March 31, 2018 and the year ended December 31, 2017, on a pro forma basis (as described in the section of this document entitled Unaudited Pro Forma Combined Financial Statements of Altra and the A&S Business ), Altra would have incurred additional interest expense of \$21.1 million and \$83.6 million, respectively, in connection the debt financing. See the section of this document entitled Debt Financing.

Altra believes that the combination of Altra and the A&S Business will result in anticipated annualized cost synergies of approximately \$46 million within four years following the consummation of the Transactions as a result of anticipated enhanced strategic flexibility and scale and through the application of the A&S Business's supply chain expertise and the combination of best practices associated with the Fortive Business System and Altra's Operational Excellence Program. If Altra and the A&S Business are able to cross-sell existing products into additional geographies and markets, potential revenue synergies resulting in approximately \$6 million of additional annual operating income may be achievable within four years following the consummation of the Transactions. Altra expects to incur significant, one-time costs in connection with the Transactions, including approximately \$85 to \$95 million in transaction-related costs (of which \$45 to \$50 million will be capitalized) and approximately \$24 million in non-recurring implementation costs during the first four years following the consummation of the Transactions that Altra management believes are necessary to realize the anticipated synergies from the Transactions. No assurances of the timing or amount of synergies able to be captured, or the costs necessary to achieve those synergies, can be provided.

Following the consummation of the Transactions, (a) Newco, a wholly-owned subsidiary of Altra, will have incurred new indebtedness in the form of (i) senior unsecured notes used to pay the Cash Dividend in an amount equal to the Basis Amount and (ii) debt securities issued directly to Fortive in an amount equal to the Above-Basis Amount (unless Fortive determines that the Debt Exchange is not reasonably likely to be consummated in an amount equal to the Above-Basis Amount at the time of the Distribution and elects to receive cash from Newco in lieu of the debt



securities in which case Fortive will cause Newco to borrow an amount equal to the

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Above-Basis Amount under the Bridge Facility), and these obligations incurred by Newco are expected to be guaranteed by Altra following the consummation of the Merger, and (b) Altra will have incurred new indebtedness in the form of a term loan to, among other things, (i) consummate the Direct Sales, and (ii) repay in full and extinguish all outstanding indebtedness for borrowed money under the Second Amended and Restated Credit Agreement, dated as of October 22, 2015, among Altra and certain of its subsidiaries, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent and the lenders, other agents and other parties party thereto from time to time (as amended, amended and restated, supplemented or otherwise modified through the date hereof). In connection with the Transactions, pursuant to the Altra Commitment Letter, Altra will replace Altra's existing revolving credit facility with the Altra Revolving Credit Facility.

Altra anticipates that its primary sources of liquidity for working capital and operating activities, including any future acquisitions, will be cash from operations and borrowings under the Altra Credit Agreement. Altra expects that these sources of liquidity will be sufficient to make required payments of interest on the outstanding Altra debt and to fund working capital and capital expenditure requirements, including the significant one-time costs relating to the Transactions described above. Altra expects that it will be able to comply with the financial and other covenants of its existing debt arrangements and the covenants under the agreements governing the Altra Term Loan B Facility and the Altra Revolving Credit Facility and an indenture governing the Newco Securities.

For more information on the A&S Business's and Altra's existing sources of liquidity, see the section of this document entitled Management's Discussion and Analysis of Financial Condition and Results of Operations for the A&S Business and the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations included in Altra's Annual Report on Form 10-K for the year ended December 31, 2017, which is filed with the SEC and incorporated by reference in this document. See Where You Can Find More Information; Incorporation by Reference.

**Directors and Officers of Altra Before and After the Transactions**

***Board of Directors***

The Altra board of directors of directors currently consists of eight directors. Directors of Altra serving on its board of directors immediately before the effective time of the Merger are expected to continue to serve as directors of Altra immediately following the closing of the Merger. Listed below is the biographical information for each person who is currently a director of Altra:

*Edmund M. Carpenter*, 76, has been a director of Altra since March 2007. Mr. Carpenter currently serves as an operating partner to Genstar Capital. Mr. Carpenter was President and Chief Executive Officer of Barnes Group Inc. from 1998 until his retirement in December 2006. Prior to joining Barnes Group Inc., Mr. Carpenter was Senior Managing Director of Clayton, Dubilier & Rice from 1996 to 1998, and Chief Executive Officer of General Signal from 1988 to 1995. Prior to joining General Signal Corporation, Mr. Carpenter held various executive positions at ITT Corporation, including President and Chief Operating Officer. Prior to joining ITT, he held executive positions with Fruehauf Corporation and served as a partner in the management services division of Touche Ross & Company. He began his career at Michigan Bell Telephone Company. He served as a director at Campbell Soup Company from 1990 to 2014. He holds both an M.B.A. and a B.S.E. in Industrial Engineering from the University of Michigan. Having served as CEO of a diversified global manufacturing and logistical services company, Mr. Carpenter presents valuable insight into organizational and operational management issues crucial to a public manufacturing company.

*Carl R. Christenson*, 58, has been Chairman of the Altra board of directors of directors since April 2014, Chief Executive Officer of Altra since January 2009 and a director since July 2007. Prior to his current position,

Mr. Christenson served as President and Chief Operating Officer of Altra from January 2005 to December 2008. From 2001 to 2005, Mr. Christenson was the President of Kaydon Bearings, a manufacturer of custom-engineered bearings and a division of Kaydon Corporation. Prior to joining Kaydon, Mr. Christenson held a

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number of management positions at TB Wood s Incorporated and several positions at the Torrington Company. Mr. Christenson served as a director at Vectra Co., f/k/a OM Group, Inc., a NYSE listed technology-driven diversified industrial company, from 2014 to 2015. Mr. Christenson holds a M.S. and B.S. degree in Mechanical Engineering from the University of Massachusetts and an M.B.A. from Rensselaer Polytechnic. In addition to more than twenty five years of experience in manufacturing companies, Mr. Christenson brings vast knowledge of Altra s business, structure, history and culture to Altra s board of directors and the Chief Executive Officer position.

*Lyle G. Ganske, 59*, has been a director of Altra since November 2007. Mr. Ganske is a Partner and M&A Practice Leader at Jones Day. He is an advisor to significant companies, focusing primarily on M&A, takeovers, takeover preparedness, corporate governance, executive compensation, and general corporate counseling. Mr. Ganske received his J.D. from Ohio State University and his B.S.B.A. at Bowling Green State University. He currently serves on the Executive Committees of Resilience Capital (private equity) and the Ohio Business Roundtable; the Advisory Board of Mutual Capital Partners (venture capital); and on the boards of Flashes of Hope and the Western Reserve Land Conservancy. Mr. Ganske is the former chair of Business Volunteers Unlimited and the Commission on Economic Inclusion. In addition to his substantial legal skills and expertise, Mr. Ganske brings to Altra s Board well-developed business and financial acumen critical to a dynamic public company.

*Margot L. Hoffman, Ph.D., 55*, has been a director of Altra since April 2018. Dr. Hoffman currently serves as the President and Chief Executive Officer for The Partnership for Excellence, the Baldrige-based program for Ohio, Indiana and West Virginia. Dr. Hoffman was the President of Quest4Leadership, a leadership development firm, from 2011-2014. From 1988 to 2008, Dr. Hoffman held positions in engineering, corporate training, and senior leadership at Dana Corporation, ultimately holding the position of President of its Driveshaft Products Group. Dr. Hoffman holds a Ph.D. in organization and management from Capella University, an MBA and bachelor of engineering technology degree from the University of Toledo, and serves as a national Baldrige senior examiner. Dr. Hoffman will contribute to Altra s Board significant operational management and leadership development skills combined with substantial experience in global manufacturing businesses.

*Michael S. Lipscomb, 71*, has been a director of Altra since November 2007. Mr. Lipscomb served as Chairman and Chief Executive Officer of SIFCO Inc., a NYSE company in the aerospace business, from January 2015 until retiring from all positions in SIFCO in January 2016 and prior to that served as SIFCO s Chief Executive Officer starting in 2010, and as a board member starting in 2002. As CEO, Mr. Lipscomb led SIFCO through four acquisitions, a divestiture, and a business closure. These moves resulted in SIFCO becoming a leading precision component supplier to the aerospace and energy markets. Mr. Lipscomb also serves as Managing Partner of GS Capital Investments LLC, owner of Aviation Component Solutions, a company in the aerospace aftermarket business, and JC Carter Nozzles, a supplier of refueling nozzles and other components to the LNG market. Mr. Lipscomb serves as a Board member of both Integrity Organics (2014-present), a green company in the waste reclamation business, and The Ruhlin Company (board member 1996-present, Audit Chair 1996-2004, Compensation Chair 2004-present), an integrated ESOP-owned construction company. Previously, Mr. Lipscomb was a founding partner of Argo-Tech Corp. (1986-2007), where he became Chief Executive Officer in 1990 and Chairman in 1994. As Chief Executive Officer of Argo-Tech he led the company through five bank refinances, three high yield bond offerings and three acquisitions, and successfully managed the sale of the company to Eaton Corporation in March of 2007. During his career, Mr. Lipscomb served as a Managing Director at TRW, and in various operational and engineering management roles at the Utica Tool Company and Dow Chemical. Mr. Lipscomb received his MBA from Furman University and his B.S. from Clemson University. Mr. Lipscomb brings to Altra s Board a depth of global industrial operating experience and knowledge of organizational management essential to a public manufacturing company.

*Larry P. McPherson, 72*, has been a director of Altra since January 2005. Prior to joining the Board, Mr. McPherson was a Director of NSK Ltd. from 1997 until his retirement in 2004 and served as Chairman and Chief Executive

Officer of NSK Europe from January 2002 to December 2003. In total, he was employed by

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NSK Ltd. for 22 years during which time he was responsible for the major expansion of manufacturing operations in the U.S. and the reorganization and consolidation of European operations. Mr. McPherson served as Chairman and Chief Executive Officer of NSK Americas for the six years prior to his European assignment. Mr. McPherson serves as a board member of McNaughton and Gunn, Inc., a privately owned printing company. Mr. McPherson earned his MBA from Georgia State and his undergraduate degree in Electrical Engineering from Clemson University. Mr. McPherson contributes to Altra's Board significant organizational and operational management skills combined with a wealth of experience in global manufacturing businesses.

*Thomas W. Swidarski*, 59, has been a director of Altra since April 2014. Mr. Swidarski is currently Chief Executive Officer of Telos Alliance, a global audio technology company whose products and services help radio and television stations produce better programming. Mr. Swidarski has been a director of Evertec, a publicly traded payment processing company, since 2013 and also serves as a director of several privately held companies. Mr. Swidarski previously served as the Chief Executive Officer and President of Diebold Nixdorf, Incorporated, f/k/a Diebold, Incorporated ( Diebold ), a \$3 billion global leader in designing, manufacturing and distributing self-service technologies (ATMs) in over 100 countries, from October 12, 2005 to January 19, 2013. Mr. Swidarski served as Senior Vice President of Financial Self-Service Group of Diebold, from 2001 to September 2005 and served as its Chief Operating Officer from October 12, 2005 to December 2005. Mr. Swidarski also held various strategic development and marketing positions at Diebold since 1996. Prior to Diebold, he held various positions within the financial industry for nearly 20 years focusing on marketing, product management, retail bank profitability, branding and retail distribution. Mr. Swidarski served as a Director of Diebold from December 12, 2005 to January 8, 2013. He holds a BA in marketing from the University of Dayton and an MBA in business management from Cleveland State University. Having served as Chief Executive Officer of a global provider of technology and services to a wide range of businesses, Mr. Swidarski brings to Altra's Board valuable insight into organizational management, global business, financial matters and marketing matters.

*James H. Woodward, Jr.*, 65, has been a director of Altra since March 2007. From March 2009 to October 2011, Mr. Woodward served as Senior Vice President and Chief Financial Officer of Accuride Corporation. Previously, Mr. Woodward served as Executive Vice President and Chief Financial Officer and Treasurer of Joy Global Inc. from January 2007 until February 2008. Prior to joining Joy Global Inc., Mr. Woodward was Executive Vice President and Chief Financial Officer of JLG Industries, Inc. from August 2000 until its sale in December 2006. Prior to JLG Industries, Inc., Mr. Woodward held various financial and operational positions at Dana Incorporated, f/k/a Dana Corporation, since 1982. Mr. Woodward is a Certified Public Accountant and holds a B.A. degree in Accounting from Michigan State University. Mr. Woodward's depth and breadth of exposure to complex issues from his long and distinguished career in the manufacturing industry make him a skilled advisor who provides critical insight into organizational and operational management, global business and financial matters.

The Altra board of directors has determined that all of its members, except Mr. Christenson and Mr. Woodward, constituting a majority, satisfy the listing standards for independence of Nasdaq and Rule 10A-3 under the Exchange Act.

In addition, as of immediately following the effective time of the Merger, Altra will increase the size of its board of directors by one member, creating a vacancy, and one individual selected by Fortive (which individual is currently anticipated by Altra and Fortive to be Patrick K. Murphy, Fortive's Senior Vice President) will be appointed to fill such vacancy and will, subject to the fiduciary duties of Altra's board of directors, be nominated for re-election at the expiration of such director's initial term. However, if Fortive's designated director: (i) is unwilling or unable to serve at the effective time of the Merger, (ii) is unwilling or unable to serve when such new term starts or (iii) is not nominated to serve such new term, then Fortive will designate a replacement, acceptable to Altra in its sole discretion, for such director before the effective time of the Merger or the start of such new term, as applicable.



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**Table of Contents*****Executive Officers***

It is expected that Altra's current management team will remain intact for the combined business, but may be expanded to include new management team members from the A&S Business. The executive officers of Altra immediately prior to the closing of the Merger are expected to remain executive officers of Altra immediately following the closing of the Merger.

Listed below is the biographical information for each person who is currently an executive officer of Altra:

*Carl R. Christenson*, 58, has been the Chairman of the Altra board of directors since April 2014, the Chief Executive Officer of Altra since January 2009, and a director since July 2007. Prior to his current position, Mr. Christenson served as President and Chief Operating Officer of Altra from January 2005 to December 2008. From 2001 to 2005, Mr. Christenson was the President of Kaydon Bearings, a manufacturer of custom-engineered bearings and a division of Kaydon Corporation. Prior to joining Kaydon, Mr. Christenson held a number of management positions at TB Wood's Incorporated and several positions at the Torrington Company. Mr. Christenson served as a director at Vectra Co., f/k/a OM Group, Inc., a NYSE listed technology-driven diversified industrial company, from 2014 to 2015. Mr. Christenson holds a M.S. and B.S. degree in Mechanical Engineering from the University of Massachusetts and an M.B.A. from Rensselaer Polytechnic.

*Christian Storch*, 58, has been the Chief Financial Officer of Altra since December 2007. From 2001 to 2007, Mr. Storch was the Vice President and Chief Financial Officer at Standex International Corporation ( Standex International ). Mr. Storch also served on the Board of Directors of Standex International from October 2004 to December 2007. Mr. Storch also served as Standex International's Treasurer from 2003 to April 2006 and Manager of Corporate Audit and Assurance Services from July 1999 to 2003. Prior to Standex International, Mr. Storch was a Divisional Financial Director and Corporate Controller at Vossloh AG, a publicly held German transport technology company. Mr. Storch has also previously served as an Audit Manager with Deloitte & Touche, LLP. Mr. Storch holds a degree in business administration from the University of Passau, Germany.

*Glenn E. Deegan*, 51, has been the Vice President, Legal and Human Resources, General Counsel and Secretary of Altra since June 2009. Prior to his current position, Mr. Deegan served as the General Counsel and Secretary of Altra since September 2008. From March 2007 to August 2008, Mr. Deegan served as Vice President, General Counsel and Secretary of Averion International Corp., a publicly held global provider of clinical research services. Prior to Averion, from June 2001 to March 2007, Mr. Deegan served as Director of Legal Affairs and then as Vice President, General Counsel and Secretary of MacroChem Corporation, a publicly held specialty pharmaceutical company. From 1999 to 2001, Mr. Deegan served as Assistant General Counsel of Summit Technology, Inc., a publicly held manufacturer of ophthalmic laser systems. Mr. Deegan previously spent over six years engaged in the private practice of law and also served as law clerk to the Honorable Francis J. Boyle in the United States District Court for the District of Rhode Island. Mr. Deegan holds a B.S. from Providence College and a J.D. from Boston College.

*Gerald P. Ferris*, 68, has been the Vice President of Global Sales of Altra since May 2007 and held the same position with Power Transmission Holdings, LLC, Altra's predecessor, since March 2002. He is responsible for the worldwide sales of Altra's broad product platform. Mr. Ferris joined Altra's predecessor in 1978 and since joining has held various positions. He became the Vice President of Sales for Boston Gear in 1991. Mr. Ferris holds a B.A. degree in Political Science from Stonehill College.

*Todd B. Patriacca*, 48, has been the Vice President of Finance, Corporate Controller and Treasurer of Altra since February 2010. Prior to his current position, Mr. Patriacca served as the Vice President of Finance, Corporate Controller and Assistant Treasurer of Altra since October 2008 and previous to that, as Vice President of Finance and



Corporate Controller since May 2007 and as Corporate Controller since May 2005. Prior to joining Altra, Mr. Patriacca was Corporate Finance Manager at MKS Instruments Inc. ( MKS ), a semi-conductor equipment manufacturer since March 2002. Prior to MKS, Mr. Patriacca spent over ten years at Arthur

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Andersen LLP in the Assurance Advisory practice. Mr. Patriacca is a Certified Public Accountant and holds a B.A. in History from Colby College and an M.B.A. and an M.S. in Accounting from Northeastern University.

*Craig Schuele*, 55, has been the Vice President of Marketing and Business Development of Altra since May 2007 and held the same position with Altra's predecessor since July 2004. He is responsible for global marketing as well as coordinating Altra's merger and acquisition activity. Prior to his current position, Mr. Schuele was the Vice President of Marketing of Altra since March 2002, and previous to that he was the Director of Marketing of Altra. Mr. Schuele joined Altra's predecessor in 1986 and holds a B.S. degree in Management from Rhode Island College.

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**INFORMATION ON THE A&S BUSINESS**

**Overview**

The A&S Business is a leading provider of a wide range of electromechanical and electronic motion control products and mechanical components, as well as supplemental braking systems for commercial vehicles. The A&S Business operated as part of the Industrial Technologies segment of Danaher prior to the Danaher Separation and, following the Danaher Separation, as part of the Automation & Specialty platform within Fortive's Industrial Technologies segment. The A&S Business originated through Danaher's acquisitions of Jacobs Vehicle Systems in 1986, Portescap (API) in 2000, Kollmorgen Corporation in 2000 and Thomson Industries in 2002, as well as numerous other bolt-on acquisitions that were subsequently integrated into the A&S Business. The A&S Business was established and organized to supply mission-critical components and equipment for industrial automation, robotics, medical devices and other precision control applications. The A&S Business maintains operations and conducts business in all major geographies, including North America, Europe, Asia Pacific and Latin America. The A&S Business's headquarters are located at 6920 Seaway Blvd., Everett, Washington 98203, and its telephone number is (425) 446-5000.

**Products and Markets**

The A&S Business designs, manufactures, markets, sells and supports:

electromechanical and electronic motion control products, including standard and custom motors, drives and controls;

linear motion systems, ball screws, linear bearings, clutches/brakes, linear actuators and mechanical components; and

through Jacobs Vehicle Systems, supplemental braking systems for commercial vehicles.

The A&S Business's products are marketed under a variety of brands, including JAKE BRAKE<sup>®</sup>, KOLLMORGEN<sup>®</sup>, PORTECAP<sup>®</sup> and THOMSON<sup>®</sup>. Sales are generally made through the A&S Business's direct sales personnel and independent distributors.

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 the A&S Business's products in production and packaging lines and original equipment manufacturers who integrate the A&S Business's 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 geographic coverage offered by the supplier and the other factors. The A&S Business is also a leading worldwide supplier of supplemental braking systems for commercial vehicles, selling JAKE BRAKE<sup>®</sup> brand engine retarders for class 6 through 8 vehicles and bleeder and exhaust brakes for class 3 through 7 vehicles. Customers are primarily major original equipment manufacturers of class 3 through class 8 vehicles and/or engines, and typically choose suppliers based on their technical expertise and total cost of ownership.

The A&S Business maintains operations and conducts business in all major geographies, including North America, Europe, Asia Pacific and Latin America.

**Strategy**

Fortive's strategy with respect to the A&S Business is to maximize value of the business through several key initiatives:

*Build Sustainable Competitive Advantage through Innovation that Customers Value.* The A&S Business typically holds leadership positions in its served markets, which are generally characterized

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by significant growth and profitability potential. In the markets the A&S Business serves, it strives to drive organic growth by prioritizing its customers' voices in everything it does. Over time, the A&S Business's focus on customers' needs has enabled it to innovate effectively in markets where competitive leadership can be attained and sustained over long periods of time. Innovation and product vitality are key factors in maintaining the A&S Business's market leadership positions.

*Leverage the A&S Business's Global Business Presence.* Approximately 51% of the A&S Business's 2017 revenues were generated outside the United States, and the A&S Business has significant operations around the world in key geographic markets. This reach has facilitated the A&S Business's entry into new markets, as it can harness existing sales channels, familiarity with local customer needs and regulations and the A&S Business's locally-based management resources. Fortive expects the A&S Business to continue to prioritize development of localized solutions for high-growth markets around the world, with a strong local manufacturing and product development capability.

*Attract and Retain Talented Associates.* Fortive believes that the A&S Business's team of talented associates, united by a common culture in pursuit of continuous improvement, provides a significant competitive advantage. The A&S Business seeks to continue to attract, develop and retain world-class leaders and associates globally and to drive their engagement with its customer-centric approach.

## **Materials**

The A&S Business's manufacturing operations employ a wide variety of raw materials, including electronic components, aluminum, rare-earth magnets, plastics, copper and steel. Prices of oil and gas also affect the A&S Business's costs for freight and utilities. The A&S Business purchases 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. The A&S Business utilizes a number of techniques to address potential disruption in and other risks relating to the A&S Business's supply chain, including, in certain cases, the use of safety stock, alternative materials and qualification of multiple supply sources. During 2017, the A&S Business had no raw material shortages that had a material effect on its business.

## **Intellectual Property**

The A&S Business owns numerous patents, trademarks, copyrights, trade secrets and licenses to intellectual property owned by others. Although in the aggregate the A&S Business's intellectual property is important to its operations, Fortive does not consider any single patent, trademark, copyright, trade secret or license to be of material importance to any segment or to the A&S Business as a whole. From time to time, the A&S Business engages in litigation to protect its intellectual property rights.

## **Competition**

Fortive believes that the A&S Business is a leader in many of its served markets. Although the A&S Business generally operates in highly competitive markets, its competitive position cannot be determined accurately in the aggregate or by segment, since none of its competitors offer all of the same product lines or serve all of the same markets as it does. Because of the range of the products the A&S Business sells and the variety of markets it serves, the A&S Business encounters a wide variety of competitors, including well-established regional competitors, competitors who are more specialized than the A&S Business is in particular markets, as well as larger companies or

divisions of larger companies with substantial sales, marketing, research and financial capabilities. The A&S Business faces increased competition in a number of its 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 line. Key competitive factors vary among the various product lines of the A&S Business, but include the specific factors noted above with respect to each particular business and typically also include price, quality, performance, delivery speed, applications expertise,

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distribution channel access and support, technology and innovation, breadth of product and software offerings and brand name recognition.

## **Seasonal Nature of Business**

General economic conditions impact the A&S Business's business and financial results, and certain operating segments of the A&S Business experiences seasonal and other trends related to the industries and end markets that they serve. However, as a whole, the A&S Business is not subject to material seasonality.

## **Working Capital**

The A&S Business maintains an adequate level of working capital to support the A&S Business's business needs. There are no unusual industry practices or requirements relating to working capital items in the A&S Business. In addition, Fortive believes the A&S Business's sales and payment terms are generally similar to those of its competitors.

## **Backlog**

The A&S Business's unfilled product orders were approximately \$200 million and \$166 million as of December 31, 2017 and December 31, 2016, respectively. Fortive expects that a large majority of the A&S Business's unfilled orders as of December 31, 2017 will have been 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 the A&S Business's products and the shortening of product life cycles, Fortive believes that backlog is indicative of short-term revenue performance, but is not necessarily a reliable indicator of medium-term or long-term revenue performance.

## **Employee Relations**

As of December 31, 2017, the A&S Business employed approximately 4,750 people, of whom approximately 1,900 were employed in the United States and approximately 2,850 were employed outside the United States. Of the A&S Business's United States employees, approximately 820 were hourly-rate, unionized employees. Outside the United States, the A&S Business has government-mandated collective bargaining arrangements and union contracts in certain countries, particularly in Europe where certain of the A&S Business's employees are represented by unions and/or works councils.

## **Research and Development**

Fortive believes that the A&S Business's competitive position is maintained and enhanced through the development and introduction of new products that incorporate improved features and functionality, better performance, smaller size and weight, lower cost or some combination of these factors. The A&S Business invests substantially in the development of new products. The A&S Business conducts research and development 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 its existing products. The A&S Business's research and development efforts include internal initiatives and those that use licensed or acquired technology. Fortive expects the A&S Business to continue investing in research and development at a rate consistent with its past, with the goal of maintaining or improving its competitive position and entering new markets. Expenditures for research and development during fiscal years 2017, 2016 and 2015 were approximately \$37 million, \$34 million and \$32 million, respectively.

The A&S Business generally conducts research and development activities on a business-by-business basis, primarily in North America, Asia and Europe. Fortive anticipates that the A&S Business will continue to make significant expenditures for research and development as it seeks to provide a continuing flow of innovative products to maintain and improve its competitive position. Customer-sponsored research and development was not significant in 2017, 2016 or 2015.



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### **Government Contracts**

Although the substantial majority of the A&S Business's revenue in 2017 was from customers other than governmental entities, the A&S Business has agreements relating to the sale of products to government entities. As a result, the A&S Business is subject to various statutes and regulations that apply to companies doing business with governments.

### **Regulatory Matters**

The A&S Business faces extensive government regulation both within and outside the United States relating to the development, manufacture, marketing, sale and distribution of its products. The following sections describe certain significant regulations to which the A&S Business is subject. There may be additional regulations that apply to its businesses.

#### ***Environmental Laws and Regulations***

The A&S Business's 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.

#### ***Export/Import Compliance***

The A&S Business is required to comply with various U.S. export/import control and economic sanctions laws, including:

the International Traffic in Arms Regulations administered by the U.S. Department of State, Directorate of Defense Trade Controls, which, among other things, imposes license requirements on the export from the United States of defense articles and defense services (which are items specifically designed or adapted for a military application and/or 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 or reexport of certain dual-use goods, technology and software (which are items that potentially have both commercial and military 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 regulatory activities of the U.S. Customs and Border Protection.

Other nations' governments have implemented similar export and import control regulations, which may affect the A&S Business's operations or transactions subject to their jurisdictions.

### **International Operations**

The A&S Business's products are available worldwide, and the A&S Business's principal markets outside the United States are in Europe and Asia. The A&S Business also has operations around the world, and this geographic diversity allows it to draw on the skills of a worldwide workforce, provides greater stability to its operations, allows it to drive economies of scale, provides revenue streams that may help offset economic trends that are specific to individual economies and offers it an opportunity to access new markets for products. In addition, Fortive believes that the A&S Business's future growth depends in part on its ability to continue developing products and sales models that successfully target high growth markets.

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Annual revenue derived from customers outside the United States (based on geographic destination) as a percentage of total annual revenue was 51% in 2017, 48% in 2016 and 44% in 2015. Long-lived assets located outside the United States as a percentage of total long-lived assets was 16% in 2017, 14% in 2016 and 15% in 2015.

For additional information related to revenues and long-lived assets by country, see Note 14 in the Combined Financial Statements of A&S Business. For information regarding deferred taxes by geography, see Note 10 in the Combined Financial Statements of A&S Business.

The manner in which the A&S Business's products are sold outside the United States differs by business and by region. Most of the A&S Business's sales in non-U.S. markets are made by its subsidiaries located outside the United States, though the A&S Business also sells 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, the A&S Business generally sells through representatives and distributors.

Financial information about the A&S Business's international operations is contained in Note 14 in the Combined Financial Statements of A&S Business, and information about the effects of foreign currency fluctuations on the A&S Business's business is set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations for the A&S Business.

## **Major Customers**

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

## **Properties**

The principal headquarters for the A&S Business are currently the headquarters of Fortive in Everett, Washington, but each of the four operating companies within A&S Business maintains its own headquarters. Those headquarters locations are:

Kollmorgen Radford, Virginia

Thomson Wood Dale, Illinois

Jacobs Vehicle Systems Bloomfield, Connecticut

Portescap Mumbai, India

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As of December 31, 2017, the A&S Business's facilities included twenty-two significant manufacturing and distribution facilities. Nine of these facilities are located in the United States in six states, and thirteen are located outside the United States in nine other countries, including the rest of North America, Asia Pacific, Europe and Latin America. These facilities cover approximately 1,583 thousand square feet, of which approximately 941 thousand square feet are owned and approximately 642 thousand square feet are leased. Particularly outside the United States, facilities often serve more than one operating segment and may be used for multiple purposes, such as administration, sales, manufacturing, warehousing and/or distribution.

<b>Location</b>	<b>Own/Lease</b>	<b>Functional Use</b>
Bloomfield, Connecticut	Own	Manufacturing, R&D and administrative
Suzhou, Jiangsu, China	Lease	Manufacturing
West Chester, Pennsylvania	Lease	Manufacturing
St. Kitts, West Indies <sup>(1)</sup>	Lease	Manufacturing
Mumbai, India	Lease	Manufacturing
Mumbai, India	Own	Manufacturing, R&D and administrative
Marengo, Illinois	Own	Manufacturing
Fremont, California	Lease	Manufacturing
East Aurora, New York	Own	Manufacturing
Amherst, New York	Lease	Manufacturing
Bristol, Connecticut	Lease	Manufacturing
Tijuana, Mexico <sup>(1)</sup>	Lease	Manufacturing
Kristianstad, Sweden	Own	Manufacturing
Wolfschlugen, Germany	Own	Manufacturing
Radford, Virginia	Own	Manufacturing and administrative
Radford, Virginia	Own	Manufacturing, R&D and administrative
Brno, Czech Republic	Lease	Manufacturing
Istanbul, Turkey	Lease	Manufacturing, R&D and administrative
São Paulo, Brazil	Lease	Manufacturing and administrative
Tianjin, China	Lease	Manufacturing and administrative

(1) Two separate facilities located at this location.

Fortive considers the A&S Business's 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. Fortive believes the A&S Business's properties and equipment have been well-maintained. See Note 11 in the Combined Financial Statements of A&S Business for additional information with respect to the A&S Business's lease commitments.

**Legal Proceedings**

The A&S Business is, from time to time, subject to a variety of litigation and other legal and regulatory proceedings and claims incidental to its business. Based upon Fortive's experience, current information and applicable law, Fortive does not believe that these proceedings and claims will have a material effect on the financial position, results of operations or cash flows of the A&S Business.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE A&S BUSINESS**

Management's Discussion and Analysis of Financial Condition and Results of Operations ( MD&A ) is designed to provide a reader of the financial statements with a narrative from the perspective of the management of the A&S Business. The MD&A should be read in conjunction with the A&S Business's Combined Financial Statements for the year ended December 31, 2017 (the Combined Financial Statements ) and Combined Condensed Financial Statements for the three months ended March 30, 2018. The MD&A is divided into seven sections:

Basis of Presentation

Overview

Results of Operations

Risk Management

Liquidity and Capital Resources

Critical Accounting Estimates

New Accounting Standards

**BASIS OF PRESENTATION**

**Basis of Presentation**

The accompanying combined financial statements present the historical financial position, results of operations, changes in Fortive's (or Parent's) equity and cash flows of the A&S Business in accordance with GAAP for the preparation of carved-out combined financial statements. The A&S Business had operated as part of Danaher's Industrial Technologies segment prior to the Danaher Separation and, following the Danaher Separation, as part of the Automation & Specialty platform within Fortive's Industrial Technologies segment.

The A&S Business consists of certain operating units of Parent that are recognized leaders in attractive markets globally. The A&S Business provides a wide range of electromechanical and electronic motion control products and mechanical components 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. The A&S Business's research and development, manufacturing, sales, distribution, service and administrative facilities are located across North America, Asia Pacific, Europe and Latin America.

On March 7, 2018, Fortive announced a definitive agreement with Altra to combine the A&S Business with Altra whereby Fortive will distribute to its stockholders all of the shares of common stock of Newco, a wholly owned subsidiary of Fortive. Prior to the Distribution, Fortive will transfer certain assets and liabilities constituting a portion of the A&S Business to Newco or one or more subsidiaries of Fortive, and will cause any applicable subsidiary of Fortive to convey to Fortive or its designated subsidiary (other than Newco or any of Newco's subsidiaries) certain excluded assets and excluded liabilities. Immediately thereafter, Fortive will contribute all equity interests in each such subsidiary of Fortive holding assets and liabilities constituting the A&S Business to Newco in exchange for a number of shares of Newco common stock, the Newco Securities (as defined in the document) and Cash Dividend (as defined in the document). The distribution of shares of Newco common stock to Fortive stockholders will be effected as either a split-off transaction, spin-off, or a combination split-off and spin-off, followed by a merger of Newco with a subsidiary of Altra, with Newco surviving as a wholly-owned subsidiary of Altra. Both the Distribution and Merger are expected to qualify as tax-efficient transactions to Fortive and its stockholders, except to the extent that cash is paid to Fortive stockholders in lieu of fractional shares of Altra common stock otherwise issuable in the Merger. Fortive will conduct an exchange offer pursuant to which its stockholders will elect whether to exchange Fortive shares for shares of common stock of Newco. If the split-off exchange offer is consummated but is not fully subscribed, the additional shares of Newco

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common stock held by Fortive will be distributed in a spin-off on a pro rata basis to Fortive stockholders. In addition, Fortive will transfer in a direct sale certain non-U.S. assets, liabilities and entities of the A&S Business to certain subsidiaries of Altra, and the Altra subsidiaries will assume substantially all of the liabilities associated with such transferred assets. Upon completion of the Transactions, it is expected that pre-Merger holders of Newco shares of common stock will hold approximately 54% of the shares of Altra common stock on a fully-diluted basis. The Transactions are expected to be completed in 2018. Altra and Fortive anticipate that certain direct sales of certain non-U.S. assets, liabilities and entities of the A&S Business to certain subsidiaries of Altra will be completed after the closing date of the Merger due to regulatory and other delays in certain jurisdictions outside the United States.

The Transactions remain subject to the approval of the issuance of shares of Altra common stock in the Merger by Altra's stockholders and the satisfaction of customary closing conditions, including regulatory approvals and the absence of a Material Adverse Effect with respect to either the A&S Business or Altra.

The A&S Business has historically operated as part of Fortive or Danaher and not as a stand-alone company and has no separate legal status or existence. The financial statements have been derived from Fortive's historical accounting records and are presented on a carved-out basis. All revenues and costs as well as assets and liabilities directly associated with the business activity of the A&S Business are included as a component of the financial statements. The financial statements also include allocations of certain general, administrative, sales and marketing expenses and cost of sales from Fortive's corporate office and from other Fortive businesses to the A&S Business and allocations of related assets, liabilities, and Parent's investment, as applicable. The allocations have been 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 A&S Business been an entity that operated independently of Fortive. Related party allocations are discussed further in Note 15 of the Notes to the Combined Financial Statements for the year ended December 31, 2017 and Note 8 to the Combined Condensed Financial Statements for the three months ended March 30, 2018.

As part of Fortive, the A&S Business is dependent upon Fortive for all of its working capital and financing requirements as Fortive uses a centralized approach to cash management and financing of its operations. Financial transactions relating to the A&S Business are accounted for through the net Parent investment account of the A&S Business. Accordingly, none of Fortive's cash, cash equivalents or debt at the corporate level has been assigned to the A&S Business in the financial statements.

Net Parent investment, which includes retained earnings, represents Fortive's interest in the recorded net assets of the A&S Business. All significant transactions between the A&S Business and Fortive have been included in the accompanying Combined Financial Statements for the year ended December 31, 2017 and the Combined Condensed Financial Statements for the three months ended March 30, 2018. Transactions with Fortive are reflected in the accompanying Combined Statements of Changes in Parent's Equity as Net transfers to Parent and in the accompanying Combined Balance Sheets within Net Parent investment.

All significant intercompany accounts and transactions between the operations comprising the A&S Business have been eliminated in the accompanying Combined Financial Statements for the year ended December 31, 2017 and the Combined Condensed Financial Statements for the three months ended March 30, 2018.

## **Overview**

### *General*



Please see Information on the A&S Business for a discussion of the A&S Business's products, customer base, and strategy. The A&S Business is a multinational business that is a leading provider of a wide range of electromechanical and electronic motion control products and mechanical components, as well as supplemental braking systems for commercial vehicles. During 2017, approximately 51% of the A&S Business's sales were derived from customers outside the United States. As a global business, the A&S Business's operations are affected by worldwide, regional and industry-specific economic and political factors, as well as technology trends in the markets served.

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Management believes the A&S Business is a leader in many of its served markets. Although the A&S Business generally operates in highly competitive markets, its competitive position cannot be determined accurately in the aggregate, since none of its competitors offer all of the same product lines or serve all of the same markets as the A&S Business. Because of the range of the products the A&S Business sells and the variety of markets it serves, it encounters a wide variety of competitors, including well-established regional competitors, competitors who are more specialized in particular markets, as well as larger companies or divisions of larger companies with substantial sales, marketing, research, and financial capabilities. The A&S Business faces increased competition in a number of its 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 line. Management believes the A&S Business has a market leadership position in many of the markets it serves. Key competitive factors for the A&S Business typically include price, quality, performance, delivery speed, applications expertise, distribution channel access, service and support, technology and innovation, breadth of product offerings and brand name recognition.

**RESULTS OF OPERATIONS****Comparison of Results of Operations for the Three Months Ended March 30, 2018 and March 31, 2017**

(\$ in thousands)	Three Months Ended	
	March 30, 2018	March 31, 2017
Sales	\$ 250,645	\$ 218,764
Cost of sales	(146,117)	(129,127)
Gross profit	104,528	89,637
Operating costs and other		
Selling, general and administrative expense ( SG&A )	(37,719)	(35,006)
Research and development expense ( R&D )	(9,074)	(8,912)
Operating profit	\$ 57,735	\$ 45,719
Gross profit as a % of sales	41.7%	41.0%
SG&A as a % of sales	15.0%	16.0%
R&D as a % of sales	3.6%	4.1%
Operating profit as a % of sales	23.0%	20.9%

*Sales*

Total sales increased \$31.9 million, or 14.6%, during the three months ended March 30, 2018 as compared to the comparable period of 2017, due primarily to increased year-over-year demand in industrial and robotics end markets in Western Europe, United States and China, strong demand for engine retarder products in the United States from improved heavy-duty truck production, and changes in currency exchange rates.

*Cost of Sales*

Cost of sales increased \$17.0 million, or 13.2%, during the three months ended March 30, 2018 as compared to the comparable period of 2017. The increase is due primarily to the impact of higher year-over-year sales volumes, partly offset by incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, and material cost and supply chain improvement actions.

*Gross Profit*

The year-over-year increase in gross profit (and the related 70 basis point increase in gross profit margin) during the three months ended March 30, 2018 as compared to the comparable period in 2017 is due primarily to

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the 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 changes in currency exchange rates.

*Operating Costs and Other Expenses*

SG&A increased \$2.7 million during the three months ended March 30, 2018 as compared to the comparable period of 2017 due primarily to continued investments in sales and marketing growth initiatives, which were partly offset by incremental year-over-year cost savings associated with productivity improvement initiatives. SG&A as a percentage of sales decreased by 100 basis points as sales grew during the three month period at a faster rate than SG&A.

R&D (consisting principally of internal and contract engineering personnel costs) increased \$0.2 million during the three months ended March 30, 2018 as compared to the comparable period of 2017 due to incremental year-over-year investments in the A&S Business's product development initiatives, as well as year-over-year increases in employee related expenses.

*Operating Profit*

Operating profit increased \$12.0 million during the three months ended March 30, 2018 as compared to the comparable period of 2017, and as a percent of sales, increased from 20.9% to 23.0%. The increase in operating profit was primarily a result of the increase in sales volume, changes in currency exchange rates and other factors noted above.

**Comparison of Results of Operations for the Years Ended December 31, 2017 and December 31, 2016**

(\$ in thousands)	Year Ended December 31	
	2017	2016
Sales	\$ 907,349	\$ 852,592
Cost of sales	(530,200)	(503,727)
Gross profit	377,149	348,865
Operating costs and other		
Selling, general and administrative expense ( SG&A )	(147,298)	(148,378)
Research and development expense ( R&D )	(36,634)	(33,792)
Operating profit	\$ 193,217	\$ 166,695
Gross profit as a % of sales	41.6%	40.9%
SG&A as a % of sales	16.2%	17.4%
R&D as a % of sales	4.0%	4.0%
Operating profit as a % of sales	21.3%	19.6%

*Sales*

Total sales increased \$54.8 million, or 6.4%, during 2017 as compared to 2016 including the impact of price increases which contributed 0.7% to overall sales growth. Sales grew 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, and demand for engine retarder products in China and the United States.

*Cost of Sales*

Cost of sales increased \$26.5 million, or 5.3%, during 2017 as compared to 2016. 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 partly offset by incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, and material cost and supply chain improvement actions.

**Table of Contents***Gross Profit*

The year-over-year \$28.3 million increase in gross profit (and the related 70 basis point increase in gross profit margin) during 2017 as compared to 2016 is due primarily to higher year-over-year sales volumes, the favorable impact of pricing improvements, incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, and material cost and supply chain improvement actions.

*Operating Costs and Other Expenses*

SG&A decreased \$1.1 million, or 120 basis points as a percent of sales, during 2017 as compared to 2016. The decrease in SG&A was due primarily to incremental year-over-year restructuring and productivity improvement initiatives, partly offset by continued investments in sales and marketing growth initiatives. The decrease in SG&A as a percent of sales was due primarily to the impact of sales growing at a faster rate than SG&A during the year.

R&D (consisting principally of internal and contract engineering personnel costs) increased \$2.8 million during 2017 as compared to 2016 due to incremental year-over-year investments in the A&S Business's product development initiatives, as well as year-over-year increases in employee related expenses.

*Operating Profit*

Operating profit increased \$26.5 million during 2017 as compared to 2016, and as a percent of sales, increased from 19.6% of sales in 2016 to 21.3% of sales in 2017. The increase in operating profit was primarily a result of the increase in sales volume and other factors noted above.

**Comparison of Results of Operations for the Years Ended December 31, 2016 and December 31, 2015**

(\$ in thousands)	Year Ended December 31	
	2016	2015
Sales	\$ 852,592	\$ 874,085
Cost of sales	(503,727)	(529,227)
Gross profit	348,865	344,858
Operating costs and other		
SG&A	(148,378)	(147,678)
R&D	(33,792)	(31,791)
Operating profit	\$ 166,695	\$ 165,389
Gross profit as a % of sales	40.9%	39.5%
SG&A as a % of sales	17.4%	16.9%
R&D as a % of sales	4.0%	3.6%
Operating profit as a % of sales	19.6%	18.9%

*Sales*

Total sales decreased \$21.5 million, or 2.5%, during 2016 as compared to 2015. Price increases contributed 0.8% to sales growth which was more than offset by decreases in sales volumes and changes in currency exchange rates.

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 declined in North America, partly offset by growth in Western Europe and China.

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### *Cost of Sales*

Cost of sales decreased \$25.5 million, or 4.8%, during 2016 as compared to 2015, due primarily to the decrease in sales volumes as noted above, changes in currency exchange rates, incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, and material cost and supply chain improvement actions.

### *Gross Profit*

Gross profit increased \$4.0 million, or 140 basis points as a percent of sales, during 2016 as compared to 2015, due primarily to incremental year-over-year cost savings associated with productivity improvement initiatives, material cost and supply chain improvement actions and favorable pricing impacts. These factors were partially offset by the decrease in sales volumes and the impact of currency exchange rates.

### *Operating Costs and Other Expenses*

SG&A increased \$0.7 million, or 50 basis points as a percent of sales, during 2016 as compared to 2015 due primarily to continued investments in sales and marketing growth initiatives, partially offset by the impact of currency exchange rates, incremental year-over-year restructuring and productivity improvement initiatives.

R&D increased \$2.0 million during 2016 as compared to 2015. This increase was due primarily to year-over-year investments in new product development initiatives, as well as year-over-year increases in employee related expenses.

### *Operating Profit*

Operating profit increased \$1.3 million during 2016 as compared to 2015, and as a percent of sales, increased from 18.9% of sales in 2015 to 19.6% of sales in 2016. The increase in operating profit was primarily a result of incremental year-over-year cost savings associated with productivity improvement initiatives, material cost and supply chain improvement actions and incremental year-over-year restructuring initiatives. These factors were partially offset by the decrease in sales volumes net of price increases and the impact of currency exchange rates.

## **Income Taxes**

### *General*

Prior to the Transactions, the A&S Business's operating results were included in Fortive's various consolidated U.S. federal and certain state income tax returns, as well as certain non-U.S. returns. The A&S Business accounts for income taxes under the separate return method. Under this approach, income tax expense and deferred tax assets and liabilities are determined as if the A&S Business were filing separate returns. Income tax expense and deferred tax assets and liabilities reflect management's assessment of future taxes expected to be paid on items reflected in the A&S Business's financial statements. The A&S Business records the tax effect of discrete items and items that are reported net of 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 the A&S Business's financial statements for the foreseeable future.



The A&S Business's effective tax rate can be affected by, among other items, changes in the mix of earnings in countries with differing statutory tax rates (including as a result of business acquisitions and

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dispositions), changes in the valuation of deferred tax assets and liabilities, 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.

As part of Fortive, the amount of income taxes the A&S Business pays is subject to ongoing audits by federal, state and foreign tax authorities, which often result in proposed assessments. Management performs a comprehensive review of its 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.

*Comparison of the Three Months Ended March 30, 2018 and March 31, 2017*

The A&S Business's effective tax rate for the three months ended March 30, 2018 was 17%, as compared to 24% for the three months ended March 31, 2017. The year-over-year decrease was due primarily to favorable impacts in 2018 resulting from a lower statutory tax rate in the United States as a result of the Tax Cuts and Jobs Act (TCJA), the impact of favorable adjustments to the provisional estimates recorded in 2017 related to the TCJA, as well as other federal and international tax benefits.

The A&S Business's effective tax rates for 2018 and 2017 differ from the U.S. federal statutory rate of 21% and 35%, respectively, due primarily to 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, and the effect of favorable adjustments to the provisional estimates recorded in 2017 related to the TCJA, as permitted under SEC Staff Accounting Bulletin No. 118 (SAB 118). These provisional estimates decreased income tax expense by \$1,147,000 during the three months ended March 30, 2018. The A&S Business will continue to evaluate the effects of the TCJA on the 2017 provisional estimates through the end of the SAB 118 allowable measurement period.

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

The A&S Business's effective tax rate for 2017, 2016 and 2015, was 21%, 27% and 33%, respectively. The A&S Business's estimated effective tax rate including provisional estimates of the TCJA for 2017 differs from the U.S. federal statutory rate of 35% due primarily to net favorable impacts associated with the TCJA, its 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, and state tax impacts.

The A&S Business's effective tax rates for 2016 and 2015 differ from the U.S. federal statutory rate of 35% due primarily to its 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.

**Inflation**

The effect of inflation on the A&S Business's revenues and net earnings was not significant in the three months ended March 30, 2018 and March 31, 2017 or any of the years ended December 31, 2017, 2016 or 2015.

**RISK MANAGEMENT**

The A&S Business is exposed to market risk from changes in foreign currency exchange rates, credit risk and commodity prices, each of which could impact its financial statements. The A&S Business generally addresses

exposure to these risks through its normal operating and financing activities. In addition, the A&S Business's broad-based business activities help to reduce the impact that volatility in any particular area or related areas may have on its operating profit as a whole.

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**Table of Contents****Foreign Currency Exchange Rate Risk**

The A&S Business faces transactional exchange rate risk from transactions with customers in countries outside 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 the A&S Business's functional currency or the functional currency of an applicable subsidiary. The A&S Business also faces translational exchange rate risk related to the translation of financial statements of foreign operations into U.S. dollars, its 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, the A&S Business is 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 the A&S Business's net investment in international subsidiaries is reflected in the accumulated other comprehensive income (loss) component of Parent's equity. A 10% depreciation in major currencies relative to the U.S. dollar at December 31, 2017 would have resulted in a reduction of Parent's equity of approximately \$18.9 million.

Currency exchange rates positively impacted reported sales in the three months ended March 30, 2018 by 4.0% as compared to the comparable period in 2017, as the U.S. dollar was, on average, stronger against most major currencies during the first quarter of 2018 as compared to exchange rate levels during the first quarter of 2017. Currency exchange rates positively impacted 2017 reported sales by 0.2% 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 March 30, 2018 were to prevail throughout 2018, currency exchange rates would positively impact 2018 estimated sales by approximately 2.5% relative to the A&S Business's performance in 2017. Additional strengthening of the U.S. dollar against other major currencies would further adversely impact the A&S Business's sales and results of operations on an overall basis. Any weakening of the U.S. dollar against other major currencies would positively impact the A&S Business's sales and results of operations.

As part of Fortive, the A&S Business has 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 the A&S Business's financial statements.

**Credit Risk**

The A&S Business is exposed to potential credit losses in the event of nonperformance by counterparties to the A&S Business's receivables from customers. Concentrations of credit risk arising from receivables from customers are limited due to the diversity of the A&S Business's customers. The A&S Business performs credit evaluations of its customers' financial conditions and also obtains collateral or other security as appropriate.

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

**Commodity Price Risk**

For a discussion of risks relating to commodity prices, refer to Risk Factors.

**LIQUIDITY AND CAPITAL RESOURCES**

As part of Fortive, the A&S Business is dependent upon Fortive for all of its working capital and financing requirements as Fortive uses a centralized approach to cash management and financing of its operations. Financial

transactions relating to the A&S Business are accounted for through the net Parent investment account

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of the A&S Business. Accordingly, none of Fortive's cash, cash equivalents or debt at the corporate level has been assigned to the A&S Business in the financial statements. During the years ended December 31, 2017, 2016, and 2015 and the three months ended March 30, 2018 and March 31, 2017, the A&S Business generated sufficient cash from operating activities to fund its capital spending.

The following is an overview of the A&S Business's cash flows and liquidity:

**Overview of Cash Flows and Liquidity**

(\$ in thousands)	Three Months Ended		Year Ended December 31,		
	March 30, 2018	March 31, 2017	2017	2016	2015
Net cash provided by operating activities	\$ 37,613	\$ 25,284	\$ 171,467	\$ 143,018	\$ 135,132
Net cash used in investing activities	\$ (5,478)	\$ (5,457)	\$ (24,971)	\$ (19,558)	\$ (17,111)
Net transfers to Parent	\$ (32,205)	\$ (22,353)	\$ (150,955)	\$ (123,355)	\$ (114,327)
Net (repayments of) proceeds from short-term borrowings	(132)		866	655	1,621
Net cash used in financing activities	\$ (32,337)	\$ (22,353)	\$ (150,089)	\$ (122,700)	\$ (112,706)

*Comparison of the Three Months Ended March 30, 2018 and March 31, 2017*

Operating cash flows increased by approximately \$12.3 million for the three months ended March 30, 2018 as compared to the comparable period of 2017 due primarily to cash generated from higher net earnings in 2018 partially offset by investments in working capital. Net cash used in financing activities increased by approximately \$10.0 million during 2018 as compared to 2017, as more cash was transferred to Fortive due to increases in operating cash flows.

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

Operating cash flows increased by approximately \$28.4 million during 2017 as compared to 2016 due primarily to higher net earnings partially offset by investments in working capital. Net cash used in investing activities increased by approximately \$5.4 million during 2017 as compared to 2016 due to increases in capital expenditures. Net cash used in financing activities increased by approximately \$27.4 million during 2017 as compared to 2016, as more cash was transferred to Fortive due to increases in operating cash flows.

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

Operating cash flows increased by approximately \$7.9 million during 2016 as compared to 2015 due primarily to higher net earnings and the timing of various employee-related liabilities, partially offset by investments in working capital. Net cash used in investing activities increased by approximately \$2.4 million during 2016 as compared to 2015 due to increases in capital expenditures. Net cash used in financing activities increased by approximately \$10.0 million during 2016 as compared to 2015, as more cash was transferred to Fortive due to increases in operating cash flows.



**Table of Contents****Contractual Obligations**

The following table sets forth, by period due or year of expected expiration, as applicable, a summary of the A&S Business's contractual obligations as of December 31, 2017 under (1) leases, (2) purchase obligations and (3) other long-term liabilities reflected on the balance sheet under GAAP. There were no material changes in the A&S Business's contractual obligations for the three months ended March 30, 2018

(\$ in thousands)	Total	Less than one year	1-3 years	3-5 years	More than 5 years
<b>Leases:</b>					
Operating lease obligations <sup>(a)</sup>	\$ 25,295	\$ 7,225	\$ 11,739	\$ 3,702	\$ 2,629
<b>Other:</b>					
Purchase obligations <sup>(b)</sup>	37,130	34,893	2,127	40	70
Other long-term liabilities reflected on the A&S Business's balance sheet under GAAP <sup>(c)</sup>	50,373		3,096	3,096	44,181
Total	\$ 112,798	\$ 42,118	\$ 16,962	\$ 6,838	\$ 46,880

- (a) As described in Note 11 to the Combined Financial Statements. 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.
- (b) 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.
- (c) Primarily consist of obligations under product service and warranty policies and allowances, performance and operating cost guarantees, litigation claims, postretirement 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.

**Off-Balance Sheet Arrangements**

In the normal course of business, the A&S Business periodically enters into agreements that require it to indemnify customers, suppliers or other business partners for specific risks, such as claims for injury or property damage arising out of the A&S Business's products or claims alleging that A&S Business products infringe third party intellectual property. Historically, the A&S Business has not experienced significant losses on these types of indemnification obligations. The following table sets forth, by period due or year of expected expiration, as applicable, a summary of off-balance sheet commitments as of December 31, 2017:

(\$ in thousands)	Amount of Commitment Expiration per Period				
	Total	Less Than			More Than 5 Years
		One Year	1-3 Years	4-5 Years	



Guarantees	\$ 2,576	\$ 2,576	\$	\$	\$
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Guarantees consist of outstanding standby letters of credit and bank guarantees. These guarantees have been provided in connection with certain arrangements with vendors, customers, financing counterparties and governmental entities to secure the A&S Business's obligations and/or performance requirements related to specific transactions.

*Other Off-Balance Sheet Arrangements*

The A&S Business has, from time to time, divested certain of its businesses and assets. In connection with these divestitures, it often provides representations, warranties and/or indemnities to cover various risks and

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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. The A&S Business has not included any such items in the contractual obligations table above because they relate to unknown conditions and it cannot reasonably estimate the potential liabilities from such matters, but it does not expect that any such liability will have a material effect on its financial statements.

## **Legal Proceedings**

Please refer to Note 12 to the Combined Financial Statements for the year ended December 31, 2017 for information regarding legal proceedings and contingencies. For a discussion of risks related to legal proceedings and contingencies, please refer to the section entitled "Risk Factors" above.

## **CRITICAL ACCOUNTING ESTIMATES**

Management's discussion and analysis of the A&S Business's financial condition and results of operations is based on its combined financial statements, which have been prepared in accordance with GAAP for the preparation of carved-out financial statements. 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. Management bases 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.

The A&S Business believes the following accounting estimates are most critical to an understanding of its 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 in the A&S Business's Combined Financial Statements for the year ended December 31, 2017.

## **Accounts Receivable**

The A&S Business maintains allowances for doubtful accounts to reflect probable credit losses inherent in its portfolio of receivables. Determination of the allowances requires management 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 the A&S Business's trade accounts and contracts. The level of the allowances is based on many quantitative and qualitative factors including historical loss experience by receivable type, portfolio duration, economic conditions and credit risk quality. The A&S Business regularly performs detailed reviews of its accounts receivable portfolio to determine if an impairment has occurred and to assess the adequacy of the allowances. If the financial condition of the A&S Business's customers were to deteriorate with a severity, frequency and/or timing different from the A&S Business's assumptions, additional allowances would be required and the A&S Business's financial statements would be adversely impacted.

## **Inventories**

The A&S Business records 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. The A&S Business estimates the net realizable value of its 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 the A&S Business's markets can fluctuate significantly from period to period due to circumstances beyond its control. If actual market conditions are less favorable than projected, the A&S Business could be required to reduce the value of its inventory, which would adversely impact its financial statements. Refer to Note 3 to the Combined Financial Statements.

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**Table of Contents****Acquired Intangibles**

The A&S Business's acquisitions typically result in the recognition of goodwill and other intangible assets, which affect the amount of future period amortization expense and possible impairment charges that it may incur. Refer to Notes 2 and 5 in the Combined Financial Statements for the year ended December 31, 2017 for a description of policies relating to goodwill and acquired intangibles.

In performing its goodwill impairment testing, the A&S Business estimates the fair value of its reporting units primarily using a market based approach. The fair value estimates are 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 its reporting units, in addition to recent market available sale transactions of comparable businesses. In evaluating the estimates derived by the market based approach, management makes judgments about the relevance and reliability of the multiples by considering factors unique to its 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 fair value estimates utilize a discounted cash flow analysis (i.e., an income approach) 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.

As of December 31, 2017, the A&S Business had four reporting units for goodwill impairment testing. The carrying value of the goodwill included in each individual reporting unit ranged from \$6,574,000 to \$235,832,000. The A&S Business's annual goodwill impairment analysis in 2017 indicated that in all instances, the fair values of its reporting units exceeded their carrying values by over 250% and consequently did not result in an impairment charge. Further, after applying a hypothetical 10% decrease to the fair values of each reporting unit and comparing those hypothetical values to the reporting unit carrying values, the fair values of every reporting unit exceeded their carrying values by over 200%.

The A&S Business reviews identified intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The A&S Business also tests intangible assets with indefinite lives at least annually for impairment. 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. 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 the A&S Business's financial statements.

**Contingent Liabilities**

As discussed in Note 12 to the Combined Financial Statements, the A&S Business is, from time to time, subject to a variety of litigation and similar contingent liabilities incidental to its business (or the business operations of previously owned entities). The A&S Business recognizes 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 12 to the Combined Financial Statements for the year ended December 31, 2017. If the reserves established by the A&S Business with respect to these contingent liabilities are inadequate, it would be required to incur an expense equal to the amount of the loss incurred in excess of the reserves, which would adversely affect its financial statements.

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**Table of Contents****Revenue Recognition**

Changes to our accounting policy for revenue recognition as a result of adopting ASU 2014-09 Revenue from Contracts with Customers ( Topic 606 ) are discussed in Note 4 to the Combined Condensed Financial Statements as of and for the period ended March 30, 2018.

**Corporate Allocations**

The A&S Business has historically operated as part of Fortive and not as a stand-alone company. Accordingly, certain shared costs have been allocated to the A&S Business and are reflected as expenses in the accompanying financial statements. Management considers the allocation methodologies used to be reasonable and appropriate reflections of the related expenses attributable to the A&S Business for purposes of the carved-out financial statements; however, the expenses reflected in these financial statements may not be indicative of the actual expenses that would have been incurred during the periods presented if it had operated as a separate stand-alone entity. In addition, the expenses reflected in the financial statements may not be indicative of expenses that will be incurred in the future by the A&S Business. Refer to Note 8 to the A&S Business's Combined Condensed Financial Statements for the three months ended March 31, 2018 and Note 15 to the Combined Financial Statements for the year ended December 31, 2017 for a description of the A&S Business's corporate allocations and related party transactions.

**Stock-Based Compensation**

For a description of the A&S Business's stock-based compensation accounting practices, refer to Note 13 of the 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. The assumptions used in calculating the fair value of stock-based payment awards represent the A&S Business's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. If actual results are not consistent with management's assumptions and estimates, the A&S Business's equity-based compensation expense could be materially different in the future.

**Pension and Other Postretirement Benefits**

For a description of the A&S Business's pension accounting practices, refer to Notes 8 and 9 in the Combined Financial Statements for the year ended December 31, 2017. 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 postretirement 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) the A&S Business's financial statements could be materially affected. A 50 basis point reduction in the discount rates used for the plans for 2017 would have increased the net obligation by \$2,800,000 (\$2,352,000 on an after-tax basis) from the amounts recorded in the financial statements as of December 31, 2017.

The A&S Business's plan assets consist of various 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 was approximately 3.75%. If the expected long-term rate of return on plan assets for 2017 was reduced by 50 basis points, pension expense for the plans for 2017 would have increased \$200,000 (\$168,000 on an after-tax basis).

**Income Taxes**

For a description of the A&S Business's income tax accounting policies, refer to Notes 2 and 10 to the Combined Financial Statements.

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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, the A&S Business 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 the A&S Business 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 the A&S Business is evaluating the accounting treatment related to the new TCJA global intangible low-taxed income ( GILTI ) rules in the A&S Business's 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 the A&S Business intends to complete the accounting for the TCJA impacts within that time frame. As of December 31, 2017, the A&S Business has not recorded any measurement period adjustments.

The A&S Business's domestic and foreign operating results are included in the income tax returns of Parent. The A&S Business accounts for income taxes under the separate return method. Under this approach, the A&S Business determines its deferred tax assets and liabilities and related tax expense as if it were filing separate tax returns. The accompanying Combined Balance Sheets do not contain a current taxes payable liability as it is deemed settled with Parent when due and therefore included in Parent's equity. Deferred tax liabilities and assets 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 the A&S Business's tax return in future years for which the tax benefit has already been reflected on the A&S Business's Combined Statements of Earnings. The Company establishes valuation allowances for its deferred tax assets if 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 the A&S Business's tax return but have not yet been recognized as an expense in the A&S Business's 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 Parent provides for unrecognized tax benefits when, based upon the technical merits, it is more-likely-than-not that an uncertain tax position will not be sustained upon examination. Judgment is required in evaluating tax positions and determining income tax provisions. The Parent re-evaluates the technical merits of its 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. The Parent recognizes potential accrued interest and penalties associated with unrecognized tax positions in income tax expense. Under the terms of the Transactions, the A&S Business has no unrecognized tax benefits that it is responsible for as of December 31, 2017 or 2016. Refer to Note 10 for additional information.

An increase in the A&S Business's 2017 effective tax rate of 1.0% would have resulted in an additional income tax provision for the year ended December 31, 2017 of \$1,927,000.

**NEW ACCOUNTING STANDARDS**

For a discussion of new accounting standards relevant to the A&S Business, refer to Note 2 to the Combined Financial Statements.



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**Table of Contents****THE TRANSACTIONS****Overview**

On March 7, 2018, Altra and Fortive agreed to enter into the Transactions to effect the transfer of the A&S Business to Altra. The Transactions provide for (i) the separation and distribution of a portion of the A&S Business and the subsequent merger of Merger Sub with and into Newco, with Newco, as the surviving entity, a wholly-owned subsidiary of Altra and (ii) the Direct Sales, pursuant to which Altra will acquire the remaining portion of the A&S Business. In order to effect the Separation, the Distribution, the Direct Sales and the Merger, Fortive, Newco, Altra and Merger Sub entered into the Merger Agreement and Fortive, Newco and Altra entered into the Separation Agreement. In addition, Fortive, Newco, Altra and certain of their respective affiliates entered into, or will enter into, the Ancillary Agreements in connection with the Transactions. These agreements, which are described in greater detail in this document, govern the relationship among Fortive, Newco, Altra, Merger Sub and their respective affiliates after the consummation of Separation, the Distribution, the Direct Sales and the Merger.

The A&S Business consists of the Automation & Specialty platform of Fortive and its subsidiaries as conducted by them under certain related brands, including by the Portescap, Kollmorgen, Thomson and Jacobs Vehicle Systems operating companies, the A&S Companies and the Direct Sales Asset Sellers, but excluding Fortive's Hengstler and Dynapar businesses. Prior to the Distribution and the Merger, Fortive will convey to Newco or one or more subsidiaries of Fortive certain assets and liabilities constituting a portion of the A&S Business, and will cause any applicable subsidiary of Fortive to convey to Fortive or its designated subsidiary (other than Newco or any of Newco's subsidiaries) certain excluded assets and excluded liabilities in order to separate and consolidate a portion of the A&S Business. Immediately thereafter, Fortive will contribute all the equity interests in each such subsidiary of Fortive holding assets and liabilities constituting a portion of the A&S Business to Newco. In exchange, Newco will: (i) issue to Fortive shares of Newco common stock, (ii) issue to Fortive the Newco Securities and (iii) distribute to Fortive the Cash Dividend. In total, Newco will make distributions to Fortive of cash and debt instruments of Newco with an aggregate value of \$400 million, of which \$150 million (subject to adjustment as provided in the Separation Agreement) is expected to be the Cash Dividend, and \$250 million (subject to adjustment as provided in the Separation Agreement) is expected to be issued as Newco Securities. In addition, in the Direct Sales, pursuant to the Merger Agreement, Fortive will transfer certain non-U.S. assets, liabilities and entities constituting the remaining portion of the A&S Business directly to Altra or one or more subsidiaries of Altra and the Altra subsidiaries will assume substantially all of the liabilities associated with the transferred assets and pay Fortive the Direct Sales Purchase Price, which is expected to be \$1.0 billion. Fortive will transfer the Newco Securities to certain parties in exchange for certain outstanding debt obligations of Fortive held by the Debt Exchange Parties. Following the Debt Exchange, the Debt Exchange Parties are expected to sell the Newco Securities to third-party investors.

On the closing date of the Merger, Fortive will distribute all of the issued and outstanding shares of Newco common stock held by Fortive to its participating stockholders in this Exchange Offer. If this Exchange Offer is consummated but is not fully subscribed, Fortive will distribute the remaining shares of Newco common stock on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after consummation of this Exchange Offer. Any Fortive stockholder who validly tenders (and does not properly withdraw) shares of Fortive common stock for shares of Newco common stock in this Exchange Offer will waive their rights with respect to such shares to receive, and forfeit any rights to, shares of Newco common stock distributed on a pro rata basis to Fortive stockholders in the event this Exchange Offer is not fully subscribed. If there is a pro rata distribution, the Exchange Offer agent will calculate the exact number of shares of Newco common stock not exchanged in this Exchange Offer and to be distributed on a pro rata basis, and the number of shares of Altra common stock into which the remaining shares of Newco common stock will be converted in the Merger will be transferred to Fortive stockholders (after giving effect to the consummation of this Exchange Offer) as promptly as practicable thereafter.



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Immediately after the Distribution and on the closing date of the Merger, Merger Sub will merge with and into Newco, whereby the separate corporate existence of Merger Sub will cease and Newco will continue as the surviving company and as a wholly-owned subsidiary of Altra. In the Merger, each share of Newco common stock will be converted into the right to receive shares of Altra common stock based on the exchange ratio set forth in the Merger Agreement, as described in the section of this document entitled *The Merger Agreement Merger Consideration*. After the consummation of the Merger and the Direct Sales, Altra will own and operate the A&S Business through Newco and the Direct Sales Purchasers, and will also continue Altra's current businesses. All shares of Altra common stock, including those issued in the Merger, will be listed on Nasdaq under Altra's current trading symbol AIMC.

In connection with the Merger, Altra expects to issue 35 million shares of Altra common stock to Fortive stockholders that receive shares of Newco common stock in the Distribution. Calculated based on the closing price on Nasdaq of Altra common stock as of August 1, 2018 the shares of Altra common stock that Altra expects to issue to Fortive stockholders as a result of the Transactions would have had a market value of approximately \$1.5 billion in the aggregate (the actual value will not be known until the closing date). See *Calculation of the Merger Consideration*.

As a result of the Transactions described above, the aggregate value of the consideration payable to Fortive or Fortive stockholders with respect to the A&S Business is estimated, as of August 1, 2018, to be approximately \$2.9 billion, consisting of (i) approximately \$1.5 billion in value of Altra common stock (calculated based on the closing price on Nasdaq of the Altra common stock as of August 1, 2018) issuable to Fortive stockholders that participate in the Exchange Offer, (ii) \$1.0 billion in cash payable to certain subsidiaries of Fortive in respect of the Direct Sales and (iii) \$400 million payable to Fortive in respect of the Cash Dividend and issuance of the Newco Securities.

## **Transaction Steps**

Below is a step-by-step list illustrating the material events relating to the Separation, the Distribution and the Merger. Each of these events is discussed in more detail elsewhere in this document.

*Step #1 Internal Restructuring; the Separation.* Prior to the Distribution and the Merger, Fortive will convey to Newco or one or more subsidiaries of Fortive certain assets and liabilities constituting a portion of the A&S Business (excluding any Direct Sales Assets or Direct Sales Entities, which will be transferred in the Direct Sales described below), and will cause any applicable subsidiary of Fortive to convey to Fortive or its designated subsidiary (other than Newco or any of Newco's subsidiaries) certain excluded assets and excluded liabilities in order to separate and consolidate a portion of the A&S Business. Immediately thereafter, Fortive will contribute all the equity interests in each such subsidiary of Fortive holding assets and liabilities constituting a portion of the A&S Business to Newco.

*Step #2 Issuance of Newco common stock.* Immediately prior to the Distribution, Newco will issue to Fortive shares of Newco common stock. Following this issuance, Fortive will own 35 million shares of Newco common stock, which will constitute all of the issued and outstanding stock of Newco.

*Step #3 Issuance of Newco Securities.* Prior to the effective time of the Merger, and as a condition to the Distribution, Newco will make distributions to Fortive of the Cash Dividend and Newco Securities. Fortive expects to exchange the Newco Securities with the Debt Exchange Parties for certain outstanding debt obligations of Fortive, which may include debt securities, loans, commercial paper, or a combination thereof, held by the Debt Exchange Parties. Following the Debt Exchange, the Debt Exchange Parties, or their affiliates, are expected to sell the Newco Securities to third-party investors. The Direct Sales were included in the Transactions as a way to dispose of certain non-U.S. assets, liabilities and entities of the A&S Business to Altra subsidiaries for cash in a tax-efficient manner, while reducing the size of the Debt Exchange needed in order to provide Fortive with the same level of monetization of the A&S Business in the Transactions. If Fortive determines that the Debt Exchange is not reasonably likely to be

consummated at or prior to the End Date (as

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such term is described in *The Merger Agreement Termination* ) in an amount equal to the Above-Basis Amount at the time of the Distribution, then Fortive may elect to (i) require Newco to issue to Fortive the Newco Securities even though the Debt Exchange will not occur at the time of the Distribution, (ii) require Newco to incur indebtedness in an amount up to the Above-Basis Amount, whether in the form of debt securities, loans or a combination thereof, and distribute to Fortive an amount in cash equal to the net proceeds thereof, or (iii) terminate the Merger Agreement as described under *The Merger Agreement Termination* and pay the termination fee as described under *The Merger Agreement Termination Fees and Expenses Payable in Certain Circumstances*. Any debt securities issued by Newco to fund the Cash Dividend or issued in lieu of all or any portion of the Newco Securities may be fungible with the Newco Securities that are distributed to Fortive.

*Step #4 The Distribution; Exchange Offer or Spin-Off.* On the closing date of the Merger, Fortive will distribute 100% of the shares of Newco common stock to Fortive stockholders through either a spin-off or a split-off. In a spin-off, all Fortive stockholders would receive a pro rata number of shares of Newco common stock. In a split-off, Fortive would offer its stockholders the option to exchange all or a portion of their shares of Fortive common stock for shares of Newco common stock in an exchange offer. If this Exchange Offer is undertaken and consummated, but this Exchange Offer is not fully subscribed because fewer than all shares of Newco common stock owned by Fortive are exchanged, the remaining shares of Newco common stock owned by Fortive would be distributed on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after consummation of this Exchange Offer. See *The Separation Agreement The Distribution*.

The Exchange Offer agent will hold, for the account of the relevant Fortive stockholders, book-entry authorizations representing all of the outstanding shares of Newco common stock, pending the consummation of the Merger. Shares of Newco common stock will not be able to be traded during this period.

As previously noted, this disclosure has been prepared under the assumption that the shares of Newco will be distributed to Fortive stockholders pursuant to a split-off. Based on market conditions prior to closing, Fortive will determine whether the Newco shares will be distributed to Fortive's stockholders in a spin-off or a split-off and, once a final decision is made, this disclosure will be amended to reflect that decision, if necessary.

*Step #5 The Direct Sales.* In order for Altra to acquire the remaining portion of the A&S Business, prior to the effective time of the Merger, (i) the Direct Sales Sellers will sell to the Direct Sales Purchasers the Direct Sales Assets and the Direct Sales Entities and (ii) the Direct Sales Purchasers will assume the A&S Liabilities of or attributable to the Direct Sales Sellers, in exchange for the Direct Sales Purchase Price.

*Step #6 The Merger.* In the Merger, Merger Sub will be merged with and into Newco, with Newco surviving as a wholly-owned subsidiary of Altra. In the Merger, each outstanding share of Newco common stock (except for shares of Newco common stock held by Fortive, Newco, Altra or Merger Sub, which shares will be canceled and cease to exist, and no consideration will be delivered in exchange therefor) will be converted into the right to receive a number of shares of Altra common stock equal to (x) 35 million shares of Altra common stock divided by (y) the aggregate number of shares of Newco common stock issued and outstanding as of immediately prior to the effective time of the Merger.

Immediately after the consummation of the Merger, approximately 54% of the outstanding shares of Altra common stock are expected to be held by pre-Merger holders of shares of Newco common stock and approximately 46% of the outstanding shares of Altra common stock are expected to be held by pre-Merger Altra stockholders.



**Table of Contents****SELECTED FINANCIAL STATEMENT DATA****Selected Historical Combined Financial Data of the A&S Business**

The summary historical combined financial data of the A&S Business for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, and as of December 31, 2017 and December 31, 2016, as set forth below, have been derived from the audited annual combined financial statements of the A&S Business, which are included in the Index to Financial Statements section of this prospectus. The summary historical combined condensed financial data for the three months ended March 30, 2018 and March 31, 2017 and as of March 30, 2018, as set forth below, have been derived from the interim unaudited combined condensed financial statements of the A&S Business, which are included in the Index to the Financial Statements section of this prospectus. The unaudited summary historical combined financial data as of March 31, 2017 and December 31, 2015, and as of and for the years ended December 31, 2014 and December 31, 2013, have been derived from the unaudited annual combined financial statements of the A&S Business not included or incorporated by reference in this prospectus. This information is only a summary and the table below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations for the A&S Business and the annual and quarterly combined financial statements of the A&S Business and the notes thereto included elsewhere in this prospectus.

(\$ in millions)	As of and for the Three Months Ended		As of and for the Year Ended December 31,				
	March 30, 2018 (unaudited)	March 31, 2017 (unaudited)	2017	2016	2015	2014 (a) (unaudited)	2013 (a) (unaudited)
<b>Selected Statement of Earnings Information:</b>							
Sales	\$ 250.6	\$ 218.8	\$ 907.3	\$ 852.6	\$ 874.1	\$ 960.9	\$ 959.0
Operating profit	57.7	45.7	193.2	166.7	165.4	215.5	179.8
Net earnings	47.8	34.7	151.7	121.2	110.1	149.1	132.7
	(unaudited)	(unaudited)			(unaudited)	(unaudited)	(unaudited)
<b>Selected Balance Sheet Information:</b>							
Total assets	\$ 894.7	\$ 853.4	\$ 872.0	\$ 836.4	\$ 832.1	\$ 850.8	\$ 933.0

- (a) In August 2014, the A&S Business completed the divestiture of its electric vehicle systems (EVS)/hybrid product line for a sale price of approximately \$87 million in cash. This product line contributed sales, operating profit and net earnings of approximately \$59.5 million, \$10.5 million and \$7.3 million, respectively, in 2014 prior to the divestiture. This product line contributed sales, operating profit and net earnings of approximately \$106.5 million, \$10.5 million and \$7.8 million, respectively, in 2013. The Business recorded a pre-tax gain on the sale of the product line of approximately \$34 million (\$26 million after-tax). As of December 31, 2013, this product line had assets of approximately \$66 million. Subsequent to the August 2014 sale, the A&S Business had no continuing involvement in the EVS/hybrid product line. The divestiture of the EVS/hybrid product line was not classified as a discontinued operation in these financial statements because the disposition does not represent a strategic shift

that had a major effect on the A&S Business's operations and financial statements.



**Table of Contents****Selected Historical Consolidated Financial Data of Altra**

The following summary historical consolidated financial data of Altra for the three months ended March 31, 2018 and March 31, 2017, and as of such dates, have been derived from Altra's historical unaudited consolidated and combined financial statements as of and for the three months ended March 31, 2018 and March 31, 2017. The following selected historical consolidated financial data of Altra for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, and as of such dates, have been derived from Altra's historical audited consolidated and combined financial statements as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013. The selected historical combined financial data presented below are not necessarily indicative of the results or financial condition that may be expected for any future period or date. You should read the table below in conjunction with the financial statements of Altra and the notes thereto and the Management's Discussion and Analysis of Financial Condition and Results of Operations section contained in Altra's Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference into this document. See "Where You Can Find More Information; Incorporation by Reference."

(\$ in millions except per share data)	Three Months Ended		Year Ended December 31,				
	March 31, 2018	2017	2017	2016	2015	2014	2013
<b>Results of Operations:</b>							
Net sales	\$ 240.4	\$ 215.4	\$ 876.7	\$ 708.9	\$ 746.7	\$ 819.8	\$ 722.2
Cost of sales	166.2	149.3	601.0	486.8	518.2	570.9	506.8
Gross profit	74.2	66.1	275.7	222.1	228.5	248.9	215.4
Operating expenses:							
Selling, general and administrative expenses	47.1	40.3	164.5	140.5	139.3	156.5	130.2
Research and development expenses	6.5	6.2	24.4	17.7	17.8	15.5	12.5
Impairment of Intangible assets				6.6			
Restructuring costs and other costs	0.9	1.9	5.8	9.8	7.2	1.8	1.1
	54.5	48.4	194.7	174.6	164.3	173.8	143.8
Income from operations	19.7	17.7	81.0	47.5	64.2	75.1	71.6
Other non-operating income and expense:							
Interest expense, net	1.8	1.7	7.7	11.7	12.2	12.0	10.6
Loss on partial settlement of pension plan	5.1						
Loss on extinguishment of convertible debt		1.8	1.8	2.0			
Other non-operating expense (income), net	(0.1)	(0.5)	0.4		0.9		1.7
	6.8	3.0	9.9	13.7	13.1	12.0	12.3
Income before income taxes	12.9	14.7	71.1	33.8	51.1	63.1	59.3
Provision for income taxes	3.9	4.4	19.7	8.7	15.8	22.9	19.1
Net income	9.0	10.3	51.4	25.1	35.3	40.2	40.2
Net loss (income) attributable to non-controlling interest					0.1		0.1

Net income attributable to Altra Industrial Motion Corp.	\$	9.0	\$	10.3	\$	51.4	\$	25.1	\$	35.4	\$	40.2	\$	40.3
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(\$ in millions except per share data)	Three Months Ended			Year Ended December 31,			
	March 31, 2018	2017	2017	2016	2015	2014	2013
<b>Other Financial Data:</b>							
Depreciation and amortization	\$ 9.4	\$ 8.8	\$ 36.0	\$ 29.9	\$ 30.1	\$ 32.1	\$ 27.9
Purchases of fixed assets	(7.0)	(7.3)	(32.8)	(18.9)	(22.9)	(28.1)	(27.8)
Cash flow provided by (used in):							
Operating activities	3.7	3.0	80.6	76.6	86.8	84.5	89.6
Investing activities	(7.0)	(7.3)	(26.7)	(206.9)	(21.7)	(42.3)	(130.0)
Financing activities	(3.7)	(13.7)	(74.0)	149.8	(55.8)	(54.0)	18.0
Weighted average shares, basic	29.1	28.8	28.9	25.7	26.1	26.7	26.8
Weighted average shares, diluted	29.2	28.9	29.1	25.9	26.1	27.4	26.8
Basic Earnings per share:							
Net income attributable to Altra Industrial Motion Corp.	\$ 0.31	\$ 0.36	\$ 1.78	\$ 0.97	\$ 1.36	\$ 1.50	\$ 1.50
Diluted earnings per share:							
Net income attributable to Altra Industrial Motion Corp.	\$ 0.31	\$ 0.36	\$ 1.77	\$ 0.97	\$ 1.36	\$ 1.47	\$ 1.50
Cash dividend declared	\$ 0.17	\$ 0.15	\$ 0.66	\$ 0.60	\$ 0.57	\$ 0.46	\$ 0.38
<b>Balance Sheet Data:</b>							
Cash and cash equivalents	\$ 46.4	\$ 52.9	\$ 52.0	\$ 69.1	\$ 50.3	\$ 47.5	\$ 63.6
Total assets	938.5	877.5	920.7	869.8	632.3	676.4	727.4
Total debt, net of unaccreted discount	279.7	318.0	276.0	369.7	234.8	255.8	278.3
Long-term liabilities, excluding long-term debt	\$ 104.2	\$ 84.3	\$ 105.9	\$ 88.9	\$ 53.8	\$ 56.7	\$ 55.7

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**UNAUDITED COMBINED PRO FORMA INFORMATION OF ALTRA AND THE A&S BUSINESS**

The following unaudited pro forma combined financial information was prepared using the historical consolidated financial statements of Altra and the combined financial statements of the A&S Business. The unaudited pro forma combined financial information, including the notes thereto, should be read in conjunction with the following historical financial statements and accompanying notes for the applicable periods, which are incorporated by reference or included in this document:

Altra's unaudited consolidated financial statements for the three months ended March 31, 2018 included in Altra's Quarterly Report on Form 10-Q which was filed with the SEC on May 9, 2018 (incorporated by reference);

Altra's audited consolidated financial statements for the fiscal year ended December 31, 2017 (fiscal year 2017) included in Altra's Annual Report on Form 10-K which was filed with the SEC on February 23, 2018 (incorporated by reference);

the A&S Business's unaudited combined financial statements for the three months ended March 30, 2018 included in this prospectus; and

the A&S Business's audited combined financial statements for the year ended December 31, 2017 included in this document.

The unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2018 the fiscal year ended December 31, 2017 combines the historical consolidated statement of operations of Altra and the historical combined statement of operations for the A&S Business, giving effect to the Merger and the other Transactions as if they had been consummated on January 1, 2017, the beginning of the earliest period presented. The unaudited pro forma combined balance sheet combines the historical condensed consolidated balance sheet of Altra and the historical condensed combined balance sheet of the A&S Business as of March 31, 2018, giving effect to the Merger and the other Transactions as if they had been consummated on March 31, 2018.

The accompanying unaudited pro forma combined financial statements give effect to the transfer of a portion of the A&S Business through the acquisition of all of the outstanding shares of Newco common stock by Altra assuming an equity consideration of \$1,645.4 million, paid in Altra common stock based on the average trading price of Altra common stock for the first five business days following the announcement of the Transactions on March 7, 2018, the distribution of the Cash Dividend and Newco Securities by Newco to Fortive and the transfer of certain non-U.S. assets, liabilities and entities constituting the remaining portion of the A&S Business from Fortive to Altra or one or more subsidiaries of Altra through the Direct Sales (collectively, the A&S Business Acquisition).

The unaudited pro forma combined financial information has been prepared by Altra management and is based on the estimates and assumptions set forth in the notes to such information. The unaudited pro forma combined financial information is being presented for illustrative purposes only and, therefore, is not necessarily indicative of the consolidated results of operations or financial position that might have been achieved by the combined company for the dates or periods indicated, nor is it necessarily indicative of the results of operations or financial position of the combined company that may occur in the future.

The unaudited pro forma combined financial information has been prepared using the acquisition method of accounting for business combinations under accounting principles generally accepted in the United States. The unaudited pro forma adjustments related to the A&S Business Acquisition are preliminary and do not reflect the final purchase price or final allocation of the excess of the purchase price over the net book value of the net assets of the A&S Business. The final purchase price and allocation of the purchase price will be based on the fair value of assets and liabilities that exist at the closing date of the A&S Business Acquisition. Accordingly, the pro forma purchase price adjustments are preliminary and are subject to further adjustments as additional information becomes

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available and additional analysis is performed. Upon closing of the acquisition, final valuations will be performed. The completion of the valuation, accounting for the A&S Business Acquisition and the allocation of the purchase price may be different than that of the amounts reflected in the pro forma purchase price allocation, and any differences could be material. Such differences could affect the purchase price and allocation of the purchase price, which may affect the value assigned to the tangible or intangible assets and amount of depreciation and amortization expense recorded in the combined statements of operations. There can be no assurance that Altra will not alter the financing structure of the A&S Business Acquisition described herein.

The historical combined financial statements of the A&S Business have been carved-out from Fortive's historical accounting records and reflect assumptions and allocations made by Fortive. All revenues and costs as well as assets and liabilities directly attributable to the A&S Business are included as a component of the financial statements. The financial statements also include allocations of certain general, administrative, sales and marketing expenses and cost of sales from Fortive's corporate office and from other Fortive businesses to the A&S Business and allocations of related assets, liabilities, and parent's investment, as applicable. The allocations have been 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 A&S Business been an entity that operated independently of Fortive for the periods or at the date presented. See Note 1 to the A&S Business financial statements included elsewhere in this document.

The unaudited pro forma combined financial information contains only adjustments that are factually supportable, directly attributable to the Transactions and, with respect to the pro forma combined statements of operations, expected to have a continuing impact on the combined business. The unaudited pro forma combined financial information does not reflect any cost savings or synergies that Altra may realize after the completion of the A&S Business Acquisition.

**Table of Contents****UNAUDITED PRO FORMA COMBINED BALANCE SHEET****(Dollar information in millions)**

	Altra as of March 31, 2018	A&S Business as of March 30, 2018	Pro Forma Adjustments	Pro Forma as of March 31, 2018
<b>Assets:</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 46.4	\$	\$ (A)	\$ 46.4
Trade receivables, net	150.8	140.8		291.6
Inventories	148.7	76.2	8.7(B)	233.6
Income tax receivable	4.9			4.9
Prepaid expenses and other current assets	17.7	7.5		25.2
Assets held for sale	1.1			1.1
<b>Total current assets</b>	<b>369.6</b>	<b>224.5</b>	<b>8.7</b>	<b>602.8</b>
Property, plant and equipment, net	194.3	104.4	104.4(C)	403.1
Intangible assets, net	160.8	19.5	1,168.2(D)	1,348.5
Goodwill	209.7	538.3	1,404.4(E)	2,152.4
Deferred income taxes	1.7			1.7
Other non-current assets, net	2.4	8.0		10.4
<b>Total assets</b>	<b>\$ 938.5</b>	<b>\$ 894.7</b>	<b>\$ 2,685.7</b>	<b>\$ 4,518.9</b>
<b>Liabilities and stockholders' equity</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 62.4	\$ 106.3	\$	\$ 168.7
Accrued payroll	26.3			26.3
Accruals and other current liabilities other	43.1	48.9		92.0
Income tax payable	9.9			9.9
Deferred revenue				
Current portion of long-term debt	1.4	3.7		5.1
<b>Total current liabilities</b>	<b>143.1</b>	<b>158.9</b>		<b>302.0</b>
Long-term debt, less current portion and net of unaccreted discount	278.3		1,438.7(F)	1,717.0
Deferred income taxes	52.3	30.9	321.9(G)	405.1
Pension liabilities	25.7	19.0		44.7
Long-term taxes payable	5.4			5.4
Other long-term liabilities	20.7	4.3		25.0
<b>Total stockholders' equity</b>	<b>413.0</b>	<b>681.6</b>	<b>925.1(H)</b>	<b>2,019.7</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 938.5</b>	<b>\$ 894.7</b>	<b>\$ 2,685.7</b>	<b>\$ 4,518.9</b>

See accompanying notes to unaudited pro forma combined financial information, including Note 2 for an explanation of the preliminary pro forma adjustments.



**Table of Contents****UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS****(Dollar and share information in millions except per share data)**

	<b>Altra Three Months Ended March 31, 2018</b>	<b>A&amp;S Business Three Months Ended March 30, 2018</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Three Months Ended March 31, 2018</b>
<b>Results of Operations:</b>				
Net sales	\$ 240.4	\$ 250.6	\$	\$ 491.0
Cost of sales	166.2	146.1	11.3(I)	323.6
Gross profit	74.2	104.5	(11.3)	167.4
<i>Gross profit as a percent of net sales</i>	<i>30.9%</i>	<i>41.7%</i>		<i>34.1%</i>
Selling, general & administrative expenses	44.6	37.6	0.3(J)	82.5
Research and development expenses	6.5	9.1		15.6
Intangible asset amortization	2.5	0.1	14.7(K)	17.3
Restructuring charges	0.9			0.9
Income from operations	\$ 19.7	\$ 57.7	\$ (26.3)	\$ 51.1
<i>Income from operations as a percent of net sales</i>	<i>8.2%</i>	<i>23.0%</i>		<i>10.4%</i>
Interest expense, net	1.8	0.1	21.1(L)	23.0
Loss on the partial settlement of pension plan	5.1			5.1
Other non-operating expense (income), net	(0.1)			(0.1)
Income before income taxes	\$ 12.9	\$ 57.6	\$ (47.4)	\$ 23.1
Provision/(benefit) for income taxes	3.9	9.8	(8.5)(M)	5.2
<i>Income tax rate</i>	<i>30.2%</i>	<i>17.0%</i>	<i>17.9%</i>	<i>22.5%</i>
Net income	\$ 9.0	\$ 47.8	\$ (38.9)	\$ 17.9
<b>Per Share Information:</b>				
Weighted average common shares outstanding:				
Basic	29.1		35.0(N)	64.1
Diluted	29.2		35.4	64.6
Net income per share:				
Basic	\$ 0.31	\$	\$	\$ 0.28
Diluted	\$ 0.31	\$	\$	\$ 0.28

See accompanying notes to unaudited pro forma combined financial information, including Note 2 for an explanation of the preliminary pro forma adjustments.

Table of Contents**UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS****(Dollar and share information in millions except per share data)**

	<b>Altra Fiscal Year Ended December 31, 2017</b>	<b>A&amp;S Business Fiscal Year Ended December 31, 2017</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Fiscal Year Ended December 31, 2017</b>
<b>Results of Operations:</b>				
Net sales	\$ 876.7	\$ 907.3	\$	\$ 1,784.0
Cost of sales	601.0	530.2	18.8(I)	1,150.0
Gross profit	275.7	377.1	(18.8)	634.0
<i>Gross profit as a percent of net sales</i>	<i>31.5%</i>	<i>41.6%</i>		<i>35.5%</i>
Selling, general & administrative expenses	155.0	147.0	0.5(J)	302.5
Research and development expenses	24.4	36.6		61.0
Intangible asset amortization	9.5	0.3	58.6(K)	68.4
Restructuring charges	4.1			4.1
Loss on the partial settlement of pension plan	1.7			1.7
Income from operations	\$ 81.0	\$ 193.2	\$ (77.9)	\$ 196.3
<i>Income from operations as a percent of net sales</i>	<i>9.2%</i>	<i>21.3%</i>		<i>11.0%</i>
Interest expense, net	7.7	0.5	83.6(L)	91.8
Loss on write-off of deferred financing and extinguishment of convertible debt	1.8			1.8
Other non-operating expense (income), net	0.4			0.4
Income before income taxes	\$ 71.1	\$ 192.7	\$ (161.5)	\$ 102.3
Provision/(benefit) for income taxes	19.7	41.0	(37.2)(M)	23.5
<i>Income tax rate</i>	<i>27.7%</i>	<i>21.3%</i>	<i>23.0%</i>	<i>23.0%</i>
Net income	\$ 51.4	\$ 151.7	\$ (124.3)	\$ 78.8
<b>Per Share Information:</b>				
Weighted average common shares outstanding:				
Basic	28.9		35.0(N)	63.9
Diluted	29.1		35.4	64.5
Net income per share:				
Basic	\$ 1.78	\$	\$	\$ 1.23
Diluted	\$ 1.77	\$	\$	\$ 1.22

See accompanying notes to unaudited pro forma combined financial information, including Note 2 for an explanation of the preliminary pro forma adjustments.



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**Table of Contents****ALTRA INDUSTRIAL MOTION CORP.****NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION****Note 1 Basis of Presentation**

On March 7, 2018, Altra and Fortive agreed to enter into the Transactions to effect the transfer of the A&S Business to Altra. These Transactions provide for (i) the separation and consolidation of a portion of the A&S Business under Newco through the Separation, (ii) the distribution of Newco to Fortive's stockholders through either a spin-off, split-off or combination thereof through the Distribution, (iii) the merger of Merger Sub with and into Newco, with Newco surviving as a wholly-owned subsidiary of Altra upon completion of the Merger and (iv) the transfer of certain non-U.S. assets, liabilities and entities constituting the remaining portion of the A&S Business to Altra or one or more subsidiaries of Altra through the Direct Sales. Pursuant to the Merger Agreement, it is currently expected that holders of Newco common stock will receive, in aggregate, 35 million shares of Altra common stock, or a ratio of one share of Altra common stock for each share of Newco common stock. Upon completion of the Transactions, depending on the number of shares of Altra common stock outstanding, it is expected that pre-Merger holders of Newco common stock and Newco employees, collectively, and pre-Merger holders of Altra common stock, collectively, will hold approximately 54% and 46%, respectively, of the shares of Altra common stock on a fully-diluted basis. Altra will be the legal and accounting acquirer. The Transactions are expected to be completed in 2018.

The pro forma combined financial information has been prepared for illustrative purposes only and does not reflect the costs of any integration activities or transaction-related costs or incremental capital spending that Altra management believes are necessary to realize the anticipated synergies from the Transactions. Accordingly, the pro forma financial information does not purport to be indicative of the actual results that would have been achieved by Altra if the Transactions had already occurred for the periods presented or that will be achieved in the future.

The accompanying unaudited pro forma combined balance sheet assumes the Transactions took place on March 31, 2018 and combines Altra's historical consolidated balance sheet as of March 31, 2018 with the A&S Business historical combined balance sheet as of March 31, 2018 and applies pro forma adjustments to the resulting amounts. The unaudited pro forma combined statements of operations for the three months ended March 31, 2018 the fiscal year ended December 31, 2017 assume that the Transactions took place on the first day of the earliest period presented (January 1, 2017) and applies pro forma adjustments to the resulting amounts.

Certain reclassifications have been included within the pro forma adjustments to conform the A&S Business's historical financial statements to Altra's financial statement classifications. Upon completion of the Transactions, Altra will perform a further review of the A&S Business's accounting policies. As a result of that review, Altra may identify additional differences between the accounting policies of Altra and the A&S Business that, when conformed, could have a material impact on the combined financial statements.

**Note 2 Unaudited Pro Forma Adjustments**

The pro forma adjustments included in the accompanying information do not reflect the final purchase price or final allocation of the excess of the purchase price over the net book value of the net assets of the A&S Business. The fair value assigned to the various tangible and intangible assets acquired, including goodwill, is preliminary and subject to change. Final adjustments may result in a materially different purchase price and allocation of the purchase price, which will affect the value assigned to the tangible or intangible assets and the depreciation and amortization expense recorded in the consolidated statements of operations.



**Table of Contents*****Unaudited Pro Forma Combined Balance Sheet***

(A) Cash and cash equivalents were adjusted as follows (in millions):

Cash payment to Fortive for the Basis Amount	\$ (150.0)
Proceeds from issuance of Newco Securities not used in the Debt Exchange	150.0
<b>Total pro forma adjustment cash and cash equivalents</b>	<b>\$</b>

(B) Represents the adjustment to record the inventory of the A&S Business at its estimated fair value.

(C) Represents the adjustment to the net book value of the plant, property and equipment of the A&S Business, in order to record it at its fair value as of the assumed acquisition date.

(D) Represents the elimination of \$19.5 million of the historical A&S Business's intangible assets and the allocation of \$1,187.7 million of the estimated purchase price of the Transactions to intangible assets comprising the asset classes shown in Note (E) below.

The preliminary fair value of customer relationships was estimated using the multi-period excess earnings method, a variation of the income approach, which measures economic benefit indirectly by calculating residual profit attributable to an asset after proper returns are paid to complementary or contributory assets. Key estimates and assumptions used in this model were projected revenues and expenses related to the assets, estimated contributory asset charges and a risk adjusted discount rate used to calculate the present value of the future expected cash inflows from the assets.

The preliminary fair value of the trade names and trademark intangible assets was estimated using the relief-from-royalty method, a variation of the income approach, which values an intangible asset by estimating the royalties saved through ownership of the asset. Key estimates and assumptions used in this model were projected revenues, estimated royalty rates and a risk adjusted discount rate used to calculate the present value of the future expected royalty savings that accrue to the owner of the assets.

No assurance can be given that the underlying assumptions and estimates used to estimate the fair values of customer relationships, trade names and trademarks will not change. For this and other reasons, actual results may vary significantly from estimated results. A summary of the net adjustment to record the identifiable intangible assets acquired in connection with the Merger is shown in Note (E).

(E) Represents the elimination of the historical goodwill of the A&S Business of \$538.3 million and the addition of goodwill of \$1,942.7 million related to the Transactions. A preliminary calculation of the goodwill based on the excess of estimated purchase price over the fair values of the assets acquired and liabilities assumed resulting

from the Transactions is shown below (in millions):

<b>Purchase Price Allocation:</b>	
Total cash consideration	\$ 1,000.0
Senior unsecured notes assumed	400.0
Total equity consideration	1,645.4
<b>Estimated purchase price</b>	<b>\$ 3,045.4</b>



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Estimated fair value of assets acquired and liabilities assumed:	
Cash	\$
Accounts receivable	140.8
Inventories	84.9
Prepaid expenses and other assets	7.5
Property, plant and equipment	208.8
Other assets	8.0
Other intangible assets	1,187.7
Accounts payable	(106.3)
Accrued expenses	(48.9)
Other current liabilities	(3.7)
Other long-term liabilities	(4.3)
Pension liabilities	(19.0)
Deferred tax liabilities, net	(352.8)
<b>Total estimated fair value of assets acquired and liabilities assumed</b>	<b>\$ 1,102.7</b>
<b>Goodwill</b>	<b>\$ 1,942.7</b>
Other intangible assets consists of:	
Customer relationships	\$ 883.2
Tradenames and trademarks	304.5
<b>Total intangible assets</b>	<b>\$ 1,187.7</b>

(F) On or about the closing date of the Transactions, Altra and Newco expect to incur indebtedness of approximately \$1,740 million, which is currently expected to consist of \$1,340 million under the Altra Term

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Loan B Facility and \$400 million of Newco Notes and Newco Securities, of which \$150 million (subject to adjustment as provided in the Separation Agreement) is expected to be issued as Newco Notes for cash, and \$250 million (subject to adjustment as provided in the Separation Agreement) is expected to be issued as Newco Securities, to (i) finance the required cash payments to Fortive, (ii) pay fees and expenses of Altra in connection with the Transactions, (iii) refinance Altra's existing credit facility and (iv) make other payments in connection with the Transactions. In addition to the Newco Notes expected to be issued for cash, Newco expects to issue the Newco Securities to Fortive or, if Fortive determines that the Debt Exchange is not reasonably likely to be consummated at the time of the Distribution and elects to receive cash from Newco in lieu of the Newco Securities, Newco expects to issue additional Newco Notes for cash or incur other indebtedness in the form of debt securities, loans or a combination thereof to finance the payment by Newco to Fortive of cash equal to the Above-Basis Amount. Upon consummation of the Transactions, Altra and Newco expect to guarantee each other's obligations under this indebtedness. To the extent Altra and Newco do not obtain debt financing as described above, Newco expects to incur senior unsecured bridge loans on the terms, and subject to the conditions, in the Newco Commitment Letter.

Long-term debt was adjusted as follows (in millions):

Newco Notes and Newco Securities <sup>(1)</sup>	\$ 400.0
Altra Term Loan B Facility <sup>(2)</sup>	1,340.0
Altra revolving credit facility repayment <sup>(3)</sup>	(266.6)
Capitalized financing fees <sup>(4)</sup>	(34.7)
<b>Total pro forma adjustment to long-term debt</b>	<b>\$ 1,438.7</b>

- (1) Represents the Newco Notes and the Newco Securities expected to be issued by Newco to Fortive immediately prior to the Distribution. It is currently expected that Newco will issue approximately \$400 million in aggregate principal amount of Newco Notes and Newco Securities, of which \$150 million (subject to adjustment as provided in the Separation Agreement) is expected to be issued as Newco Notes for cash, and \$250 million (subject to adjustment as provided in the Separation Agreement) is expected to be issued as Newco Securities. The Newco Securities are expected to have a maturity date of not less than seven years and not more than eight years and are expected to be callable after five years from issuance. In addition, the Newco Securities are expected to have an effective yield (without taking into account underwriters' fees and commissions) not to exceed an agreed cap (unless Altra in its sole discretion agrees otherwise) and to be subject to customary covenants and other terms and conditions for issuers of comparable creditworthiness. After the consummation of the Merger, the Newco Securities are also expected to be guaranteed by Altra and its direct or indirect, wholly-owned domestic subsidiaries. Other terms of the Newco Securities will be established in accordance with the terms of the Merger Agreement and the Separation Agreement. If the Debt Exchange is consummated, the Newco Securities may be exchanged by Fortive on or about the closing date of the Merger with investment banks and/or commercial banks in exchange for existing debt securities, loans and/or commercial paper, or a combination thereof, of Fortive. See Transactions Debt Exchange. The interest expense adjustment for the Newco Notes and the Newco Securities is based on an interest rate of 6.5%.

- (2) Represents the assumed borrowings under the Altra Term Loan B Facility. Altra has obtained \$1,340 million of commitments for a new senior secured term loan B credit facility and expects to draw the entire amount in order

to finance the Transactions. The annual interest rate included in the unaudited pro forma condensed combined statement of operations with respect to the Altra Term Loan B Facility is based on the terms of the Altra Commitment Letter. The interest expense adjustment for the Altra Term Loan B Facility, which is expected to have a term of seven years, is based on an interest rate of LIBOR plus 275 basis points.

- (3) Represents repayment and extinguishment in full of all outstanding indebtedness for borrowed money under Altra's existing credit facility. This indebtedness is expected to be repaid with proceeds from the Altra Term Loan B Facility.
- (4) Represents the capitalized financing fees related to the Altra Facilities and the Bridge Facility.

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The unaudited pro forma condensed combined statement of operations reflects adjustments to include an estimate of the interest expense on the additional indebtedness to be incurred in connection with the Transactions.

- (G) Represents a net increase to deferred tax liabilities resulting from the assignment of a portion of the estimated purchase price allocation to identifiable tangible and intangible assets which are not expected to be deductible for tax purposes (\$325.2 million), as well as the removal of the historical deferred tax liability of the A&S Business associated with the historical intangible assets, \$3.3 million.
- (H) Reflects the (i) elimination of the historical equity of the A&S Business (which results in a reduction to pro forma equity of \$681.6 million), (ii) addition of equity recorded for the issuance of 35 million shares of Altra common stock issued at \$47.01 per share, the average trading price of Altra common stock for the first five business days following the announcement of the Transactions on March 7, 2018 (which results in an increase in pro forma equity of \$1,645.4 million), and (iii) a \$38.7 million (after tax) impact to retained earnings of transaction costs associated with the Transactions. The equity component of the purchase price consideration is fixed at 35 million shares of Altra common stock and, as such, for every increase or decrease in the share price of Altra common stock by \$1, the purchase price will correspondingly increase or decrease by \$35 million.

**Unaudited Pro Forma Combined Statements of Operations**

- (I) Represents the adjustment to record \$2.6 million and \$10.1 million of additional depreciation expense for the three months ended March 31, 2018 and the fiscal year ended December 31, 2017, respectively, resulting from the Fair Market Value adjustment of property, plant and equipment. Also included is \$8.7 million of additional expense related to the adjustment to record the inventory of the A&S Business at its estimated fair value.
- (J) Represents the elimination of historical compensation expense and the addition of expense related to new grants of equity incentive awards to A&S Business employees upon consummation of the Transactions. Sales, general and administrative expenses were adjusted as follows (in millions):

	<b>Three Months Ended March 31, 2018</b>	<b>Fiscal Year Ended December 31, 2017</b>
Value of new grants to A&S Business employees	\$ 17.1	\$ 17.1
Compensation expense related to new grants to A&S Business employees	\$ 1.2	\$ 4.9
Elimination of stock-based compensation expense	(0.9)	(4.4)
<b>Total adjustment to sales, general and administrative expenses</b>	<b>\$ 0.3</b>	<b>\$ 0.5</b>

(K)

Reflects the pro forma adjustments for the amortization expense resulting from the allocation of a portion of the estimated purchase price of the Transactions to intangible assets.

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Altra has estimated the pro forma amortization expense of acquired intangibles for the following periods based upon the estimated fair value and expected remaining useful lives of fifteen years (in millions). The trade names and trademarks are considered to have an indefinite life and will not be amortized.

		<b>Three Months Ended March 31, 2018</b>	<b>Fiscal Year Ended December 31, 2017</b>
<b>Classification of Expense</b>			
<b>Acquired Intangible Asset Amortization:</b>			
Customer relationships	Amortization of intangible assets	\$ 14.7	\$ 58.9
<b>Total acquired intangible asset amortization</b>		<b>\$ 14.7</b>	<b>\$ 58.9</b>

In addition, this adjustment reflects the elimination of the A&S Business's historical intangible amortization as follows (in millions):

		<b>Three Months Ended March 31, 2018</b>	<b>Fiscal Year Ended December 31, 2017</b>
<b>Classification of Expense</b>			
<b>Historical Intangible Asset Amortization:</b>			
Customer relationships and other intangible assets	Amortization of intangible assets	\$ 0.1	\$ 0.3
<b>Total historical intangible asset amortization</b>		<b>\$ 0.1</b>	<b>\$ 0.3</b>

(L) Interest expense was adjusted as follows (in millions):

	<b>Three Months Ended March 31, 2018</b>	<b>Fiscal Year Ended December 31, 2017</b>
Estimated interest expense of new indebtedness <sup>(1)</sup>	\$ 23.0	\$ 91.8
Elimination of interest expense attributable to historical indebtedness of Altra	(1.8)	(7.7)

Elimination of interest expense attributable to historical indebtedness of the A&S Business	(0.1)	(0.5)
<b>Total adjustment to interest expense, net</b>	<b>\$ 21.1</b>	<b>\$ 83.6</b>

- (1) For each one-eighth of 1% change in estimated interest rate associated with the new indebtedness, interest expense would increase or decrease by approximately \$2.2 million.
- (M) Reflects the estimated tax effect of pro forma adjustments to income before provision for income taxes using a weighted estimated blended statutory rate of 22.5% and 23.0% for the three months ended March 31, 2018 and the fiscal year ended December 31, 2017, respectively, based on the impact of the Transactions on the combined company, as the effective rate approximates the statutory rate for the periods presented.
- (N) Reflects the pro forma total number of shares outstanding giving effect to the common stock issued as consideration for the Merger. The pro forma weighted average number of shares of Altra common stock

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outstanding for the three months ended March 31, 2018 and the fiscal year ended December 31, 2017 have been calculated as if the common stock issued as part of the Merger had been issued or purchased as of January 1, 2017. The following table sets forth the computation of pro forma adjustment to basic and diluted shares for the following periods (in millions):

	<b>Three Months Ended March 31, 2018</b>		<b>Fiscal Year Ended December 31, 2017</b>	
	Basic	Diluted	Basic	Diluted
Altra common stock outstanding	29.1	29.2	28.9	29.1
Record new equity issued to Fortive stockholders	35.0	35.4	35.0	35.4
<b>Pro forma shares of Altra common stock outstanding</b>	<b>64.1</b>	<b>64.6</b>	<b>63.9</b>	<b>64.5</b>

In addition, on a pro forma basis and based on Altra's current annual dividend of \$0.68 per share of Altra common stock, Altra's annual dividend payment for the three months ended March 31, 2018 and the twelve months ended December 31, 2017 would have increased by approximately \$5.9 million and \$23.8 million, respectively, in relation to the 35 million shares of Altra common stock to be issued as consideration for the Merger. Altra expects to fund these increased dividend payments from cash generated from operations.



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**Table of Contents****THE TRANSACTIONS****Overview**

On March 7, 2018, Altra and Fortive agreed to enter into the Transactions to effect the transfer of the A&S Business to Altra. The Transactions provide for (i) the separation and distribution of a portion of the A&S Business and the subsequent merger of Merger Sub with and into Newco, with Newco, as the surviving entity, a wholly-owned subsidiary of Altra and (ii) the Direct Sales, pursuant to which Altra will acquire the remaining portion of the A&S Business. In order to effect the Separation, the Distribution, the Direct Sales and the Merger, Fortive, Newco, Altra and Merger Sub entered into the Merger Agreement and Fortive, Newco and Altra entered into the Separation Agreement. In addition, Fortive, Newco, Altra and certain of their respective affiliates entered into, or will enter into, the Ancillary Agreements in connection with the Transactions. These agreements, which are described in greater detail in this document, govern the relationship among Fortive, Newco, Altra, Merger Sub and their respective affiliates after the consummation of Separation, the Distribution, the Direct Sales and the Merger.

The A&S Business consists of the Automation & Specialty platform of Fortive and its subsidiaries as conducted by them under certain related brands, including by the Portescap, Kollmorgen, Thomson and Jacobs Vehicle Systems operating companies, the A&S Companies and the Direct Sales Asset Sellers, but excluding Fortive's Hengstler and Dynapar businesses. Prior to the Distribution and the Merger, Fortive will convey to Newco or one or more subsidiaries of Fortive certain assets and liabilities constituting a portion of the A&S Business, and will cause any applicable subsidiary of Fortive to convey to Fortive or its designated subsidiary (other than Newco or any of Newco's subsidiaries) certain excluded assets and excluded liabilities in order to separate and consolidate a portion of the A&S Business. Immediately thereafter, Fortive will contribute all the equity interests in each such subsidiary of Fortive holding assets and liabilities constituting a portion of the A&S Business to Newco. In exchange, Newco will: (i) issue to Fortive shares of Newco common stock, (ii) issue to Fortive the Newco Securities and (iii) distribute to Fortive the Cash Dividend. In total, Newco will make distributions to Fortive of cash and debt instruments of Newco with an aggregate value of \$400 million, of which \$150 million (subject to adjustment as provided in the Separation Agreement) is expected to be the Cash Dividend, and \$250 million (subject to adjustment as provided in the Separation Agreement) is expected to be issued as Newco Securities. In addition, in the Direct Sales pursuant to the Merger Agreement, Fortive will transfer certain non-U.S. assets, liabilities and entities constituting the remaining portion of the A&S Business directly to Altra or one or more subsidiaries of Altra and the Altra subsidiaries will assume substantially all of the liabilities associated with the transferred assets and pay Fortive the Direct Sales Purchase Price, which is expected to be \$1.0 billion. Fortive will transfer the Newco Securities to certain parties in exchange for certain outstanding debt obligations of Fortive held by the Debt Exchange Parties. Following the Debt Exchange, the Debt Exchange Parties are expected to sell the Newco Securities to third-party investors.

On the closing date of the Merger, Fortive will distribute all of the issued and outstanding shares of Newco common stock held by Fortive to its participating stockholders in the Exchange Offer. If the Exchange Offer is consummated but is not fully subscribed, Fortive will distribute the remaining shares of Newco common stock on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after consummation of the Exchange Offer. Any Fortive stockholder who validly tenders (and does not properly withdraw) shares of Fortive common stock for shares of Newco common stock in the Exchange Offer will waive their rights with respect to such shares to receive, and forfeit any rights to, shares of Newco common stock distributed on a pro rata basis to Fortive stockholders in the event the Exchange Offer is not fully subscribed. If there is a pro rata distribution, the Exchange Offer agent will calculate the exact number of shares of Newco common stock not exchanged in the Exchange Offer and to be distributed on a pro rata basis, and the number of shares of Altra common stock into which the remaining shares of Newco common stock will be converted in the Merger will be transferred to Fortive stockholders (after giving effect to the consummation of the Exchange Offer) as promptly as practicable thereafter.



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Immediately after the Distribution and on the closing date of the Merger, Merger Sub will merge with and into Newco, whereby the separate corporate existence of Merger Sub will cease and Newco will continue as the surviving company and as a wholly-owned subsidiary of Altra. In the Merger, each share of Newco common stock will be converted into the right to receive shares of Altra common stock based on the exchange ratio set forth in the Merger Agreement, as described in the section of this document entitled *The Merger Agreement Merger Consideration*. After the consummation of the Merger and the Direct Sales, Altra will own and operate the A&S Business through Newco and the Direct Sales Purchasers, and will also continue Altra's current businesses. All shares of Altra common stock, including those issued in the Merger, will be listed on Nasdaq under Altra's current trading symbol AIMC.

In connection with the Merger, Altra expects to issue 35 million shares of Altra common stock to Fortive stockholders that receive shares of Newco common stock in the Distribution. Calculated based on the closing price on Nasdaq of Altra common stock as of August 1, 2018 the shares of Altra common stock that Altra expects to issue to Fortive stockholders as a result of the Transactions would have had a market value of approximately \$1.5 billion in the aggregate (the actual value will not be known until the closing date). See *Calculation of the Merger Consideration*.

As a result of the Transactions described above, the aggregate value of the consideration payable to Fortive or Fortive stockholders with respect to the A&S Business is estimated, as of August 1, 2018, to be approximately \$2.9 billion, consisting of (i) approximately \$1.5 billion in value of Altra common stock (calculated based on the closing price on Nasdaq of the Altra common stock as of August 1, 2018) issuable to Fortive stockholders that participate in the Exchange Offer, (ii) \$1.0 billion in cash payable to certain subsidiaries of Fortive in respect of the Direct Sales and (iii) \$400 million payable to Fortive in respect of the Cash Dividend and issuance of the Newco Securities.

**Transaction Steps**

Below is a step-by-step list illustrating the material events relating to the Separation, the Distribution and the Merger. Each of these events is discussed in more detail elsewhere in this document.

*Step #1 Internal Restructuring; the Separation.* Prior to the Distribution and the Merger, Fortive will convey to Newco or one or more subsidiaries of Fortive certain assets and liabilities constituting a portion of the A&S Business (excluding any Direct Sales Assets or Direct Sales Entities, which will be transferred in the Direct Sales described below), and will cause any applicable subsidiary of Fortive to convey to Fortive or its designated subsidiary (other than Newco or any of Newco's subsidiaries) certain excluded assets and excluded liabilities in order to separate and consolidate a portion of the A&S Business. Immediately thereafter, Fortive will contribute all the equity interests in each such subsidiary of Fortive holding assets and liabilities constituting a portion of the A&S Business to Newco.

*Step #2 Issuance of Newco common stock.* Immediately prior to the Distribution, Newco will issue to Fortive shares of Newco common stock. Following this issuance, Fortive will own 35 million shares of Newco common stock, which will constitute all of the issued and outstanding stock of Newco.

*Step #3 Issuance of Newco Securities.* Prior to the effective time of the Merger, and as a condition to the Distribution, Newco will make distributions to Fortive of the Cash Dividend and Newco Securities. Fortive expects to exchange the Newco Securities with the Debt Exchange Parties for certain outstanding debt obligations of Fortive, which may include debt securities, loans, commercial paper, or a combination thereof, held by the Debt Exchange Parties. Following the Debt Exchange, the Debt Exchange Parties, or their affiliates, are expected to sell the Newco Securities to third-party investors. The Direct Sales were included in the Transactions as a way to dispose of certain non-U.S. assets, liabilities and entities of the A&S Business to Altra subsidiaries for cash in a tax-efficient manner, while reducing the size of the Debt Exchange needed in order to provide Fortive with the same level of monetization of the A&S Business in the Transactions. If Fortive determines that the Debt Exchange is not reasonably likely to be

consummated at or prior to the End Date (as

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such term is described in *The Merger Agreement Termination* ) in an amount equal to the Above-Basis Amount at the time of the Distribution, then Fortive may elect to (i) require Newco to issue to Fortive the Newco Securities even though the Debt Exchange will not occur at the time of the Distribution, (ii) require Newco to incur indebtedness in an amount up to the Above-Basis Amount, whether in the form of debt securities, loans or a combination thereof, and distribute to Fortive an amount in cash equal to the net proceeds thereof, or (iii) terminate the Merger Agreement as described under *The Merger Agreement Termination* and pay the termination fee as described under *The Merger Agreement Termination Fees and Expenses Payable in Certain Circumstances*. Any debt securities issued by Newco to fund the Cash Dividend or issued in lieu of all or any portion of the Newco Securities may be fungible with the Newco Securities that are distributed to Fortive.

*Step #4 The Distribution; Exchange Offer or Spin-Off.* On the closing date of the Merger, Fortive will distribute 100% of the shares of Newco common stock to Fortive stockholders through either a spin-off or a split-off. In a spin-off, all Fortive stockholders would receive a pro rata number of shares of Newco common stock. In a split-off, Fortive would offer its stockholders the option to exchange all or a portion of their shares of Fortive common stock for shares of Newco common stock in an exchange offer. If the Exchange Offer is undertaken and consummated, but the Exchange Offer is not fully subscribed because fewer than all shares of Newco common stock owned by Fortive are exchanged, the remaining shares of Newco common stock owned by Fortive would be distributed on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after consummation of the Exchange Offer. See *The Separation Agreement The Distribution*.

The Exchange Offer agent will hold, for the account of the relevant Fortive stockholders, book-entry authorizations representing all of the outstanding shares of Newco common stock, pending the consummation of the Merger. Shares of Newco common stock will not be able to be traded during this period.

As previously noted, this disclosure has been prepared under the assumption that the shares of Newco will be distributed to Fortive stockholders pursuant to a split-off. Based on market conditions prior to closing, Fortive will determine whether the Newco shares will be distributed to Fortive's stockholders in a spin-off or a split-off and, once a final decision is made, this disclosure will be amended to reflect that decision, if necessary.

*Step #5 The Direct Sales.* In order for Altra to acquire the remaining portion of the A&S Business, prior to the effective time of the Merger, (i) the Direct Sales Sellers will sell to the Direct Sales Purchasers the Direct Sales Assets and the Direct Sales Entities and (ii) the Direct Sales Purchasers will assume the A&S Liabilities of or attributable to the Direct Sales Sellers, in exchange for the Direct Sales Purchase Price.

*Step #6 The Merger.* In the Merger, Merger Sub will be merged with and into Newco, with Newco surviving as a wholly-owned subsidiary of Altra. In the Merger, each outstanding share of Newco common stock (except for shares of Newco common stock held by Fortive, Newco, Altra or Merger Sub, which shares will be canceled and cease to exist, and no consideration will be delivered in exchange therefor) will be converted into the right to receive a number of shares of Altra common stock equal to (x) 35 million shares of Altra common stock divided by (y) the aggregate number of shares of Newco common stock issued and outstanding as of immediately prior to the effective time of the Merger.

Immediately after the consummation of the Merger, approximately 54% of the outstanding shares of Altra common stock are expected to be held by pre-Merger holders of shares of Newco common stock and approximately 46% of the outstanding shares of Altra common stock are expected to be held by pre-Merger Altra stockholders.



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Set forth below are diagrams that graphically illustrate, in simplified form, the existing corporate structure, the corporate structure immediately following the Separation and Distribution but before the Merger and the Direct Sales, and the corporate structure immediately following the consummation of the Merger and the Direct Sales.

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**The Separation and the Distribution**

***The Separation and the Direct Sales***

Prior to the Distribution and the Merger, Fortive will convey to Newco or one or more subsidiaries of Fortive certain assets and liabilities constituting a portion of the A&S Business, and will cause any applicable subsidiary of Fortive to convey to Fortive or its designated subsidiary (other than Newco or any of Newco's subsidiaries) certain excluded assets and excluded liabilities, in order to separate and consolidate a portion of the A&S Business. Immediately thereafter, Fortive will contribute all the equity interests in each such subsidiary of Fortive holding assets and liabilities constituting the A&S Business to Newco in exchange for (i) the issuance to Fortive of shares of Newco common stock, (ii) the Newco Securities and (iii) the Cash Dividend. In addition, prior to the Merger, certain non-U.S. assets, liabilities and entities constituting the remaining portion of the A&S Business will be transferred directly to Altra or one or more subsidiaries of Altra through the Direct Sales.

***The Distribution Exchange Offer and Split-Off***

On the closing date of the Merger, Fortive will distribute 100% of the shares of Newco common stock to Fortive stockholders through the Exchange Offer followed by, in the event the Exchange Offer is not fully subscribed, a pro rata spin-off distribution. In the Exchange Offer, Fortive will offer its stockholders the option to exchange all or a portion of their shares of Fortive common stock for shares of Newco common stock. In the event the Exchange Offer is not fully subscribed, Fortive will distribute the remaining shares of Newco common stock owned by Fortive on a pro rata basis to Fortive stockholders whose shares of Fortive common stock remain outstanding after consummation of the Exchange Offer.

Any Fortive stockholder who validly tenders (and does not properly withdraw) shares of Fortive common stock for shares of Newco common stock in the Exchange Offer will waive their rights with respect to such shares to receive, and forfeit any rights to, shares of Newco common stock distributed on a pro rata basis to Fortive stockholders in the event the Exchange Offer is not fully subscribed. If there is a pro rata distribution, the Exchange Offer agent will calculate the exact number of shares of Newco common stock owned by Fortive that will not be exchanged in the Exchange Offer and to be distributed on a pro rata basis, and the number of shares of Altra common stock into which the remaining shares of Newco common stock will be converted in the Merger will be transferred to the relevant Fortive stockholders (after giving effect to the consummation of the Exchange Offer) as promptly as practicable thereafter.

The Exchange Offer agent will hold, for the account of the relevant Fortive stockholders, book-entry authorizations representing all of the outstanding shares of Newco common stock pending the consummation of



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the Merger. Newco common stock will not be traded during this period. Following the consummation of the Exchange Offer and as part of the Merger, each share of Newco common stock (except for shares of Newco common stock held by Fortive, Newco, Altra or Merger Sub, which shares will be canceled and cease to exist, and no consideration will be delivered in exchange therefor) will be converted into the right to receive fully paid and nonassessable shares of Altra common stock, as further described below under Calculation of the Merger Consideration. For additional information regarding the Exchange Offer, see The Exchange Offer.

**The Merger**

Under the Merger Agreement and in accordance with the DGCL, at the effective time of the Merger, Merger Sub will merge with and into Newco. As a result of the Merger, the separate corporate existence of Merger Sub will cease and Newco will continue as the surviving company and as a wholly-owned subsidiary of Altra and will succeed to and assume all the rights, powers and privileges and be subject to all of the obligations of Merger Sub in accordance with the DGCL. In the Merger, each share of Newco common stock will be converted into the right to receive shares of Altra common stock based on the exchange ratio set forth in the Merger Agreement, as described in the section of this document entitled The Merger Agreement Merger Consideration. The certificate of incorporation and the bylaws of Newco in effect immediately prior to the Merger will be amended and restated in their entirety following the consummation of the Merger.

***Calculation of the Merger Consideration***

The Merger Agreement provides that, at the effective time of the Merger, each issued and outstanding share of Newco common stock (except for shares of Newco common stock held by Fortive, Newco, Altra or Merger Sub, which shares will be canceled and cease to exist, and no consideration will be delivered in exchange therefor) will be automatically converted into a number of shares of Altra common stock equal to (x) 35 million shares of Altra common stock divided by (y) the aggregate number of shares of Newco common stock issued and outstanding immediately prior to the effective time of the Merger. In addition, Newco will authorize the issuance of a number of shares of Newco common stock such that the total number of shares of Newco common stock outstanding immediately prior to the Distribution will be that number that results in the exchange ratio in the Merger equaling one. As a result, exchanging holders of Fortive common stock will be entitled to exchange their pro rata portion of such shares, and each share of Newco common stock (except for shares of Newco common stock held by Fortive, Newco, Altra or Merger Sub, which shares will be canceled and cease to exist, and no consideration will be delivered in exchange therefor) will be converted into one share of Altra common stock in the Merger. The calculation of the merger consideration as set forth in the Merger Agreement is expected to result, prior to the elimination of fractional shares, in pre-Merger holders of shares of Newco common stock and Newco Employees collectively holding approximately 54% of the outstanding equity interests of Altra on a fully-diluted basis upon completion of the Transactions and Altra's equityholders immediately prior to the Merger collectively holding approximately 46% of such equity interests on a fully-diluted basis.

No fractional shares of Altra common stock will be issued pursuant to the Merger. Any holder of shares of Newco common stock who would otherwise be entitled to receive a fraction of a share of Altra common stock (after aggregating all fractional shares issuable to such holder) will, in lieu of such fraction of a share, be paid in cash the dollar amount (rounded to the nearest whole cent), after deducting any required withholding taxes, on a pro rata basis, without interest, determined by multiplying such fraction by the closing price of a share of Altra common stock on Nasdaq on the last business day prior to the date on which the Merger becomes effective.

**Background of the Transactions**

Altra is a leading global designer, producer and marketer of a wide range of mechanical power transmission components. As part of Altra's strategy, Altra selectively pursues strategic acquisitions to strengthen its product portfolio, enhance its industry leadership, leverage fixed costs, expand its global footprint and create value in products and markets that it knows and understands. The Altra board of directors and executive management

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team regularly review and consider various strategic opportunities, prospects and industry developments, including acquisition and merger opportunities, in order to maximize value for Altra's stockholders. Consistent with Altra's strategy, the Altra board of directors and executive management team decided to pursue a potential combination with the A&S Business given such combination's ability to (i) increase Altra's size, economies of scale and geographic presence, (ii) diversify Altra's portfolio of capabilities, (iii) enhance Altra's end market positioning, (iv) add a leading business system to drive improvement in Altra's manufacturing, leadership and growth and (v) improve Altra's financial profile.

Fortive designs, develops, services, manufactures and markets professional and engineered products, software and services for a variety of end markets, building upon leading brand names, innovative technology and significant market positions. The A&S Business is comprised of Fortive's Portescap, Kollmorgen, Thomson and Jacobs Vehicle Systems operating companies, excluding Fortive's Hengstler and Dynapar businesses. As part of Fortive's strategy, the Fortive board of directors and senior management team regularly review Fortive's portfolio of businesses and assets to evaluate opportunities, including possible acquisition, disposition and merger opportunities, to align the portfolio with overall business strategy and to maximize value for Fortive's stockholders. Consistent with Fortive's portfolio strategy of increasing growth rate and reducing cyclicity, Fortive reviewed and considered from time to time various opportunities to enhance its portfolio through disposition of one or more portions of the A&S Business. Based on the strong strategic alignment between Altra and the A&S Business that would enhance the ability of Altra to drive further value of the A&S Business, the valuation of the A&S Business represented by the proposed combination, and the ability to effectuate the disposition of the A&S Business in a tax-efficient manner, Fortive elected to pursue the proposed combination of the A&S Business with Altra instead of pursuing other alternatives.

On October 24, 2017, at Fortive's request, Carl R. Christenson, Chairman and Chief Executive Officer of Altra, and Mitchell Rales, a director of Fortive, had a telephonic discussion regarding a potential combination of Altra and the A&S Business through a Reverse Morris Trust transaction. Mr. Christenson indicated that Altra would be interested in discussing a Reverse Morris Trust transaction further with James A. Lico, the President and Chief Executive Officer of Fortive. A Reverse Morris Trust transaction involves the spin-off or split-off distribution of a business to shareholders of the divesting party, immediately followed by the acquisition of such business by a counterparty in a merger. Subject to certain legal requirements, including that the distributing company's stockholders continue to own shares representing a majority stake in the combined business immediately following the merger, a Reverse Morris Trust transaction structure enables the divesting party to divest the business in a tax-efficient manner. The parties discussed structuring the Transactions as a Reverse Morris Trust (and did not discuss other structures) in view of the significant tax benefits to Fortive of a Reverse Morris Trust structure, together with the ability of Fortive stockholders to continue to own shares representing a majority stake in the combined company.

On October 25, 2017, at Fortive's request, Mr. Christenson and Mr. Lico had a telephonic discussion regarding a potential combination of Altra and the A&S Business through a Reverse Morris Trust transaction. Following the telephonic discussions between Messrs. Christenson and Lico, a representative of Fortive's financial advisor, UBS Securities LLC (UBS), sent a draft confidentiality agreement to Mr. Christenson. Members of Fortive's management team exchanged drafts of the confidentiality agreement with members of Altra's management team and representatives of Cravath, Swaine & Moore, LLP (Cravath) and Fortive and Altra executed the confidentiality agreement on October 27, 2017.

On October 27, 2017, members of Altra's executive management team and representatives of Altra's financial advisor, Goldman Sachs, met with representatives of UBS at Altra's offices in Braintree, Massachusetts. At this meeting, representatives of UBS discussed with Altra potential terms for a possible combination of Altra with the A&S Business through a Reverse Morris Trust transaction, which would include the combination of the A&S Business with Altra through a reverse triangular merger immediately following a spin-off or split-off of the A&S Business to

Fortive's stockholders, with consideration in the form of shares of Altra common stock, as well as cash proceeds and debt reduction to Fortive. In addition, representatives of UBS referenced a valuation of approximately \$3.3 billion of the A&S Business for discussion purposes, based on

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Fortive receiving cash and debt instruments with an aggregate value of approximately \$1.5 billion and Fortive stockholders (who participate in the Exchange Offer) receiving shares of Altra common stock having an aggregate value of approximately \$1.8 billion. Representatives of Altra did not comment on the proposed terms at such time and noted that they would potentially make a counterproposal after further consideration.

On November 6, 2017, members of Fortive's senior management team furnished selected historical financial information of the A&S Business to members of Altra's executive management team.

During a telephonic meeting of the Altra board of directors held on November 10, 2017, the Altra board of directors and members of Altra's executive management team discussed the A&S Business, the strategic rationale of the potential combination of Altra and the A&S Business, the terms proposed by UBS on behalf of Fortive (as discussed above) for such combination and the potential terms of a counterproposal by Altra to Fortive.

Between November 13 and December 4, 2017, representatives of Altra and representatives of Fortive discussed potential terms for the proposed combination of Altra and the A&S Business. During this period, members of Fortive's senior management team, representatives of Fortive's outside counsel, Skadden, Arps, Slate, Meagher & Flom LLP (Skadden), and representatives of UBS discussed the preparation of a virtual data room for Altra's diligence of the A&S Business, and members of Altra's executive management team, representatives of Cravath and representatives of Goldman Sachs discussed the preparation of an electronic data room for Fortive's diligence of Altra.

On November 14, 2017, members of Altra's executive management team met with members of Fortive's senior management team at the offices of UBS in New York to discuss the industrial logic and potential deal structure of the proposed combination of Altra and the A&S Business.

During a telephonic meeting of the Finance Committee of the Fortive board of directors (the Fortive Finance Committee) held on November 16, 2017, the Fortive Finance Committee and certain members of Fortive's senior management discussed the status of the negotiations with Altra on the potential combination of A&S Business with Altra, the alignment of the proposed combination with Fortive's overall portfolio strategies, potential financial terms of the combination, and a potential counterproposal by Fortive to Altra to address outstanding issues related to the Transactions.

During a telephonic meeting of Fortive Finance Committee held on November 29, 2017, Fortive Finance Committee and certain members of Fortive's senior management discussed the status of the negotiations with Altra and potential counterproposal by Fortive to Altra.

On December 4, 2017, Mr. Christenson met with a representative of UBS at Altra's offices in Braintree, Massachusetts to discuss perspectives on the value-creation opportunity of a combination of the A&S Business with Altra. In addition, the representative of UBS referenced a valuation of approximately \$3.1 billion of the A&S Business for discussion purposes, based on Fortive receiving cash and debt instruments of approximately \$1.4 billion and Fortive stockholders (who participate in the Exchange Offer) receiving shares of Altra common stock having an aggregate value of approximately \$1.7 billion.

On December 4, 2017, Mr. Christenson and James A. Lico, President and Chief Executive Officer of Fortive, had a telephonic discussion where they mutually concluded that sufficient progress had been made on a framework for the Transactions to begin mutual due diligence and preparation of the Transaction Documents.

On December 12, 2017, members of Altra's executive management team, representatives of Goldman Sachs, members of Fortive's senior management team and representatives of UBS met in Chicago to discuss their respective businesses

outlooks for 2018.

On December 18, 2017, representatives of Altra's counsel on due diligence matters, Holland & Knight LLP ( H&K ), and representatives of Cravath delivered a due diligence request list for Altra's diligence of the A&S

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Business to representatives of Fortive. Also on December 18, 2017, representatives of Goldman Sachs delivered a due diligence request list for Altra's diligence of the A&S Business to representatives of UBS. Additionally, representatives of UBS provided access to an electronic data room to representatives of Altra. From time to time, representatives of Fortive uploaded additional documents to the electronic data room and representatives of Altra reviewed these documents in the course of their due diligence of the A&S Business.

On December 18, 2017, representatives of Skadden delivered the first drafts of the Merger Agreement and the Separation Agreement to representatives of Cravath that reflected, among other things, the valuation of approximately \$3.1 billion of the A&S Business proposed by a representative of UBS to Mr. Christenson on December 4, 2017, based on Fortive receiving cash and debt instruments of approximately \$1.4 billion and Fortive stockholders (who participate in the Exchange Offer) receiving shares of Altra common stock having an aggregate value of approximately \$1.7 billion.

Between December 20, 2017 and March 7, 2018, representatives of Altra and Fortive, and their respective tax counsels at Cravath and Skadden, discussed transferring a portion of the A&S Business to Altra through the Direct Sales rather than the Merger.

On December 21, 2017, representatives of Fortive, Altra, Skadden and Cravath had a tax diligence call where Fortive first raised the possibility of transferring a portion of the A&S Business to Altra through the Direct Sales rather than the Merger.

On January 3, 2018, representatives of Skadden delivered first drafts of the Tax Matters Agreement and the Transition Services Agreement to representatives of Cravath. In addition, representatives of Goldman Sachs provided access to an electronic data room to representatives of Fortive. From time to time thereafter, representatives of Altra uploaded additional documents to the electronic data room and representatives of Fortive reviewed these documents in the course of their due diligence of Altra.

On January 4, 2018, representatives of Fortive, Altra, UBS and Goldman Sachs held a call to discuss financial projections furnished by Fortive for the A&S Business.

Between January 8 and January 11, 2018, members of Altra's executive management team conducted site visits at certain facilities of the A&S Business in North America and met with members of Jacobs Vehicle Systems management team, Kollmorgen's management team and Thomson's management team.

On January 16, 2018, representatives of Skadden delivered the first draft of the Employee Matters Agreement to representatives of Cravath.

Between January 17 and February 11, 2018, representatives of Cravath and other representatives of Altra engaged in various negotiations about the terms of the Merger Agreement, the Separation Agreement, the Employee Matters Agreement and the Tax Matters Agreement with representatives of Skadden and other representatives of Fortive. During this period, the parties identified but did not resolve a number of key items to be negotiated, including the consideration to be received by Fortive, the consequences for potential differences between the unaudited financial statements of the A&S Business provided prior to the signing of the Merger Agreement and the Separation Agreement and the audited financial statements of the A&S Business to be completed after the execution of such agreements, whether there would be a mechanism for post-closing cash, working capital and indebtedness adjustments, whether there would be committed financing, the termination rights and termination fees, certain employee matters, tax, environmental and indemnification matters, and the portion of the A&S Business to be transferred to Altra through the Direct Sales rather than the Merger.

During a telephonic meeting of the Altra board of directors held on January 18, 2018, Altra's executive management team provided a status update on Altra's due diligence of the A&S Business and an overview of the significant business and legal issues related to the Transactions. Representatives of Cravath reviewed the fiduciary duties of the Altra board of directors in relation to the Transactions.



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On January 25, 2018, Fortive delivered a draft of the tax step plan to representatives of Cravath. The step plan included the Direct Sales, which Skadden subsequently incorporated into revised drafts of the Merger Agreement and the Separation Agreement.

Between January 19 and January 26, 2018, members of Altra's executive management team conducted site visits at certain international facilities of the A&S Business and met with members of the Portescap management team.

During a meeting of Fortive board of directors held on January 23, 2018, certain members of Fortive's senior management provided an overview of the potential combination of A&S Business, including an overview of the businesses included within A&S Business, presentation on key terms proposed by Fortive to Altra, potential financial impact of the potential combination on Fortive, overview of Altra, the status of the discussions with Altra, and the alignment of the proposed combination with Fortive's overall portfolio strategies.

On January 30, 2018, representatives of Skadden sent the first draft of the IP License Agreement to representatives of Cravath. Representatives of Altra's accounting advisor, Deloitte & Touche LLP (Deloitte), performed financial and accounting due diligence on the A&S Business and financial due diligence on the expected synergies to be achieved by the combined company following completion of the Transactions, including conducting tax diligence calls on February 1 with representatives of Fortive, Altra, Skadden, Ernst & Young LLP (EY), UBS and Cravath and on February 27, 2018 with representatives of Fortive, Altra, Skadden, EY and UBS. Representatives of Fortive's accounting advisor, KPMG, LLP (KPMG), performed financial and accounting due diligence on Altra.

On February 5, 2018, members of Altra's executive management team and members of Fortive's senior management team had a telephonic discussion, and representatives of Goldman Sachs and representatives of UBS had a telephonic discussion, in each case, regarding significant unresolved business issues, including certain conditions related to deal certainty and protection, management of the process to obtain debt financing, the process for Altra's review of the Audited Financial Statements and the mechanism for calculating the Adjustment Payment.

On February 6, 2018, Altra shared projections for Altra and the A&S Business.

On February 7, 2018, representatives of Cravath sent drafts of the Transaction Documents to Skadden that, among other things, proposed an approximately \$3.0 billion valuation of the A&S Business, based on Fortive receiving cash and debt instruments with an aggregate value of approximately \$1.4 billion and Fortive stockholders (who participate in the Exchange Offer) receiving a fixed number of shares of Altra common stock having an aggregate value of approximately \$1.6 billion.

On February 8, 2018, representatives of Altra and representatives of Fortive had a telephonic discussion regarding the Altra share projections for Altra and the A&S Business.

On February 11, 2018, representatives of Skadden delivered a memorandum to representatives of Cravath. The memorandum set forth Fortive's proposal to address unresolved business and legal issues, including certain conditions related to deal protection and certainty, management of the process to obtain debt financing, the process for Altra's review of the Audited Financial Statements, the mechanism for calculating the Adjustment Payment and certain employee and tax matters. In addition, Fortive indicated a willingness to accept an approximately \$3.1 billion valuation of the A&S Business, based on Fortive receiving cash and debt instruments with an aggregate value of approximately \$1.4 billion and Fortive stockholders (who participate in the Exchange Offer) receiving a fixed number of shares of Altra common stock having an aggregate value of approximately \$1.7 billion.

During in-person meetings of the Altra board of directors held on February 12 and February 13, 2018, members of Altra's executive management team and the directors discussed the terms of Fortive's proposal.

On February 13, 2018, after the in-person meeting of the Altra board of directors, Mr. Christenson and Mr. Lico had a telephonic discussion regarding Fortive's proposal. At this meeting, Mr. Christenson informed

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Mr. Lico that Altra would not accept Fortive's proposal. Mr. Christenson and Mr. Lico agreed to continue negotiating the unresolved business and legal issues at in-person meetings among Altra, Fortive and their respective financial and legal advisors.

During a meeting of Fortive board of directors held on February 14, 2018, certain members of Fortive's senior management provided an overview of the status of the negotiations with Altra, the key terms proposed by Altra, and potential terms of a counterproposal by Fortive.

On February 20 and February 21, 2018, members of Altra's executive management team, representatives of Cravath and representatives of Goldman Sachs met with members of Fortive's senior management team, representatives of Skadden and representatives of UBS at Cravath's office in New York to continue negotiation of the unresolved business and legal issues. Progress was made in resolving some of the key issues, including that committed financing would be obtained, the general circumstances under which a termination fee would be payable by Altra and Fortive, the size of the parties' respective termination fees and a mechanism for post-closing cash, working capital and indebtedness adjustments, but unresolved issues remained, including the consideration to be received by Fortive, the consequences for potential differences between the unaudited financial statements of the A&S Business provided prior to the signing of the definitive agreements and the audited financial statements of the A&S Business to be completed after the execution of the definitive agreements, the portion of the A&S Business to be transferred to Altra through the Direct Sales rather than the Merger, and certain key employee matters and tax, environmental and indemnification matters.

On February 21, 2018, Altra engaged Joele Frank, Wilkinson Brimmer Katcher to serve as Altra's public relations advisor in connection with the Transactions.

On February 22, 2018, representatives of Altra and representatives of KBCM discussed KBCM providing a second fairness opinion on the Transactions to the Altra board of directors.

On February 24, 2018, Fortive provided KBCM access to an electronic data room prepared by Fortive.

On February 26, 2018, representatives of Davis Polk & Wardwell LLP, outside counsel to Goldman Sachs Bank USA, sent first drafts of the Commitment Letters and other applicable financing documents to representatives of Cravath. Between February 26 and March 7, 2018, Altra and Goldman Sachs Bank USA, and their respective legal advisors, negotiated the terms of the Commitment Letters and other financing documents.

On February 27, 2018, representatives of Skadden delivered the first drafts of Fortive's disclosure letter and schedules to the Separation Agreement to representatives of Cravath.

On February 28, 2018, representatives of Cravath and H&K delivered the first draft of Altra's disclosure letter to the Merger Agreement to representatives of Skadden.

During a telephonic meeting of the Fortive Finance Committee held on March 1, 2018, the Fortive Finance Committee and certain members of Fortive's senior management discussed the status of the negotiations with Altra, potential timing of the transactions, valuation considerations and a potential counterproposal by Fortive to Altra.

On March 1 and March 2, 2018, representatives of Altra and Fortive, and their respective legal advisors, met at Cravath's office in New York to continue negotiations of the terms of the Transaction Documents. Key issues that were resolved during this period included the consequences for potential differences between the unaudited financial statements of the A&S Business provided prior to the signing of the definitive agreements and the audited financial

statements of the A&S Business to be completed after the execution of the definitive agreements and the portion of the A&S Business to be transferred to Altra through the Direct Sales rather than the Merger. Additional issues were discussed but remained unresolved, including the marketing period for the financing, termination conditions and fees, certain employee and environmental liabilities and post-closing cash, working capital and indebtedness adjustments.

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Between March 3 and March 6, 2018, representatives of Altra and Fortive, and their respective legal advisors, continued to negotiate the terms of the Transaction Documents. Key issues that were resolved during this period included the consideration to be received by Fortive and its stockholders and certain employee matters, tax, environmental and indemnification matters. The parties agreed to an approximately \$3.0 billion valuation of the A&S Business, based on Fortive receiving cash and debt instruments of \$1.4 billion and Fortive stockholders receiving 35 million shares of Altra common stock with an aggregate value of \$1.6 billion based on the twenty-day VWAP of Altra common stock as of March 6, 2018. In addition, the parties completed their due diligence of each other.

During a telephonic meeting of the Fortive board of directors held on March 4, 2018, the Fortive board of directors and certain members of Fortive's senior management reviewed the proposed Transaction Documents and the proposed terms of the Transactions, including terms relating to valuation, risk allocation, tax implications, employee matters and deal structure. The Fortive board of directors and certain members of Fortive's senior management discussed the fiduciary duties of the Fortive board of directors in relation to the Transactions, the potential financial impact of the Transactions on Fortive, alignment of the Transactions with Fortive's portfolio strategies, the potential enhanced capacity for future acquisitions that may result from the Transactions, a summary of the results of due diligence on Altra conducted by Fortive and Skadden, potential incremental benefits to the A&S Business and its employees resulting from the Transactions and the potential timing of the Transactions. Following discussion with Fortive's executive management team, the Fortive board of directors unanimously determined that the Transactions, including the Distribution, the Merger and the Direct Sales, were advisable and in the best interests of Fortive and its stockholders, approved the Transaction Documents and the Transactions and approved certain other matters in connection with the Transactions.

On March 6, 2018, the Altra board of directors met in person in New York. At this meeting, the Altra board of directors reviewed the proposed structure and terms of the Transactions. During the discussion of the proposed structure and terms of the Transactions, representatives of Cravath reviewed the fiduciary duties of the Altra board of directors in relation to the Transactions and reviewed the Transaction Documents and the impact of the proposed Transactions on Altra. Representatives of Goldman Sachs delivered an oral opinion, subsequently confirmed in writing by delivery of a written opinion dated March 7, 2018, that as of the date of the written fairness opinion, and based upon and subject to the factors and assumptions set forth in such written fairness opinion, the Consideration (as such term is defined in Opinion of Goldman Sachs & Co. LLC) to be paid by Altra pursuant to the Merger Agreement was fair from a financial point of view to Altra. Representatives of KBCM delivered an oral opinion, subsequently confirmed in writing by delivery of a written opinion dated March 6, 2018, that as of the date of the written fairness opinion, and based upon and subject to the factors and assumptions set forth in such written fairness opinion, the Consideration (as such term is defined in Opinion of Key Banc Capital Markets Inc.) to be paid by Altra pursuant to the Merger Agreement was fair from a financial point of view to Altra. Following discussion with Altra's executive management team and Altra's legal and financial advisors, the Altra board of directors unanimously determined that the Transactions, including the Merger, the Direct Sales, the Share Issuance and the Charter Amendment, were advisable and in the best interests of Altra and its stockholders, approved the Transaction Documents and the Transactions, approved, authorized and adopted the Charter Amendment and recommended that Altra stockholders approve the Share Issuance and the Charter Amendment and approved certain other matters in connection with the Transactions.

On March 6, 2018, representatives of Skadden delivered schedules to the Merger Agreement to representatives of Cravath.

Following their respective board meetings, representatives of Altra and Fortive, and their respective legal advisors, continued negotiating remaining open issues and finalizing the Transaction Documents.

On the morning of March 7, 2018, before the opening of trading on Nasdaq and the NYSE, the parties entered into the Merger Agreement, the Separation Agreement, the Employee Matters Agreement and other applicable agreements related to the Transactions, and Altra and Fortive issued press releases announcing the Transactions.

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**Altra's Reasons for the Transactions**

In reaching its decision to approve the Transaction Documents and the Transactions and recommend that Altra stockholders approve the Share Issuance and the Charter Amendment, the Altra board of directors considered, among other things, the strategic and financial benefits that could be achieved by combining Altra and the A&S Business relative to the future prospects of Altra on a stand-alone basis, the relative actual results of operations and prospects of Altra and of the A&S Business and synergies expected to be realized in the combination, as well as other alternatives that may be available to Altra, and the risks and uncertainties associated with the Transactions and with such alternatives.

In that process, the Altra board of directors consulted with its financial and legal advisors and considered the following factors as generally supporting its decision to approve the Transaction Documents and the Transactions and recommend that Altra stockholders approve the Share Issuance and the Charter Amendment:

the increased size, economies of scale, geographic presence and total capabilities of Altra after the Transactions, which are expected to enable Altra to improve its cost structure and increase profitability;

the complementary asset portfolios and strengths of Altra and the A&S Business and the expectation that the combination with the A&S Business would diversify Altra's mix of product offerings, including the A&S Business's electric, electronic and software content in precision motion control, such as engineered servo-motors, direct drive and linear automation;

the expectation that Altra would maintain broad market presence, with an enhanced position in medical, advanced material handling and robotics end-markets and reduced relative exposure to more cyclical end-markets, such as mining, renewable energy and oil and gas;

the expectation that Altra would achieve approximately \$46 million of estimated annual cost synergies anticipated to be realized within four years from the consummation of the Transactions as a result of anticipated enhanced strategic flexibility and scale and application of the A&S Business's supply chain expertise and the combination of best practices associated with the Fortive Business System and Altra's Operational Excellence Program, and the expectation that if Altra and the A&S Business are able to expand existing products into additional geographies and end-markets, potential revenue synergies resulting in approximately \$6 million of additional annual operating income may be achievable within four years following the consummation of the Transactions;

the expectation that the A&S Business employees' experience with and knowledge of the established Fortive Business System tools will drive improvement in manufacturing, leadership and growth, and enhance Altra's ability to achieve its strategic objectives with respect to its existing business and the businesses of the combined company;

the expectation that the cash flow from the combined businesses after the Transactions would be strong enough to allow Altra to maintain its current annual dividend and to repay indebtedness incurred to finance the Transactions;

the expectation that the combination with the A&S Business would enhance Altra's overall credit quality over time;

the significant increase in total equity market capitalization of Altra, which could increase the trading volume, and therefore, the liquidity, of Altra's common stock;

the fact that a significant portion of the consideration payable by Altra in the Transaction consists of Altra's common stock, enabling Altra to acquire the A&S Business without incurring the additional indebtedness that would be required to fund an all-cash transaction;

the oral opinion of Goldman Sachs rendered to the Altra board of directors on March 6, 2018, subsequently confirmed in writing by delivery of a written opinion dated March 7, 2018, that, as of the date of the written fairness opinion and based upon and subject to the factors and assumptions set forth in



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such written fairness opinion, the Consideration (as such term is defined below in Opinion of Goldman Sachs & Co. LLC ) to be paid by Altra pursuant to the Merger Agreement was fair from a financial point of view to Altra, as more fully described below in Opinion of Goldman Sachs & Co. LLC;

the oral opinion of KBCM rendered to the Altra board of directors on March 6, 2018, subsequently confirmed in writing by delivery of a written opinion dated March 6, 2018, that, as of the date of the written fairness opinion and based upon and subject to the factors and assumptions set forth in such written fairness opinion, the Consideration (as such term is defined below in Opinion of KeyBanc Capital Markets Inc. ) to be paid by Altra pursuant to the Merger Agreement was fair from a financial point of view to Altra, as more fully described below in Opinion of KeyBanc Capital Markets Inc.;

the fact that the Altra board of directors following the closing of the Transactions would be composed of all of the current directors of Altra and one additional director designated by Fortive;

the fact that the management team of Altra, following the closing of the Transactions, would continue to be led by Altra's Chairman and Chief Executive Officer, Altra's Chief Financial Officer would remain in that office and Altra's senior management team would be expanded to include employees from Altra and the A&S Business;

the fact that the Merger Agreement and the other Transaction Documents and the aggregate consideration to be paid by Altra pursuant to the Merger Agreement were the result of arms-length negotiations between representatives of Altra and Fortive;

the ability of the Altra board of directors, subject to the payment of a termination fee, to withdraw or modify its recommendation that Altra's stockholders approve the Share Issuance and the Charter Amendment, and terminate the Merger Agreement, in certain limited circumstances;

the ability of Altra to negotiate directly with Fortive to combine Altra with the A&S Business; and

the expectation that Altra's experience with acquiring and integrating businesses and growing larger companies will enhance Altra's ability to integrate the A&S Business and grow the combined company.

The Altra board of directors also considered certain countervailing factors in its deliberations concerning the Merger and the other Transactions, including:

the dilution of the ownership interests of Altra's current stockholders that would result from the issuance of Altra common stock in the Merger;

the challenges and difficulties, foreseen and unforeseen, relating to the separation of the A&S Business from the other businesses of Fortive and the integration of the A&S Business with Altra's operations, given the size of the A&S Business relative to Altra and its operations;

the possibility that the increased revenues, earnings and synergies expected to result from the Transactions would fail to materialize or may not be realized within the expected time frame;

the significant, one-time costs expected to be incurred in connection with the Transactions, including approximately \$85 to \$95 million in transaction-related costs (of which \$45 to \$50 million will be capitalized) and approximately \$24 million in incremental capital expenditures during the first four years following the consummation of the Transactions that Altra management believes are necessary to realize the anticipated synergies from the Transactions;

the risk that the Transactions and the integration process may divert management attention and resources away from other strategic opportunities and from operational matters;

the substantial increase in Altra's indebtedness that is expected to result from the Transactions and the related financing transactions;

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the risk that the combined company may be more adversely affected by an economic downturn than Altra would have been on a stand-alone basis because of the increased level of indebtedness incurred by Altra in connection with the Transactions;

the fact that, in order to preserve the tax-free treatment of the spin-off and related transactions (including certain transactions undertaken as part of the Internal Restructuring), Altra would be required to abide by certain restrictions that could limit its ability to engage in certain future business transactions that might be advantageous;

the fact that, under the Tax Matters Agreement, Altra may be required to indemnify Fortive for taxes incurred by Fortive or any subsidiary of Fortive by reason of the breach after the consummation of the Transactions by Newco of any of its representations, warranties or covenants under the Tax Matters Agreement;

the fact that certain provisions of the Merger Agreement may dissuade third parties from seeking to acquire Altra or otherwise increase the cost of any potential acquisition;

the fact that under the Merger Agreement, Altra may be required to pay Fortive a termination fee or reimburse Fortive for certain expenses under certain circumstances;

the risks inherent in requesting regulatory approval from multiple government agencies in multiple jurisdictions, as more fully described in the section entitled Regulatory Approvals, or that governmental authorities could attempt to condition their approval of the Transactions on compliance with certain burdensome conditions or that regulatory approvals may be delayed;

the risk that the Transactions may not be completed in a timely manner or at all and the potential adverse consequences, including substantial costs that would be incurred and potential damage to Altra's reputation, if the Transactions are not completed;

the historically cyclical nature of the heavy-duty truck end-market; and

other risks of the type and nature described in the section entitled Risk Factors.

The foregoing discussion of the information and factors considered by the Altra board of directors is not exhaustive, but includes the material factors considered by the Altra board of directors, including factors that support the Transactions as well as those that weigh against them. In view of the wide variety of factors considered by the Altra board of directors in connection with its evaluation of the Transactions and the complexity of these matters, the Altra board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. Rather, the Altra board of directors based its recommendation on the totality of the information presented to and considered by it. The Altra board of directors evaluated the factors described above with the assistance of Altra management and its legal and financial advisors. In

considering the factors described above, individual members of the Altra board of directors may have given different weights to other or different factors.

This explanation of the factors considered by the Altra board of directors is in part forward-looking in nature and, therefore, should be read in light of the factors discussed in the sections of this document entitled **Cautionary Statement on Forward-Looking Statements** and **Risk Factors**.

After careful consideration, the Altra board of directors resolved that the Transactions, including the Merger, the Share Issuance and the Charter Amendment, are advisable and in the best interests of Altra and its stockholders and approved the Transaction Documents and the Transactions.

**Opinion of Goldman Sachs & Co. LLC**

Goldman Sachs rendered its oral opinion to the Altra board of directors on March 6, 2018, subsequently confirmed in writing by delivery of a written opinion dated March 7, 2018, that, as of the date of the written

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fairness opinion and based upon and subject to the factors and assumptions set forth therein, the Consideration to be paid by Altra pursuant to the Merger Agreement was fair from a financial point of view to Altra. For purposes of Goldman Sachs' financial analyses and opinion, the term "Consideration" means the Direct Sales Purchase Price (as defined in the Merger Agreement) and the 35,000,000 shares of Altra common stock to be issued in the aggregate to holders of shares of Newco common stock in connection with the Merger, as adjusted by (i) the Adjustment Payment and, if applicable, the Adjustment Excess or the Altra Share Amount Reduction (each as defined in the section of this document entitled "The Merger Agreement - The Adjustment Payment") (collectively, the "Section 1.16 Adjustment Payments") and (ii) Section 3.5(f) of the Separation Agreement.

**The full text of the written opinion of Goldman Sachs, dated March 7, 2018, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached hereto as Annex G. Goldman Sachs provided its opinion for the information and assistance of the Altra board of directors in connection with its consideration of the Transactions. The Goldman Sachs opinion is not a recommendation as to how any holder of shares of Altra common stock should vote with respect to the Transactions or any other matter.**

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the Merger Agreement;

the Separation Agreement;

the annual reports to stockholders and Annual Reports on Form 10-K of Altra for the five years ended December 31, 2017;

the annual reports to stockholders and Annual Reports on Form 10-K of Fortive for the two years ended December 31, 2017;

the Registration Statement on Form 10, including the information statement contained therein, dated December 3, 2015, as amended, relating to the spin-off of Fortive from Danaher;

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Altra and Fortive;

certain other communications from Altra and Fortive to their respective stockholders;

certain publicly available research analyst reports for Altra and Fortive;

certain unaudited historical financial information relating to the A&S Business prepared by the management of Fortive;

the Fortive Provided Financial Projections;

the A&S Business Financial Projections, the Altra Financial Projections, certain internal financial analyses and forecasts for Altra standalone and pro forma for the Transactions and certain financial analyses and forecasts for the A&S Business, in each case, as prepared by the management of Altra and approved for Goldman Sachs use by Altra (the Forecasts );

certain operating synergies projected by the management of Altra to result from the Transactions, as approved for Goldman Sachs use by Altra (the Synergies ); and

an estimate of the amount of the Section 1.16 Adjustment Payments prepared by the management of Altra and approved for Goldman Sachs use by Altra (the Adjustment Estimate ).

Goldman Sachs also held discussions with members of the senior managements of Altra and Fortive regarding their assessment of the past and current business operations, financial condition and future prospects of the A&S Business, and with the members of senior management of Altra regarding their assessment of the past and current business operations, financial condition and future prospects of Altra and the strategic rationale for,

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and the potential benefits of, the Transactions; reviewed the reported price and trading activity for the shares of Altra common stock and the shares of Fortive common stock; compared certain financial information for Newco and certain financial and stock market information for Altra with similar financial and stock market information for certain other companies the securities of which are publicly traded; and performed such other studies and analyses, and considered such other factors, as it deemed appropriate.

For purposes of rendering its opinion, Goldman Sachs, with Altra's consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, it, without assuming any responsibility for independent verification thereof. In that regard, Goldman Sachs assumed with Altra's consent that the Forecasts, the Synergies and the Adjustment Estimate were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Altra. Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of Altra, Newco or Fortive or any of their respective subsidiaries and it was not furnished with any such evaluation or appraisal. Goldman Sachs assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transactions will be obtained without any adverse effect on Altra, Newco or Fortive or on the expected benefits of the Transactions in any way meaningful to its analysis. Goldman Sachs has also assumed that the Transactions will be consummated on the terms set forth in the Merger Agreement and Separation Agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis.

Goldman Sachs' opinion does not address the underlying business decision of Altra to engage in the Transactions, or the relative merits of the Transactions as compared to any strategic alternatives that may be available to Altra; nor does it address any legal, regulatory, tax or accounting matters. Goldman Sachs' opinion addresses only the fairness from a financial point of view to Altra, as of the date of the opinion, of the Consideration to be paid by Altra pursuant to the Merger Agreement. Goldman Sachs' opinion does not express any view on, and does not address, any other term or aspect of the Merger Agreement or Separation Agreement or the Transactions or any term or aspect of any other agreement or instrument contemplated by the Merger Agreement or Separation Agreement or entered into or amended in connection with the Transactions, including, without limitation, any allocation of the Consideration, the Internal Restructuring, the Issuance, the Debt Exchange, the Distribution or any indemnification or adjustments contemplated by the Agreements; the fairness of the Transactions to, or any consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of Altra; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Altra, Newco or Fortive, or any class of such persons, in connection with the Transactions, whether relative to the Consideration to be paid by Altra pursuant to the Merger Agreement or otherwise. Goldman Sachs' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion. In addition, Goldman Sachs did not express any opinion as to the prices at which shares of Altra common stock will trade at any time or as to the impact of the Transactions on the solvency or viability of Altra, Newco or Fortive or the ability of Altra, Newco or Fortive to pay their respective obligations when they come due. Goldman Sachs' opinion was approved by a fairness committee of Goldman Sachs.

The following is a summary of the material financial analyses delivered by Goldman Sachs to the Altra board of directors in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses.

Except as otherwise noted, the following quantitative information, to the



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extent that it is based on market data, is based on market data as it existed on or before March 2, 2018 and is not necessarily indicative of current market conditions.

**Financial Analyses of the A&S Business**

*Analysis of Implied Transaction Multiples.* Goldman Sachs calculated \$2,930 million as the implied enterprise value ( EV ) of the A&S Business by adding \$1,400 million of cash and Newco debt instruments to be received by Fortive to the implied equity consideration in the Transactions of \$1,530 million, based on the price per share of Altra common stock of \$43.70 as of March 2, 2017 and a total of 35,000,000 shares of Altra common stock to be issued to stockholders of Newco pursuant to the Merger Agreement. Goldman Sachs also derived the implied equity consideration and implied EV for the A&S Business based on the five-, ten- and twenty-day VWAP for Altra common stock as of March 2, 2018 of \$44.16, \$44.71 and \$45.60, respectively. Goldman Sachs then calculated these EVs as a multiple of the A&S Business's projected earnings before interest, taxes, depreciation and amortization ( EBITDA and such multiple, EV/EBITDA ) for 2017, 2018 and 2019, based on the Forecasts and the Synergies. The following table presents the results of this analysis:

		Closing EBITDA	5-Day Share Price	10-Day VWAP	20-Day VWAP	20-Day VWAP
		(in millions)	(as of March 2, 2018)			
EV/EBITDA	2017A	\$ 220	13.3x	13.4x	13.5x	13.6x
	2018E	\$ 238	12.3x	12.4x	12.5x	12.6x
	2019E	\$ 243	12.1x	12.1x	12.2x	12.3x
EV/EBITDA (including Synergies)	2017A	\$ 272	10.8x	10.8x	10.9x	11.0x
	2018E	\$ 290	10.1x	10.2x	10.2x	10.3x
	2019E	\$ 295	9.9x	10.0x	10.1x	10.2x

*Selected Companies Analysis.* Goldman Sachs reviewed and compared certain financial information and public market multiples for the following publicly traded companies in the power transmission and automation industry, the product profiles and operations of which Goldman Sachs deemed similar for purposes of this analysis, based on its professional judgment and experience, to certain product profiles and operations of the A&S Business (collectively referred to as the Power Transmission Selected Companies ):

Regal Beloit Corporation

Aktiebolaget SKF

RBC Bearings Incorporated

Kaman Corporation

Rexnord Corporation

The Timken Company

Honeywell International Inc.

Rockwell Automation, Inc.

Goldman Sachs also reviewed and compared certain financial information and public market multiples for the following high-margin publicly traded companies in the industrials sector, the operations and margins and other financial characteristics of which Goldman Sachs deemed similar for purposes of this analysis, based on its professional judgment and experience, to certain operations and margins and other financial characteristics of the A&S Business (collectively referred to as the High Margin Selected Companies ):

Ametek, Inc.

Barnes Group, Inc.

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Fortive

Graco Inc.

IDEX Corporation

MSA Safety Incorporated

Nordson Corporation

Although none of the selected companies is directly comparable to the A&S Business, the companies included were chosen because they are publicly traded companies that, for the purposes of analysis, may be considered similar to certain operations of the A&S Business.

Goldman Sachs calculated and reviewed various public market multiples for Altra, Fortive, the Power Transmission Selected Companies and High Margin Selected Companies based on information from publicly available historical data, publicly available market data, certain Institutional Brokers Estimate System consensus estimates ( IBES Estimates ) and, for Altra, also the Forecasts, in each case for 2017 and 2018.

Goldman Sachs calculated the public market multiples by dividing the EV for each company (based on the price per share of each company's stock as of March 2, 2018 and the latest available net debt for each company) by EBITDA for 2017 and 2018 for Altra, Fortive, the Power Transmission Selected Companies and the High Margin Selected Companies. The following table presents the results of this analysis:

		EV/EBITDA	
		2017A	2018E
Altra	<i>IBES Estimates</i>	12.0x	10.8x
	<i>Forecasts</i>		11.0x
Fortive	<i>Forecasts</i>	19.1x	16.8x
Median of Power Transmission Selected Companies	<i>IBES Estimates</i>	11.9x	10.8x
Median of High Margin Selected Companies	<i>IBES Estimates</i>	17.3x	15.7x

*Selected Transactions Analysis - Power Transmission Selected Transactions.* Goldman Sachs analyzed certain publicly available information relating to transactions in the power transmission, motion control and automation industry (the Power Transmission Selected Transactions ) during the ten years ended on March 2, 2018.

Goldman Sachs also deemed certain of the Power Transmission Selected Transactions as having high relative business comparability (the High Comparability Selected Transactions ) due to the comparability of the product profile and markets served of the target companies in the selected transactions, based on its professional judgment and experience, to the A&S Business.

For each of the Power Transmission Selected Transactions and the High Comparability Selected Transactions, Goldman Sachs calculated and compared the EV of the target company or business segment, as applicable, as implied by the transaction value, as a multiple of the target company or business segment's EBITDA, based on publicly

available information for the last twelve-month period prior to the announcement of the transaction ( EV/LTM EBITDA ). The Power Transmission Selected Transactions, the High Comparability Selected Transactions and the EV/LTM EBITDA multiples calculated for the transactions are set forth below.

While none of the companies or business segments that participated in the Power Transmission Selected Transactions and the High Comparability Selected Transactions is directly comparable to the A&S Business, the companies and business segments that participated in the Power Transmission Selected Transactions and the High Comparability Selected Transactions are companies and business segments with operations that, for

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purposes of analysis, may be considered similar to certain of the A&S Business's operations, end markets and product profiles.

<b>Date Announced</b>	<b>Acquiror</b>	<b>Target</b>	<b>EV/LTM EBITDA</b>	<b>Relative Business Comparability</b>
September 2017	Circor International, Inc.	Colfax Corporation (Fluid Handling)	12.4x	
December 2016	Parker-Hannifin Corporation	CLARCOR Inc.	17.0x	
August 2016	Emerson Electric Co.	Pentair plc (Valves & Controls)	14.1x	
August 2016	Midea Group Co.	Kuka AG	18.2x	High
August 2016	Nidec Corporation	Emerson Electric Co. (Motors & Drives)	6.9x	
February 2015	RBC Bearings Incorporated	Sargent Aerospace & Defense	13.3x	High
December 2014	Regal Beloit Corporation	Emerson Electric Co. (Power Transmission)	11.7x	High
April 2014	Blackstone Group	Gates Global Inc.	9.6x	
September 2013	Aktiebolaget SKF	Kaydon Corporation	12.8x	High
March 2013	Kohlberg Kravis Roberts & Co. L.P.	Gardner Denver, Inc.	8.1x	
August 2012	National Oilwell Varco Inc.	Robbins & Myers Inc.	9.4x	
March 2012	Pentair Inc.	Tyco International (Flow Control)	11.3x	
September 2011	Colfax Corporation	Charter International plc	11.5x	
August 2011	SPX Corporation	ClydeUnion Pumps	12.0x	
March 2011	General Electric Co.	Converteam	14.9x	
December 2010	Regal Beloit Corporation	A.O. Smith Corporation (Electrical Products)	8.9x	
November 2010	ABB Ltd	Baldor Electric Company	11.1x	High

	<b>EV/LTM EBITDA</b>
Median (Power Transmission Selected Transactions)	11.7x
Median (High Comparability Selected Transactions)	12.8x

*Selected Transactions Analysis - High Quality/High Margin Selected Transactions.* Goldman Sachs also analyzed certain publicly available information relating to recent transactions in the industrials sector involving target companies that have high quality margin and/or other financial characteristics (the High Quality/High Margin Selected Transactions).

For each of the High Quality/High Margin Selected Transactions, Goldman Sachs calculated and compared the EV/LTM EBITDA for the target company or business segment, as applicable. The High Quality/High Margin Selected Transactions and the EV/LTM EBITDA multiples calculated for the transactions are set forth below.

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While none of the companies or business segments that participated in the High Quality/High Margin Selected Transactions is directly comparable to the A&S Business, the companies and business segments that participated in the High Quality/High Margin Selected Transactions are companies and business segments with operations that, for purposes of analysis, may be considered similar to certain of the A&S Business's financial results and market positions.

<b>Date Announced</b>	<b>Acquiror</b>	<b>Target</b>	<b>EV/LTM EBITDA</b>
September 2017	Northrop Grumman Corporation	Orbital ATK, Inc.	15.2x
September 2017	United Technologies Corp.	Rockwell Collins, Inc.	13.9x
August 2017	Mexichem, S.A.B. de C.V.	Netafim, Ltd.	16.4x
April 2017	Hitachi Ltd.	Sullair	19.3x
March 2017	3M Co.	Scott Safety	12.9x
December 2016	Parker-Hannifin Corporation	CLARCOR Inc.	17.0x
October 2016	Rockwell Collins, Inc.	B/E Aerospace, Inc.	13.6x
October 2016	Stanley Black & Decker Inc.	Newell Brands, Inc.	~13.0x
		(Tools Business)	
August 2016	Emerson Electric Co.	Pentair plc (Valves & Controls)	14.1x
August 2015	Pentair plc	ERICO Global Co.	~12.0x
August 2015	Berkshire Hathaway Inc.	Precision Castparts Corp.	13.1x
July 2015	Honeywell Inc.	Elster	12.6x
June 2015	3M Co	Capital Safety	~14.0x
May 2015	Danaher Corporation	Pall Corporation	20.8x
March 2015	Brother Industries, Ltd.	Domino Printing Sciences plc	15.7x

	<b>EV/LTM EBITDA</b>
Median (High Quality/High Margin Selected Transactions)	14.0x

*Illustrative Discounted Cash Flow Analysis.* Using the Forecasts, Goldman Sachs performed an illustrative discounted cash flow analysis for the A&S Business. Using discount rates ranging from 8.0% to 10.0%, reflecting estimates of the A&S Business's weighted average cost of capital and derived by application of the Capital Asset Pricing Model, which requires certain company-specific inputs, including the company's target capital structure weightings, the cost of long-term debt, after-tax yield on permanent excess cash, if any, future applicable marginal cash tax rate and a beta for the company, as well as certain financial metrics for the United States financial markets generally, Goldman Sachs discounted to present value as of December 31, 2017 (i) estimates of unlevered free cash flow for the A&S Business for 2018 through 2022 as reflected in the Forecasts and (ii) a range of illustrative terminal values for the A&S Business, which was calculated by applying a last twelve months' EBITDA multiple ranging from 13.0x to 16.0x to the terminal year estimate of the last twelve months of EBITDA for the A&S Business, as reflected in the Forecasts. Goldman Sachs estimated the last twelve months' EBITDA multiple range utilizing its professional judgment and experience, taking into account historical last twelve months' EV/EBITDA multiples for Altra, certain Power Transmission Selected Companies and certain High Margin Selected Companies. Goldman Sachs then added the

ranges of present values it derived above to derive a range of illustrative EVs for the A&S Business ranging from \$2,715 million to \$3,476 million.

***Financial Analyses of Altra (Standalone)***

*Illustrative Discounted Cash Flow Analysis.* Using the Forecasts, Goldman Sachs performed an illustrative discounted cash flow analysis for Altra on a standalone basis. Using discount rates ranging from 10.0% to 12.0%, reflecting estimates of Altra's standalone weighted average cost of capital and derived by application of the

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Capital Asset Pricing Model, which requires certain company-specific inputs, including the company's target capital structure weightings, the cost of long-term debt, after-tax yield on permanent excess cash, if any, future applicable marginal cash tax rate and a beta for the company, as well as certain financial metrics for the United States financial markets generally, Goldman Sachs discounted to present value as of December 31, 2017 (i) estimates of unlevered free cash flow for Altra for 2018 through 2022 as reflected in the Forecasts and (ii) a range of illustrative terminal values for Altra, which was calculated by applying a last twelve months EBITDA multiple ranging from 11.0x to 14.0x to the terminal year estimate of the last twelve months of EBITDA for Altra, as reflected in the Forecasts. Goldman Sachs estimated the last twelve months EBITDA multiple range utilizing its professional judgment and experience, taking into account current and historical last twelve months EV/EBITDA multiples for Altra. Goldman Sachs derived ranges of illustrative EVs for Altra by adding the ranges of present values it derived above. Goldman Sachs then subtracted the amount of Altra's net debt as well as the value of certain pension liabilities, as of December 31, 2017, both as provided by the management of Altra, from the range of illustrative EVs it derived for Altra to derive a range of illustrative equity values for Altra. Goldman Sachs then divided the range of illustrative equity values it derived by the number of fully diluted outstanding shares of Altra common stock, as provided by the management of Altra, to derive a range of illustrative present values per share of Altra common stock ranging from \$46.36 to \$63.48.

*Illustrative Present Value of Future Share Price Analysis.* Goldman Sachs performed an illustrative analysis of the implied present value of an illustrative future value per share of Altra common stock on a standalone basis, which is designed to provide an indication of the present value of a theoretical future value of a company's equity as a function of such company's financial multiples. For purposes of this analysis, Goldman Sachs applied an illustrative range of next twelve months EV/EBITDA multiples of 10.0x to 13.0x to the estimated standalone next twelve months EBITDA of Altra at the end of each of the years 2019 to 2021 using the Forecasts. Goldman Sachs estimated the illustrative range of next twelve months EV/EBITDA multiples utilizing its professional judgment and experience, taking into account current and historical next twelve months EV/EBITDA multiples for Altra. Goldman Sachs then subtracted the amount of Altra's standalone debt from, and added the assumed amount of Altra's standalone cash and cash equivalents to, in each case as of the relevant year-end per the Forecasts, the illustrative EVs in order to calculate the implied future equity values of Altra. The implied future equity values in turn were divided by the number of fully diluted shares of Altra common stock as of March 2, 2018, as provided by the management of Altra. Goldman Sachs then discounted these implied future values per share of Altra common stock for the years 2019 through 2021, respectively, back to December 31, 2017 using a discount rate of 12.3%, reflecting an estimate of the standalone cost of equity for Altra. Goldman Sachs derived such discount rate by application of the Capital Asset Pricing Model, which requires certain company-specific inputs, including a beta for the company, as well as certain financial metrics for the United States financial markets generally. Goldman Sachs then, for each of the years 2019 to 2021, used the same illustrative discount rate to discount the future values per share of projected dividends, estimated at 30% of Altra's standalone net income each year, per the management of Altra, back to December 31, 2017. Goldman Sachs then derived the implied present value per share of Altra common stock on a standalone basis by adding such implied present value of projected dividends to the range of present values it derived before. The following table represents the results of Goldman Sachs' analysis:

<b>Implied Standalone Present Value Per Share of Altra Common Stock Using Illustrative EV/EBITDA Multiples of 10.0x to 13.0x</b>		
2019E	\$	46.38 - \$60.79
2020E	\$	46.42 - \$59.99



2021E	\$	46.09 - \$58.75
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***Financial Analysis of Altra (Pro Forma for the Transactions)***

*Illustrative Discounted Cash Flow Analysis.* Using the Forecasts and the Synergies, Goldman Sachs also performed an illustrative discounted cash flow analysis on Altra pro forma for the Transactions (after giving effect to the Synergies). Using discount rates ranging from 8.5% to 10.5%, reflecting estimates of Altra's pro

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forma weighted average cost of capital and derived by application of the Capital Asset Pricing Model, which requires certain company-specific inputs, including the company's target capital structure weightings, the cost of long-term debt, after-tax yield on permanent excess cash, if any, future applicable marginal cash tax rate and a beta for the company, as well as certain financial metrics for the United States financial markets generally, Goldman Sachs discounted to present value as of December 31, 2017 (i) estimates of pro forma unlevered free cash flow for Altra for 2018 through 2022, as reflected in the Forecasts, inclusive of the Synergies, and (ii) a range of illustrative pro forma terminal values for Altra, which was calculated by applying a last twelve months EBITDA multiple ranging from 12.0x to 15.0x to the terminal year estimate of the last twelve months of EBITDA for Altra, pro forma for the Transactions, as reflected in the Forecasts, inclusive of the Synergies. Goldman Sachs derived the pro forma terminal year last twelve months EV/EBITDA multiples based on the weighted contribution of the illustrative Altra standalone last twelve months EV/EBITDA range of 11.0x to 14.0x and the illustrative A&S Business's last twelve months EV/EBITDA range of 13.0x to 16.0x. Goldman Sachs estimated the illustrative Altra standalone last twelve months EV/EBITDA multiple range utilizing its professional judgment and experience, taking into account current and historical last twelve months EV/EBITDA multiples for Altra. Goldman Sachs estimated the illustrative A&S Business's last twelve months EV/EBITDA multiple range utilizing its professional judgment and experience, taking into account historical last twelve months EV/EBITDA multiples for Altra, certain Power Transmission Selected Companies and certain High Margin Selected Companies. Goldman Sachs derived ranges of illustrative EVs for Altra by adding the ranges of present values it derived above. Goldman Sachs then subtracted the amount of Altra's adjusted net debt pro forma for the Transactions as well as the value of certain Altra pension liabilities, both as provided by the management of Altra, from the range of illustrative EVs it derived for Altra to derive a range of illustrative equity values for Altra. Goldman Sachs then divided the range of illustrative equity values it derived by the number of fully diluted shares of Altra common stock pro forma for the Transactions, as provided by the management of Altra, to derive a range of illustrative present values per share of Altra common stock pro forma for the Transactions. This analysis indicated that the range of illustrative present values per share of Altra common stock pro forma for the Transactions ranged from \$47.84 to \$69.86.

*Illustrative Present Value of Future Share Price Analysis.* Goldman Sachs also performed an illustrative analysis of the implied present value of an illustrative future value per share of Altra common stock pro forma for the Transactions. For purposes of this analysis, Goldman Sachs applied an illustrative range of next twelve months EV/EBITDA multiples of 11.5x to 14.5x to the estimated next twelve months EBITDA of Altra pro forma for the Transactions at the end of each of the years 2019 to 2021 using the Forecasts and the Synergies. Goldman Sachs derived the next twelve months EV/EBITDA multiples based on the weighted contribution of the illustrative Altra standalone next twelve months EV/EBITDA range of 10.0x to 13.0x and the illustrative A&S Business standalone next twelve months EV/EBITDA range of 12.0x to 15.0x. Goldman Sachs estimated the illustrative Altra standalone next twelve months EV/EBITDA multiple range utilizing its professional judgment and experience, taking into account current and historical next twelve months EV/EBITDA multiples for Altra. Goldman Sachs estimated the range of illustrative A&S Business standalone next twelve months EV/EBITDA multiple range utilizing its professional judgment and experience, taking into account current next twelve months EV/EBITDA multiples for Altra, certain Power Transmission Selected Companies and certain High Margin Selected Companies. Goldman Sachs then subtracted the amount of Altra's debt from, and added the assumed amount of Altra's cash and cash equivalents to, in each case pro forma for the Transactions and as of the relevant year-end per the Forecasts and the Synergies, the illustrative EVs in order to calculate the implied future equity values of Altra. The implied future equity values in turn were divided by the number of fully diluted shares of Altra common stock pro forma for the Transactions, as provided by the management of Altra. Goldman Sachs then discounted these implied future values per share of Altra common stock for the years 2019 through 2021, respectively, back to December 31, 2017 using a discount rate of 11.3%, reflecting an estimate of the pro forma cost of equity for Altra. Goldman Sachs derived such discount rate by application of the Capital Asset Pricing Model, which requires certain company-specific inputs, including a beta for the company, as well as certain financial metrics for the United States financial markets generally. Goldman Sachs

then, for each of the years 2019 to 2021, used the same illustrative discount rate to discount the future values per share of projected

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dividends, estimated at 30% of the pro forma net income of Altra each year, per the management of Altra, back to December 31, 2017. Goldman Sachs then derived the implied present value per share of Altra common stock pro forma for the Transactions by adding such implied present value of projected dividends to the range of present values it derived before. The following table represents the results of Goldman Sachs' analysis:

**Implied Pro Forma Present Value Per Share of Altra  
Common Stock Using Illustrative  
EV/EBITDA  
Multiples of 11.5x to 14.5x**

2019E	\$	48.83 - \$65.95
2020E	\$	50.09 - \$66.40
2021E	\$	50.78 - \$66.17

*Illustrative Levered Contribution Analysis.* Using publicly available historical data, the Forecasts, and the Synergies, Goldman Sachs performed an illustrative levered contribution analysis based on (i) the EBITDA of Altra and the A&S Business, both excluding the Synergies (the Non-Synergy Case) and including the Synergies (the Synergy Case), and (ii) the discounted cash flow analyses for Altra and the A&S Business, in both the Non-Synergy Case and the Synergy Case.

For purposes of performing the illustrative levered contribution analysis based on the EBITDA of Altra, the A&S Business and the Synergies, Goldman Sachs calculated the relative size of equity value contribution, based on blended multiples of EV/EBITDA, of each of Altra, the A&S Business and the Synergies based on the Forecasts for 2017 and 2018 and the fully implemented annual Synergies projected by the management of Altra to be realized beginning in 2021. Goldman Sachs derived the blended multiples of EV/EBITDA for 2017 and 2018 by (i) calculating the EV of Altra based on the price per share of Altra common stock as of March 2, 2018 and Altra's existing net debt as of December 31, 2017, (ii) calculating the EV for the A&S Business by applying an illustrative EV/EBITDA multiple of 14.5x, which was derived as the midpoint of the last twelve months' EBITDA multiple range for the A&S Business, as described above in Financial Analyses of the A&S Business Illustrative Discounted Cash Flow Analysis, to the A&S Business' 2017 EBITDA and (iii) dividing the sum of the calculated EVs for Altra and the A&S Business by the combined 2017 and 2018 EBITDA of Altra and the A&S Business (excluding Synergies). Goldman Sachs applied those blended multiples to the EBITDAs of each of Altra and the A&S Business, and the Synergies for the Synergy Case, to derive implied EVs for each of Altra and the A&S Business, and the Synergies for the Synergy Case. Goldman Sachs then subtracted Altra's existing net debt as of December 31, 2017 from Altra's implied EV to derive Altra's blended equity value, subtracted \$1,400 million of cash and debt instruments of Newco to be received by Fortive from the A&S Business's implied EV to derive the A&S Business's blended equity value, and subtracted the costs to achieve the Synergies, as provided by the management of Altra, from the implied EV of the Synergies to derive the blended equity value of the Synergies. Goldman Sachs then calculated the relative sizes of contribution of the blended equity values of Altra and A&S Business in the Non-Synergy Case and the blended equity values of Altra, the A&S Business and the Synergies in the Synergy Case.

For purposes of performing the illustrative levered contribution analysis based on the discounted cash flows of Altra, the A&S Business and the Synergies, Goldman Sachs calculated the relative size of contribution of each of Altra, the A&S Business and the Synergies based on the Forecasts and the Synergies. Goldman Sachs calculated implied EVs for Altra, the A&S Business and, in the Synergies Case, the Synergies, by performing an illustrative discounted cash flow analysis based on (i) for the A&S Business, the terminal year last twelve months' EV/EBITDA multiple range and weighted average cost of capital range described in Financial Analyses of the A&S Business Illustrative Discounted Cash Flow Analysis above, (ii) for Altra, the terminal year last twelve months' EV/EBITDA multiple

range and weighted average cost of capital range described in Financial Analyses of Altra (Standalone) Illustrative Discounted Cash Flow Analysis above, and (iii) for the Synergies (net of costs to achieve such Synergies, as provided by the management of Altra), the terminal year last twelve months EV/EBITDA multiple range and weighted average cost of capital range described in Financial Analyses of Altra (Pro Forma for the Transactions) Illustrative Discounted Cash Flow Analysis above. Goldman Sachs then subtracted Altra's existing net debt as well as the value of certain pension liabilities, as of December 31, 2017, both as

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provided by the management of Altra, from Altra's implied EV to derive Altra's implied equity value, subtracted \$1,400 million of cash and debt instruments to be received by Fortive from the A&S Business's implied EV to derive the A&S Business's implied equity value. Goldman Sachs then calculated the relative sizes of contribution of the blended equity values of Altra and A&S Business in the Non-Synergy Case and the blended equity values of Altra, the A&S Business and the Synergies in the Synergy Case.

The following table presents the results of these analyses:

		Implied Equity Contribution (Levered)		
		Altra	Synergies	A&S Business
EBITDA (excluding Synergies)	2017A	48.8%		51.2%
	2018E	48.5%		51.5%
EBITDA (including Synergies)	2017A	40.0%	18.1%	41.9%
	2018E	40.3%	17.0%	42.8%
DCF (excluding Synergies)		48.8%		51.2%
DCF (including Synergies)		42.3%	13.4%	44.3%

**General**

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Altra, Fortive, the A&S Business or the Transactions.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs providing its opinion to the Altra board of directors as to the fairness from a financial point of view to Altra of the Consideration to be paid by Altra pursuant to the Merger Agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Altra, Newco, Fortive, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The Consideration was determined through arms-length negotiations between Altra and Fortive and was approved by the Altra board of directors. Goldman Sachs provided advice to Altra during these negotiations. Goldman Sachs did not, however, recommend any specific amount of consideration to Altra or its board of directors or that any specific amount of consideration constituted the only appropriate consideration for the Transactions.

As described above, Goldman Sachs' opinion to the Altra board of directors was one of many factors taken into account by the Altra board of directors in making its determination to approve the Merger Agreement and the Separation Agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the

written opinion of Goldman Sachs attached as Annex G to the registration statement of which this document forms a part.

Goldman Sachs and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services

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for various persons and entities. Goldman Sachs and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of Altra, Fortive, Newco and any of their respective affiliates and third parties, or any currency or commodity that may be involved in the Transactions. Goldman Sachs has acted as financial advisor to Altra in connection with, and has participated in certain of the negotiations leading to, the Transactions. Goldman Sachs has provided certain financial advisory and/or underwriting services to Fortive and/or its affiliates from time to time for which its Investment Banking Division has received, and may receive, compensation, including having acted as joint bookrunner with respect to the private placement of Fortive's 4.3% Notes due 2046, 3.15% Notes due 2026, 2.35% Notes due 2021 and 1.8% Notes due 2019 (aggregate principal amount \$2,500,000,000) in June 2016; as the financial advisor to Danaher, the former parent company of Fortive, in connection with the spin-off of Fortive from Danaher in July 2016; and as manager with respect to Fortive's offering of commercial paper in July 2016. During the two-year period ended March 7, 2018, Goldman Sachs has recognized compensation for financial advisory and/or underwriting services provided by its Investment Banking Division to Fortive and/or its affiliates of approximately \$12.5 million. During the two-year period ended March 7, 2018, the Investment Banking Division of Goldman Sachs has not been engaged by Altra or any of its affiliates to provide financial advisory or underwriting services for which Goldman Sachs has recognized compensation. Following the announcement of the Transactions and with the consent of Altra, Goldman Sachs has provided preliminary financial advisory services to Fortive in connection with a matter not relating to the Transactions. Goldman Sachs may also in the future provide financial advisory and/or underwriting services to Altra, Fortive, Newco and their respective affiliates for which Goldman Sachs' Investment Banking Division may recognize compensation.

In addition, at the request of Altra, at the time of the execution of the Merger Agreement, an affiliate of Goldman Sachs entered into financing commitments and agreements to provide (i) Altra with the Altra Term Loan B Facility and the Altra Revolving Credit Facility and (ii) Newco with the Bridge Facility, in each case, in connection with the consummation of the Transactions and subject to the terms of such commitments. The actual amount of aggregate fees received by Goldman Sachs and its affiliates in connection with the debt financing for the Transactions will depend on, among other things, the timing of reductions of the Bridge Facility, the completion date of the Transactions, the final syndicated amount of the Altra Term Loan B Facility and the Altra Revolving Credit Facility upon the consummation of the Transactions and the issuance costs for such debt financing. Altra estimates that Goldman Sachs and its affiliates will receive approximately \$11.6 million in fees in the aggregate in connection with the proposed financing.

The Altra board of directors selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the Transactions. Pursuant to a letter agreement dated February 5, 2018, Altra engaged Goldman Sachs to act as its financial advisor in connection with the Transactions. The engagement letter between Altra and Goldman Sachs provides for a transaction fee of \$21.5 million, all of which is contingent upon the consummation of the Transactions. In addition, Altra has agreed to reimburse Goldman Sachs for certain of its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

**Opinion of KeyBanc Capital Markets Inc.**

In connection with the Transactions, Altra's board of directors retained KBCM to render an opinion as to the fairness, from a financial point of view, of the Consideration (as defined below) to be paid to Fortive and its stockholders pursuant to the Transaction Documents. KBCM was chosen based on its extensive experience in mergers and acquisitions advisory services and its familiarity with Altra and the industries in which Altra conducts its business. At



the meeting of the Altra board of directors on March 6, 2018, KBCM rendered its oral opinion (subsequently confirmed in writing) to the Altra board of directors to the effect that, as of March 6, 2018, and based upon and subject to the various assumptions made, procedures followed, matters considered and

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limitations on the review undertaken as set forth in its opinion, the Consideration to be paid to Fortive and its stockholders pursuant to the Transaction Documents was fair, from a financial point of view, to Altra.

KBCM provided the opinion described above for the information and assistance of the Altra board of directors in connection with its consideration of the Transactions. The terms of the Transactions, including the Consideration, however, were determined through negotiations between Altra, on the one hand, and Fortive and its affiliates, on the other hand, and were approved by the Altra board of directors. The opinion described above delivered to the Altra board of directors was reviewed and approved by KBCM's Valuation and Fairness Opinion Committee. KBCM has consented to the inclusion in this proxy statement of its opinion and the description of its opinion appearing under this subheading Opinion of KeyBanc Capital Markets Inc.

**THE FULL TEXT OF KBCM'S WRITTEN OPINION, DATED MARCH 6, 2018, IS ATTACHED HERETO AS ANNEX H AND INCORPORATED INTO THIS DOCUMENT BY REFERENCE. YOU ARE URGED TO READ THE ENTIRE OPINION CAREFULLY AND IN ITS ENTIRETY TO LEARN ABOUT THE ASSUMPTIONS MADE, PROCEDURES FOLLOWED, MATTERS CONSIDERED AND LIMITS ON THE SCOPE OF THE REVIEW UNDERTAKEN BY KBCM IN RENDERING ITS OPINION. KBCM'S OPINION WAS DIRECTED TO THE BOARD OF DIRECTORS OF ALTRA FOR ITS USE AND BENEFIT IN EVALUATING THE TRANSACTIONS. KBCM'S OPINION WAS LIMITED TO THE FAIRNESS, FROM A FINANCIAL POINT OF VIEW, TO ALTRA, OF THE CONSIDERATION TO BE PAID TO FORTIVE AND ITS STOCKHOLDERS PURSUANT TO THE TRANSACTION DOCUMENTS. IT DID NOT ADDRESS ANY OTHER ASPECT OF THE TRANSACTIONS, AND DID NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER AS TO HOW THAT STOCKHOLDER SHOULD VOTE WITH RESPECT TO THE TRANSACTIONS. KBCM DID NOT ADDRESS THE MERITS OF THE UNDERLYING DECISION BY ALTRA TO ENGAGE IN THE TRANSACTIONS. THE FOLLOWING SUMMARY OF KBCM'S OPINION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE OPINION.**

In connection with rendering its opinion, KBCM examined or discussed, among other things:

drafts, dated March 4, 2018, of the Transaction Documents, which KBCM understood to be in substantially final form;

certain financial and operational information supplied to KBCM by Altra directly and via an online data room;

certain publicly available historical financial statements and other business and financial information of Altra, Fortive and the A&S Business;

certain other internal information, primarily financial in nature, including projections, concerning the business and operations of Altra, Fortive and the A&S Business furnished to KBCM by Altra for purposes of KBCM's analysis;

certain publicly available information concerning the trading of, and the trading market for, Altra's common stock and Fortive's common stock;

information regarding estimated synergies and integration expenses that Altra management expected would result from the Transactions (which are referred to in this section as the "Expected Synergies");

certain publicly available information with respect to certain other publicly traded companies that KBCM believed to be comparable to Altra and the A&S Business and the trading markets for certain of such other companies' securities; and

certain publicly available information concerning the nature and terms of certain other transactions that KBCM considered relevant to its inquiry.

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KBCM also had access to certain officers and employees of Altra to discuss the business, financial condition, operations and prospects of Altra and the A&S Business, certain aspects related to the Transactions (including strategic, financial and operational benefits anticipated from the Transactions), as well as other matters KBCM believed relevant to its inquiry. KBCM also performed such other financial studies and analyses and considered such other data and information as it deemed appropriate.

In KBCM's review and analysis and in arriving at its opinion, KBCM assumed and relied upon the accuracy and completeness of all of the financial and other information provided to or otherwise reviewed by or discussed with KBCM or publicly available and further relied upon the assurances of the management of Altra that they were not aware of any facts or circumstances that would make such information inaccurate or misleading in any material respect. KBCM also assumed that the representations and warranties of Altra, Merger Sub, Fortive and Newco contained in the Transaction Documents were and would be true and correct in all respects material to KBCM's analysis. KBCM was not engaged to, and did not independently attempt to, verify any of such information or its accuracy or completeness. KBCM also relied upon the management of Altra as to the reasonableness and achievability of the financial and operating projections and Expected Synergies (and the assumptions and bases therefor) provided to KBCM and, with Altra's consent, KBCM assumed that such projections were reasonably prepared on bases that reflected the best currently available estimates and judgments of the management of Altra of the future financial performance of Altra and the A&S Business and other matters covered thereby. KBCM was not engaged to assess the reasonableness or achievability of such projections and Expected Synergies or the assumptions on which they were based, and expressed no view as to such projections, Expected Synergies or assumptions. In addition, KBCM did not conduct a physical inspection, valuation or appraisal of any of the assets (including properties or facilities) or liabilities of Altra, Fortive or the A&S Business nor was KBCM furnished with any such inspection, valuation or appraisal. As Altra was aware, KBCM did not have access to, and did not meet with, the management of the A&S Business. Accordingly, with Altra's consent, KBCM relied upon the accuracy and completeness of the financial and other information regarding the A&S Business provided to KBCM by Altra. KBCM did not express any view or opinion with respect to, and, at Altra's direction, relied upon, the assessments of representatives of Altra regarding legal, regulatory, accounting, tax and similar matters relating to Altra or the Transactions, as to which matters KBCM understood that Altra obtained such advice as it deemed necessary from qualified advisors and professionals. KBCM also assumed that all governmental, regulatory or other consents, releases and approvals necessary for the consummation of the Transactions would be obtained without any adverse effect on Altra or the Transactions that would be meaningful to KBCM's analysis.

KBCM was not asked to, nor did it, offer any opinion as to the material terms of the Transaction Documents or the form of the Transactions (other than the Consideration to the extent expressly specified in its opinion). In rendering its opinion, KBCM assumed, with Altra's consent, that the final executed Transaction Documents would not differ in any material respect from the drafts that KBCM examined, and that the conditions to the Transactions as set forth in the Transaction Documents would be satisfied and that the Transactions would be consummated on a timely basis on the terms set forth in the Transaction Documents without waiver, modification or amendment of any term or condition that would be meaningful to KBCM's analysis. KBCM did not formally solicit, nor was it asked to solicit, third party interest in a transaction involving Altra.

It should be noted that KBCM's opinion was based on economic and market conditions and other circumstances existing on, and information made available to KBCM as of, the date of its opinion and did not address any matters subsequent to such date. In addition, KBCM's opinion was, in any event, limited to the fairness, as of the date of the opinion, from a financial point of view, to Altra, of the Consideration to be paid to Fortive and its stockholders pursuant to the Transaction Documents and did not address Altra's underlying business decision to engage in the Transactions or any other terms of the Transactions or the fairness of the Transactions, or any consideration paid in connection therewith, to creditors or other constituencies of Altra. In addition, KBCM did not express any opinion as

to the fairness of the Transactions or the amount or the nature of the compensation paid or to be paid to any of the directors, officers or employees of Altra, or class of such persons, relative to the consideration to be paid to public shareholders of Altra. KBCM did not evaluate nor did it

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express any opinion on the solvency or viability of Altra, Fortive or their respective affiliates or the ability of Altra, Fortive or their respective affiliates to pay their respective obligations when they come due. It should be noted that although subsequent developments may affect KBCM's opinion, KBCM does not have any obligation to update, revise or reaffirm its opinion.

**The following is a summary of the material financial analyses performed and material factors considered by KBCM in connection with its opinion. KBCM performed certain procedures, including each of the financial analyses described below, and reviewed with Altra's board of directors the assumptions upon which such analyses were based, as well as other factors. Although the summary does not purport to describe all of the analyses performed or factors considered by KBCM in this regard, it does set forth those considered by KBCM to be material in arriving at its opinion. The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by KBCM, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by KBCM. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by KBCM.**

***Transactions Overview***

For purposes of its financial analyses described below, KBCM assumed an implied value of the Consideration to be received by Fortive and its stockholders in connection with the Transactions of approximately \$3.0 billion, referred to below as the implied value of Transaction Consideration, and an implied equity value of the Altra common shares to be issued in the Merger of \$1.6 billion, referred to as the implied equity value of Transaction Consideration. The implied equity value of Transaction Consideration was based on the product of the 20-day VWAP of Altra common stock as of March 2, 2018 of \$45.60, and the 35,000,000 Altra common shares to be issued to Fortive stockholders in the Merger. The implied value of Transaction Consideration was based on the implied equity value of Transaction Consideration, plus the \$1.4 billion in cash and debt instruments to be received by Fortive in connection with the Transactions (collectively referred to in this section as the Consideration).

***Valuation Analyses***

As a basis for its opinion, KBCM analyzed each of the A&S Business's and Altra's historical and projected financial performance and applied several commonly accepted valuation techniques, including comparable publicly traded companies analysis, precedent transaction comparables analysis, and discounted cash flow analysis (on both a standalone and pro forma basis). KBCM applied these valuation techniques to determine ranges for both the implied enterprise value of the A&S Business and the implied price per share of Altra common stock.

***A&S Business Financial Analyses***

***Selected Publicly Traded Companies Analysis.*** KBCM reviewed and compared certain financial information relating to the A&S Business to corresponding financial data, ratios and trading multiples for a selected group of publicly traded companies in the industrial components and equipment industry catering to similar end markets. KBCM selected these companies because they are publicly traded companies with general business, operating and financial characteristics deemed reasonably comparable to those of the A&S Business. The following six publicly traded companies with an enterprise value of \$10 billion or more (referred to as the Large-Cap Companies) and the following six publicly traded companies with an enterprise value of less than \$10 billion (referred to as the Mid-Cap Companies) were selected for the comparison with the A&S Business:

*Large-Cap Companies:*

AMETEK, Inc.

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Eaton Corporation plc

Fortive Corporation

Nidec Corporation

Parker-Hannifin Corporation

Rockwell Automation Inc.

*Mid-Cap Companies:*

CTS Corporation

Franklin Electric Co., Inc.

RBC Bearings Incorporated

Rexnord Corporation

The Timken Company

WABCO Holdings Inc.

Among the information KBCM considered for the A&S Business and each comparable publicly traded company were (i) enterprise value, (ii) operating earnings before interest, taxes, depreciation and amortization (commonly referred to as EBITDA ), for the last twelve months (commonly referred to as LTM ) and (iii) estimated EBITDA for the 2018 calendar year. Estimated financial data of the selected publicly traded companies were based on public filings, press releases and publicly available equity research analysts' reports and estimates. KBCM also considered the impact of the Expected Synergies on the A&S Business's LTM and budgeted fiscal year 2018 EBITDA.

KBCM divided the enterprise value for each company by the calendar year 2018 estimated and LTM EBITDA of such company to derive calendar year 2018 and LTM multiples for each company. The operating results used to derive the multiples for each of the selected publicly traded companies were based on each company's most recent available publicly disclosed financial information for the LTM period and consensus S&P Capital IQ analysts' EBITDA estimates for calendar year 2018.

Information regarding the multiples from KBCM's analysis of selected publicly traded companies is set forth in the following table.



<b>Multiple</b>	<b>Selected Public Companies Valuation Multiples (Large-Cap)</b>		<b>Selected Public Companies Valuation Multiples (Mid-Cap)</b>	
	<b>Median</b>	<b>Mean</b>	<b>Median</b>	<b>Mean</b>
Enterprise Value / LTM EBITDA	16.9x	16.8x	12.9x	13.7x
Enterprise Value / CY2018E EBITDA	15.0x	14.4x	10.7x	11.1x

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KBCM then applied a range of selected multiples of 13.2x to 14.2x (based on the median multiple of 13.7x derived from KBCM's analysis of the selected large- and mid-cap comparable publicly traded companies for the LTM period) to the A&S Business's actual EBITDA for the 2017 fiscal year and its budgeted EBITDA for the 2018 fiscal year, to derive implied enterprise values for the A&S Business. Budgeted financial data of the A&S Business were based on estimates provided by Altra management. KBCM conducted this analysis both accounting for and excluding the estimated net present value of Expected Synergies, which KBCM calculated based on information provided by Altra management. This analysis indicated the following approximate implied enterprise value reference ranges for the A&S Business, as compared to the implied enterprise value of the Transaction Consideration.

	<b>Implied Enterprise Value Reference Range for the A&amp;S Business (in billions)</b>	<b>Implied Enterprise Value of Transaction Consideration (in billions)</b>
FY2017A EBITDA	\$ 2.9 - \$3.1	\$ 3.0
FY2017A EBITDA (with Expected Synergies)	\$ 2.9 - \$3.4	\$ 3.0
FY2018B EBITDA	\$ 3.1 - \$3.4	\$ 3.0
FY2018B EBITDA (with Expected Synergies)	\$ 3.1 - \$3.7	\$ 3.0

Although KBCM compared the trading multiples of the selected publicly traded companies to those implied for the A&S Business, none of the selected publicly traded companies is identical to the A&S Business. Accordingly, any analysis of the selected publicly traded companies necessarily would involve complex considerations and judgments concerning the differences in financial and operating characteristics and other factors that would necessarily affect the analysis of trading multiples of the selected publicly traded companies.

*Selected Precedent Transactions Analysis.* KBCM reviewed and compared certain financial data and the purchase price paid in eleven selected comparable merger and acquisition transactions with publicly disclosed multiples where the target company had similar attributes to the A&S Business. KBCM's analysis was based solely on publicly available information regarding such transactions. The transactions examined had enterprise values between \$659 million and \$12.27 billion and all closed subsequent to October 31, 2012. The transactions examined were:

<b>Closing Date</b>	<b>Target</b>	<b>Acquirer</b>
April 2017	Pentair plc, Valves & Controls Business	Emerson Electric
March 2017	CLARCOR	Parker-Hannifin
November 2015	Remy International	BorgWarner
October 2015	Stackpole Ltd	Johnson Electric
September 2015	ERICO Global Company	Pentair plc
February 2015	Emerson Power Transmission Business	Regal Beloit
November 2014	Vacon plc	Danfoss A/S
December 2013	Molex Incorporated	Koch Industries
October 2013	Kaydon Corporation	AB SKF
February 2013	Robbins & Myers	National Oilwell Varco
November 2012	Cooper Industries	Eaton Corporation

KBCM reviewed the consideration paid in the selected transactions in terms of the enterprise value of the target in these transactions as a multiple of the EBITDA of the target for the LTM period prior to the announcement of the applicable transaction. Information regarding the multiples from KBCM's analysis of the selected transactions is set forth in the following table.

<b>Selected Transaction Valuation Multiples (LTM EBITDA)</b>		
<b>Multiple</b>	<b>Median</b>	<b>Mean</b>
Enterprise Value / EBITDA	12.0x	12.7x

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KBCM then applied a range of selected multiples of 11.5x to 12.5x (based on the median multiple of 12.0x derived from KBCM's analysis of the selected comparable transactions) to the A&S Business's budgeted EBITDA for the 2018 fiscal year, to derive implied enterprise values for the A&S Business. Budgeted financial data of the A&S Business were based on estimates provided by Altra management. KBCM conducted this analysis both accounting for and excluding the estimated net present value of Expected Synergies, which KBCM calculated based on information provided by Altra management. This analysis indicated the following approximate implied enterprise value reference ranges for the A&S Business, as compared to the implied enterprise value of the Transaction Consideration.

	<b>Implied Enterprise Value Reference Range for the A&amp;S Business (in billions)</b>	<b>Implied Enterprise Value of Transaction Consideration (in billions)</b>
FY2018B EBITDA	\$ 2.7 - \$3.0	\$ 3.0
FY2018B EBITDA (with Expected Synergies)	\$ 2.7 - \$3.3	\$ 3.0

Although KBCM analyzed the multiples implied by the selected transactions and compared them to the implied transaction multiples of the A&S Business, none of these transactions or associated companies is identical to the Transactions, Newco or the A&S Business. Accordingly, any analysis of the selected transactions necessarily would involve complex considerations and judgments concerning the differences in financial and operating characteristics, parties involved and terms of their transactions and other factors that would necessarily affect the implied value of the A&S Business in the Transactions versus the values of the companies in the selected transactions.

*Discounted Cash Flow Analysis.* KBCM performed a discounted cash flow analysis of the A&S Business to calculate the estimated present value of the standalone, unlevered, after-tax free cash flows that the A&S Business could generate during its fiscal years 2019 through 2022 based on projections provided by Altra management. KBCM also performed a similar analysis of the A&S Business on a pro forma basis, taking into account Expected Synergies.

KBCM calculated terminal values for the A&S Business by applying an assumed terminal EBITDA multiple of 12.0x (the median multiple from the precedent transaction analysis described above under the sub-heading "A&S Business Financial Analyses - Selected Precedent Transactions Analysis") to fiscal year 2022 projected EBITDA. The cash flows and terminal values were then discounted to present value as of December 31, 2018 using discount rates ranging from 8.9% to 9.4% (for the standalone analysis, derived in part from KBCM's analysis of comparable publicly traded companies) and 9.4% to 9.9% (for the pro forma analysis taking into account Expected Synergies) to generate an implied enterprise value of the A&S Business. KBCM made its discount rate assumptions based on weighted average cost of capital (commonly referred to as "WACC") analysis. For the pro forma analysis, KBCM used a blended WACC comprised of discount rates for the standalone A&S Business (9.2% rate at 85% weight) and net Expected Synergies (12.0% discount rate at 15% weight). KBCM noted that net Expected Synergies were conservatively discounted at 12.0%, which is higher than the A&S Business's estimated WACC.

These analyses indicated the following approximate implied enterprise value reference ranges for the A&S Business, both on a standalone basis and adjusted to account for Expected Synergies, as compared to the implied enterprise value of the Transaction Consideration.

<b>Implied Enterprise Value Reference Range for the A&amp;S Business</b> <b>(in billions)</b>	<b>Implied Enterprise Value Reference Range for the A&amp;S Business (with Expected Synergies)</b> <b>(in billions)</b>	<b>Implied Enterprise Value of Transaction Consideration</b> <b>(in billions)</b>
\$2.6 - \$2.8	\$ 3.0 - \$3.3	\$ 3.0

**Table of Contents*****Altra Financial Analyses***

*Selected Publicly Traded Companies Analysis.* KBCM reviewed and compared certain financial information relating to Altra to corresponding financial data, ratios and trading multiples for a group of selected publicly traded companies in the industrial components and equipment industry. KBCM selected these companies because they are publicly traded companies with general business, operating and financial characteristics deemed reasonably comparable to those of Altra. The companies selected by KBCM were:

Franklin Electric Co., Inc.

RBC Bearings Incorporated

Regal Beloit Corporation

Rexnord Corporation

SKF AB

The Timken Company

KBCM reviewed, among other things, per share equity values, based on closing stock prices, of the selected publicly traded companies on March 2, 2018, as a multiple of calendar year 2018 estimated earnings per share. KBCM also reviewed enterprise values of the selected publicly traded companies. Estimated financial data of the selected publicly traded companies were based on public filings, press releases and publicly available equity research analysts' reports and estimates.

Information regarding the multiples from KBCM's analysis of selected publicly traded companies is set forth in the following table.

<b>Multiple</b>	<b>Selected Public Companies Valuation Multiples</b>	
	<b>Median</b>	<b>Mean</b>
CY2018E P/E	15.4x	16.8x
Enterprise Value / LTM EBITDA	10.8x	12.2x
Enterprise Value / CY2018E EBITDA	9.0x	10.5x

KBCM then applied a range of selected multiples of 10.3x to 11.3x (based on the median multiple of 10.8x derived from KBCM's analysis of the selected comparable publicly traded companies for the LTM period) to Altra's fiscal year 2017 EBITDA. KBCM applied a range of selected multiples of 8.5x to 9.5x (based on the median multiple of 9.0x derived from KBCM's analysis of the selected comparable publicly traded companies for the estimated 2018 calendar

year) to Altra's fiscal year 2018 budgeted EBITDA. KBCM applied the median price-earnings multiple of 15.4x from the selected comparable publicly traded companies analysis for the estimated 2018 calendar year, taking into account Altra's normalized earnings per share guidance of \$2.30 to \$2.43, which was provided by Altra management. Budgeted financial data of Altra were based on information provided by Altra management. This analysis indicated the following approximate implied per share equity value reference ranges for Altra common shares, as compared to the closing price of Altra common shares on March 2, 2018.

**Implied Per Share Equity Value Reference Ranges**

<b>for Altra Common Shares</b>			<b>Closing Price of Altra</b>
<b>Enterprise Value /</b>	<b>Enterprise Value</b>		<b>Common</b>
<b>2017 EBITDA</b>	<b>2018 EBITDA</b>	<b>2018 P/E</b>	<b>Shares</b>
	<b>/</b>		<b>(as of March 2,</b>
			<b>2018)</b>
\$37.00 - \$41.25	\$ 32.00 - \$36.75	\$ 35.50 - 37.50	\$ 43.70

Although KBCM compared the trading multiples of the selected publicly traded companies to those implied for Altra, none of the selected publicly traded companies is identical to Altra. Accordingly, any analysis of the selected publicly traded companies necessarily would involve complex considerations and judgments concerning the differences in financial and operating characteristics and other factors that would necessarily affect the analysis of trading multiples of the selected publicly traded companies.

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*Selected Precedent Transactions Analysis.* KBCM applied a multiple range of 11.5x to 12.5x (based on the median multiple of 12.0x derived from KBCM's analysis of the selected comparable transactions for the LTM period, described above under the sub-heading "A&S Business Financial Analyses - Selected Precedent Transactions Analysis"), to Altra's fiscal year 2017 EBITDA. This analysis indicated the following approximate implied per share equity value reference range for Altra common shares, as compared to the closing price of Altra common shares on March 2, 2018.

**Implied Per Share Equity****Value Reference Range for****Altra Common Shares****Enterprise Value /****FY2017A EBITDA**

\$42.25 - \$46.75

**Closing Price of  
Altra Common Shares  
(as of March 2,  
2018)**

\$ 43.70

*Analyst Price Target.* KBCM applied an estimated 14.5% cost of equity to the consensus equity research analyst twelve month price target sourced from Bloomberg of \$52.75 for Altra as of March 2, 2018. The resulting implied per share equity value was \$46.00, as compared to the \$43.70 closing price of Altra common shares as of March 2, 2018.

*Discounted Cash Flow Analysis.* KBCM performed a discounted cash flow analysis on Altra to calculate the estimated present value of the standalone, unlevered, after-tax free cash flows that Altra could generate during Altra's fiscal years 2018 through 2022 based on forecasts provided by Altra management. KBCM calculated terminal values for Altra by applying terminal multiples of 10.3x to 11.3x (based on KBCM's analysis of the selected comparable publicly traded companies for the LTM period, described above under the sub-heading "Altra Financial Analyses - Selected Publicly Traded Companies Analysis") to Altra's fiscal year 2022 projected EBITDA. The cash flows and terminal values were then discounted to present value as of June 30, 2018 using

discount rates ranging from 11.9% to 12.4%. KBCM made its discount rate assumptions based on WACC analysis. This analysis indicated the following implied per share equity value reference ranges for Altra common shares, as compared to the closing price of Altra common shares on March 2, 2018.

**Implied Per Share Equity****Value Reference Range for****Altra Common Shares**

\$43.25 - \$48.25

**Closing Price of  
Altra Common Shares  
(as of March 2,  
2018)**

\$ 43.70

*Other Factors.* In rendering its opinion, KBCM also reviewed and considered other factors, including the historical closing prices and trading volumes of Altra common stock during the three-year period ended March 2, 2018, and the VWAP for various periods ending on that date.

This summary is not a complete description of the analysis performed by KBCM but contains the material elements of the analysis. The preparation of an opinion regarding fairness is a complex process involving various determinations



as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances, and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. The preparation of an opinion regarding fairness does not involve a mathematical evaluation or weighing of the results of the individual analyses performed, but requires KBCM to exercise its professional judgment, based on its experience and expertise, in considering a wide variety of analyses taken as a whole. Each of the analyses conducted by KBCM was carried out in order to provide a different perspective on the financial terms of the Transactions and add to the total mix of information available. The analyses were prepared solely for the purpose of KBCM providing its opinion and do not purport to be appraisals or necessarily reflect the prices at which securities actually may be sold. KBCM did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion about the fairness of the Consideration. Rather, in reaching its conclusion, KBCM considered the results of the analyses in light of each other and ultimately reached its opinion based on the results of all analyses taken as a whole. KBCM did not place particular reliance or weight on any particular analysis. Accordingly,

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notwithstanding the separate factors summarized above, KBCM believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, may create an incomplete view of the evaluation process underlying its opinion. No company or transaction used in the above analyses as a comparison is directly comparable to Altra, the A&S Business or the Transaction. In performing its analyses, KBCM made numerous assumptions with respect to industry performance, business and economic conditions and other matters.

The analyses performed by KBCM are not necessarily indicative of future actual values and future results, which may be significantly more or less favorable than suggested by such analyses.

KBCM received a fee of \$1.0 million in connection with the delivery of its opinion. In addition, Altra agreed to reimburse KBCM for certain expenses and to indemnify KBCM under certain circumstances for certain liabilities that may arise out of KBCM's engagement. KBCM in the past provided investment banking services to Altra for which KBCM received customary compensation. In October 2015, KBCM served as the Joint Lead Arranger and Joint Bookrunner for Altra's \$350 million Senior Secured Credit Facilities. These credit facilities were subsequently amended and increased to \$425 million in October 2016, in support of Altra's acquisition of Stromag, and KBCM's commitment was correspondingly increased to \$71.5 million. KBCM also provides equity research coverage in Altra's stock. Except as described above, during the two years preceding the date of KBCM's opinion, neither KBCM nor its affiliates had any other material financial advisory or other material commercial or investment banking relationships with Altra or Fortive. In the ordinary course of KBCM's business, KBCM and its affiliates, employees of KBCM and its affiliates, and funds or other entities that such persons manage or invest in or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of Altra, Fortive, any of their respective affiliates and third parties, or any currency or commodity that may be involved in the Transaction, in each case for their own account or for the accounts of customers. KBCM may in the future provide financial advisory and/or underwriting services to Altra and its affiliates and to Fortive and its affiliates for which KBCM may receive compensation.

**Certain Financial Forecasts Prepared by Altra**

Altra was provided with the Fortive Provided Financial Projections for the fiscal year ending December 31, 2018 as described under Certain Financial Forecasts Prepared by Fortive. Subsequently, Altra's management prepared adjusted A&S Business projections for the same year and the fiscal years ending December 31, 2019, 2020, 2021 and 2022 (the A&S Business Financial Projections) based on its judgment and experience in the industry, discussions with the management of the A&S Business regarding market trends, channel performance and known customer losses, the assumptions underlying the Fortive Provided Financial Projections and extrapolation of the Fortive Provided Financial Projections for such subsequent periods, and to reflect changes in the terms of the separation of the A&S Business that were negotiated after the financial projections were delivered by management of Fortive but prior to the execution of the Merger Agreement. The Altra board of directors was provided with the A&S Business Financial Projections and certain non-public financial projections prepared by management of Altra with respect to Altra's business, as a stand-alone company, for the fiscal years ending December 31, 2018, 2019, 2020, 2021 and 2022 (the Altra Financial Projections) and collectively with the Fortive Provided Financial Projections and the A&S Business Financial Projections, the Financial Projections).

The A&S Business Financial Projections and the Altra Financial Projections are being included in this document solely to give stockholders access to information that was made available to the Altra board of directors in connection with its consideration of the Transactions, and are not being included in this document in order to influence any stockholder to make any investment decision with respect to the Transactions or for any other purpose.



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The Financial Projections were not prepared with a view towards public disclosure or compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither the independent auditor of Altra or the independent auditor of Fortive, the A&S Business or Newco, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the Financial Projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for and disclaim any association with, the Financial Projections. In addition, the Financial Projections were not prepared by Altra's financial advisors or Fortive's financial advisors, and the financial advisors assume no responsibility for their content. Furthermore, the Financial Projections:

were based upon numerous estimates or expectations, beliefs, opinions and assumptions with respect to the A&S Business and Altra's business, respectively, including their respective results of operations and financial conditions, customer requirements and competition, and with respect to general business, economic, market, regulatory and financial conditions and other future events, all of which are difficult to predict and many of which are beyond Altra's or Fortive's control and may not prove to be accurate;

do not take into account any transactions, circumstances or events occurring after the date they were prepared, including the Transactions contemplated by the Merger Agreement and the Separation Agreement and the effect of any failure of the Merger or the other Transactions to occur;

are not necessarily indicative of current market conditions or values or future performance, which may be significantly more favorable or less favorable than as set forth in these projections; and

are not, and should not be regarded as, a representation that any of the expectations contained in, or forming a part of, the financial projections will be achieved.

Altra's management believes that the assumptions used as a basis for the A&S Business Financial Projections and the Altra Financial Projections, and Fortive's management believes that the assumptions used as a basis for the Fortive Provided Financial Projections, were reasonable at the times they were made, given the information available to Fortive's management and Altra's management at the time. However, the Financial Projections are not a guarantee of future performance. The future financial results of the A&S Business and Altra's business, respectively, may materially differ from those expressed in the Financial Projections due to factors that are beyond Altra's or Fortive's ability to control or predict.

Although the Financial Projections are presented with numerical specificity, they are forward-looking statements that involve inherent risks and uncertainties. Further, the Financial Projections cover multiple years and such information by its nature becomes less reliable with each successive quarter and year. Stockholders are urged to read the section of this document entitled "Cautionary Statement on Forward-Looking Statements" for additional information regarding the risks inherent in forward-looking information such as the Financial Projections. Stockholders should also review the factors described under "Risk Factors" and those incorporated herein by reference from Item 1A of Altra's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

None of Altra, Fortive or Newco or any of their respective affiliates or representatives intend to, and, except to the extent required by applicable law, each of them expressly disclaims any obligation to, update, revise or correct the

Financial Projections to reflect circumstances existing or arising after the date such projections were generated or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the projections are shown to be in error or any of the Financial Projections are shown to be inaccurate.

Certain of the financial information contained in the Financial Projections, including EBITDA, may be considered non-GAAP financial measures. Altra's management provided this information to the Altra board of directors because Altra management believed it could be useful in evaluating the A&S Business, in the case of the A&S Business Financial Projections, and Altra's business, in the case of the Altra Financial Projections. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial

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information presented in compliance with GAAP, and non-GAAP financial measures as used by Altra or Fortive may not be comparable to similarly titled amounts used by other companies. Altra is not providing a quantitative reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure with respect to the periods for which Financial Projections are included because Altra is unable to predict with reasonable certainty the ultimate outcome of the application of the acquisition method of accounting and certain significant items, including items necessary to determine GAAP reported financial measures for such periods, without unreasonable effort. These items include, but are not limited to, amortization and impairment of acquired assets, acquisition-related expenses, restructuring expenses and other contingencies. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for such periods.

For the foregoing reasons, the inclusion of projections in this document should not be regarded as an indication that Altra, Fortive, Newco or their respective affiliates or representatives considered or consider the Financial Projections to be a prediction of actual future events, and the projections should not be relied upon as such. The Fortive Provided Financial Projections and the A&S Business Financial Projections should be evaluated in conjunction with the limitations described above and the historical financial statements and other information regarding the A&S Business contained elsewhere in this document, and the Altra Financial Projections should be evaluated in conjunction with the limitations described above and the historical financial statements and other information regarding Altra's business contained elsewhere in this document.

***The A&S Business Financial Projections***

The following is a summary of the A&S Business Financial Projections:

	<b>Fiscal Year ending December 31,</b>				
	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
	<b>(in millions)</b>				
Net Sales	\$ 942	\$ 968	\$ 996	\$ 1,026	\$ 1,055
EBITDA	\$ 238	\$ 243	\$ 249	\$ 255	\$ 261
Capital expenditures	\$ 23	\$ 42	\$ 42	\$ 36	\$ 38

***The Altra Financial Projections***

Altra's management prepared non-public financial projections with respect to Altra's business as a stand-alone company. These projections do not give pro forma effect to the combination of Altra and the A&S Business.

The following is a summary of the Altra Financial Projections:

	<b>Fiscal Year ending December 31,</b>				
	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
	<b>(in millions)</b>				
Net Sales	\$ 902	\$ 932	\$ 962	\$ 989	\$ 1,017
EBITDA	\$ 138	\$ 161	\$ 178	\$ 188	\$ 197
Capital expenditures	\$ 25	\$ 25	\$ 26	\$ 26	\$ 26

**Certain Financial Forecasts Prepared by Fortive**

Although Fortive periodically issues limited guidance to investors concerning its expected financial performance, Fortive does not as a matter of course provide earnings per share guidance beyond the current fiscal year except towards the end of the fiscal year with respect to the next fiscal year, and Fortive is especially reluctant to publicly disclose detailed financial forecasts given the unpredictability of the underlying assumptions and estimates. In connection with the due diligence review of the A&S Business by Altra, Fortive provided to Altra and its financial advisors certain non-public financial forecasts regarding the A&S Business for the fiscal year ended December 31, 2018, which are referred to herein as the Fortive Provided Financial Projections.

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The Fortive Provided Financial Projections were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or GAAP but, in the view of Fortive's management, were prepared on a reasonable basis and reflected the best then-currently available estimates and judgments of Fortive's management. The Fortive Provided Financial Projections in this document were prepared by, and are the responsibility of Fortive management and are unaudited. The A&S Business's independent registered public accounting firm has not examined, compiled or otherwise applied any procedures to the Fortive Provided Financial Projections presented herein and, accordingly, does not express an opinion or any other form of assurance on such information or its achievability, and assumes no responsibility for, and disclaims any association with, the prospective financial information to the extent allowed by applicable law. The reports of the A&S Business's independent registered public accounting firm included in this document relate to the A&S Business's historical financial information. They do not extend to the Fortive Provided Financial Projections and should not be read to do so. The summary of the Fortive Provided Financial Projections is included in this document in order to comply with the anti-fraud and other liability provisions of the federal securities laws given that these internal financial forecasts were provided by Fortive to Altra and its financial advisors. Accordingly, the financial measures included in such forecasts are excluded from the definition of non-GAAP financial measures as defined by the SEC.

The Fortive Provided Financial Projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of Fortive. Important factors affecting results and potentially causing the Fortive Provided Financial Projections not to be achieved include, but are not limited to, risks and uncertainties related to the A&S Business and the other factors described under Cautionary Statement Concerning Forward-Looking Statements.

The Fortive Provided Financial Projections also reflect assumptions as to a number of other business decisions that are subject to change and do not necessarily reflect current estimates or assumptions Fortive's management may have about prospects for the A&S Business, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the forecasts were prepared. As a result, actual results may differ materially from those contained in the Fortive Provided Financial Projections. Accordingly, there can be no assurance that the Fortive Provided Financial Projections will be realized.

	<b>Fiscal Year ending December 31, 2018</b>	
	<b>(in millions)</b>	
Net Sales	\$	954
EBITDA	\$	248
Capital expenditures	\$	23

The inclusion of the Fortive Provided Financial Projections in this document should not be regarded as an indication that any of Fortive, Altra or their respective officers, directors, affiliates, advisors or other representatives considered the Fortive Provided Financial Projections to be predictive of actual future events, and the forecasts should not be relied upon as such. None of Fortive, Altra or their respective affiliates, advisors or other representatives can assure you that actual results will not differ materially from these internal financial forecasts, and none of them undertakes any obligation to update or otherwise revise or reconcile the Fortive Provided Financial Projections to reflect circumstances existing after the date the Fortive Provided Financial Projections were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the forecasts are shown to be in error. Fortive does not intend to make publicly available any update or other revision to these forecasts. None of Fortive or its respective officers, directors, affiliates, advisors or other representatives has made or makes any



representation to any stockholder or other person regarding the A&S Business ultimate performance compared to the information contained in these forecasts or that forecasted results will be achieved, Fortive has made no representation to Altra, in the Merger Agreement or otherwise, concerning the forecasts.

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### **Interests of Fortive's and Newco's Directors and Executive Officers in the Transactions**

As of April 9, 2018, Fortive's directors and executive officers beneficially owned approximately 12.2% of the outstanding shares of Fortive's common stock. None of Newco's executive officers will receive any severance or other additional compensation as a result of the Transactions. The directors and executive officers of Fortive and Newco will receive no extra or special benefit that is not shared on a pro rata basis by all other Newco stockholders and Altra stockholders in connection with the Transactions, except as described herein. As with all holders of shares of Fortive common stock, if a director or officer of Fortive or Newco owns shares of Fortive common stock, directly or indirectly, such person may participate in the Exchange Offer on the same terms as other holders of shares of Fortive common stock.

### **Interests of Altra's Directors and Executive Officers in the Transactions**

Although the closing date of the Merger will result in a change in control of Altra for purposes of certain compensation and benefits plans, no payments or benefits become due upon the closing date of the Merger. However, in considering the recommendations of the Altra board of directors that Altra's stockholders vote to approve the Share Issuance, you should be aware that Altra's executive officers have financial interests in the Transactions that may be different from, or in addition to, the interests of Altra's stockholders generally, as more fully described below. The members of the Altra board of directors were aware of and considered these interests, among other matters, in reaching the determination to approve the terms of the Transactions, including the Merger, and in recommending to Altra's stockholders that they vote to approve the Share Issuance. These interests are described in further detail below, and are quantified in the narratives and tables below.

The interests of Altra's executive officers generally include the following:

potential enhanced severance payments in the event of a qualifying termination of employment within the first 24 months following the closing date of the Merger and certain terminations in anticipation of the Merger;

potential acceleration of equity awards held under the Altra Equity Plan in the event of a qualifying termination of employment within the first 24 months following the closing date of the Merger; and

conversion of performance shares into service-vesting restricted stock units immediately upon the closing of the Merger, with the performance goals deemed satisfied based on actual performance as of the last completed quarter prior to the closing date of the Merger.

As of August 1, 2018, Altra's directors and executive officers owned approximately 2.5% of the outstanding shares of Altra common stock. Details of the beneficial ownership of Altra's directors and executive officers of Altra's common stock are set out in the section titled "Security Ownership of Altra Common Stock." None of Altra's non-employee directors will receive any payments or benefits in connection with the Transactions, and the Transactions will have no impact on stock awards held by non-employee directors.

### ***Certain Assumptions***

Except as otherwise specifically noted, for purposes of quantifying the potential payments and benefits described in this section, the following assumptions were used:

the effective time of the Merger is on September 30, 2018, which is the assumed date of the consummation of the Merger solely for purposes of this transaction-related compensation disclosure;

the relevant price per share of Altra common stock is \$47.01, the average closing price per share as quoted on the Nasdaq over the first five business days following the first public announcement of the Transactions (the Assumed Altra Closing Price );

each executive officer is terminated by Altra without cause or terminates his own employment for good reason (as each such term is defined in the relevant plans and agreements and collectively,

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referred to as a “qualifying termination”), in each case, on the date of the consummation of the Merger; and

the amounts set forth in the tables below regarding executive officer compensation are based on compensation levels as of August 1, 2018.

***Altra Equity Plan***

The Merger will constitute a change in control with respect to outstanding Altra Equity Awards under the Altra Equity Plan; however, no payments become due upon the closing date of the Merger. The Altra Equity Plan provides for “double-trigger” vesting, and the Merger constitutes the first trigger. A termination without “cause” or a resignation for “good reason” (each as defined under the Altra Equity Plan and described below, and collectively, a “qualifying termination”) within the first 24 months following the closing date of the Merger constitutes the second trigger. No payments become due until the second trigger occurs. In the event the second trigger does occur, outstanding awards will fully accelerate and become vested immediately.

Outstanding Altra Equity Awards consist of performance shares and restricted shares. Upon the Merger, performance goals for performance shares will be deemed satisfied based on actual performance as of the last completed quarter prior to the closing date of the Merger. Such performance shares will convert into restricted stock unit awards, which will only be subject to service-based vesting. Upon the Merger, restricted shares will continue to vest on their existing terms.

Under the Altra Equity Plan “cause” and “good reason” have the same definitions as under the Altra CIC Agreements, as described below.

***Altra CIC Agreements***

Each of Altra’s executive officers is party to a change in control severance agreement (the “Altra CIC Agreements”). The Merger will constitute a change in control with respect to the Altra CIC Agreements; however, no payments become due upon the closing date of the Merger. The Altra CIC Agreements provide for “double-trigger” vesting, and the Merger constitutes the first trigger. A termination without “cause” or a resignation for “good reason” (each as defined under the Altra CIC Agreements and described below, and collectively, a “qualifying termination”) within the first 24 months following the closing date of the Merger constitutes the second trigger. In addition, the Altra CIC Agreements provide that a termination without “cause” or a resignation for “good reason” within 90 days prior to the Merger and in anticipation of the Transactions also constitutes the second trigger (so long as the Transactions actually occur and the Merger is consummated).

Upon a qualifying termination following the closing date of the Merger, each executive officer is entitled to the following benefits under the Altra CIC Agreements, subject to a release of claims and compliance with certain restrictive covenants:

lump-sum cash severance payment equal to two times (or three times for Carl R. Christenson, Chief Executive Officer of Altra, or 1.5 times for Todd B. Patriacca, Vice President of Finance, Corporate Controller and Treasurer of Altra) the sum of (x) the executive’s base salary at the rate in effect immediately prior to the qualifying termination plus (y) the target annual bonus for the year of termination;

continued medical and dental insurance coverage for the executive (and the executive's spouse and dependents, if applicable) for a period of 18 months following the qualifying termination or, if earlier, until the executive becomes employed by a new employer that offers any medical and/or dental insurance;

a prorated bonus for the year of termination; and

accelerated vesting of all equity incentive awards.

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Under the Altra CIC Agreements, *cause* means (i) the executive's material breach of the terms of any agreement between the executive and Altra, (ii) the executive's willful failure or refusal to perform material duties of his position, (iii) the executive's willful insubordination or disregard of the legal directives of the Altra board of directors or, in the case of each executive officer other than the chief executive officer of Altra, the chief executive officer of Altra, which are not inconsistent with the scope, ethics and nature of the executive's duties and responsibilities, (iv) the executive's engaging in misconduct which has a material adverse impact on the reputation, business, business relationships or financial condition of Altra, (v) the executive's commission of an act of fraud or embezzlement against Altra or any of its subsidiaries or (vi) any conviction of, or plea of guilty or nolo contendere by, the executive with respect to a felony (other than a traffic violation), a crime involving moral turpitude, fraud or misrepresentation; provided, however, that *cause* shall not be deemed to exist under any of clauses (i), (ii) or (iii) above unless the executive has been given reasonably detailed written notice of the grounds for such cause and the executive has not effected a cure within 20 days of the date of receipt of such notice.

*Good reason* means any of the following: (i) without the executive's express consent, any material change in the executive's job title, any significant change in the executive's reporting relationships or a significant reduction of the executive's duties, position or responsibilities relative to the executive's duties, position or responsibilities in effect immediately prior to such reduction, or the executive's removal from such position, duties and responsibilities, unless he is provided with comparable duties, position and responsibilities, (ii) a material reduction by Altra (other than a reduction on the same basis as other senior executives) in the kind or level of employee benefits to which he is entitled immediately prior to such reduction with the result that the executive's overall benefits package is significantly reduced, (iii) a relocation of the executive's principal work location to more than 50 miles from the executive's current principal work location or (iv) Altra's failure to cause the executive's employment agreement and its obligations thereunder to be expressly assumed by Altra's successor.

***Potential Cutback***

The Altra CIC Agreements further provide that, if payments to an executive officer in connection with the Merger are subject to golden parachute excise taxes imposed under Section 4999 of the Code, the payments to the officer will be reduced in order to limit or avoid the golden parachute excise tax if and to the extent such reduction is expected to produce a better after-tax result for the executive officer.

***No Other Benefits***

Other than as set forth above, the directors and executive officers of Altra will receive no extra or special benefit that is not shared on a pro rata basis by all other Altra stockholders in connection with the Transactions. As with all holders of shares of Fortive common stock, if a director or executive officer of Altra owns shares of Fortive common stock, directly or indirectly, such person may participate in the Exchange Offer on the same terms as other holders of shares of Fortive common stock.

***Quantification of Potential Payments and Benefits***

In accordance with Item 402(t) of Regulation S-K, the table below, entitled *Potential Transaction-Related Payments to Executive Officers*, along with its footnotes, shows the compensation that could become payable to the named executive officers, as determined for purposes of its most recent annual proxy statement, and that are based on or otherwise relate to the Transactions. *Named executive officers* collectively refers to Altra's chief executive officer, chief financial officer and three other most highly compensated executive officers as determined in its most recent annual proxy statement. In addition, the table below also includes such information for Altra's other executive officer, which, although not required by the rules of the SEC, has been included so that quantification of the potential

payments and benefits that could be received by all of Altra's executive officers is presented in a uniform manner. Please note that, although you are being provided with the information

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identified in Item 402(t) of Regulation S-K, in accordance with the rules of the SEC, you are not being asked to vote on the compensation and benefits that Altra's named executive officers may receive in connection with the Transactions, as presented below.

The table assumes that the consummation of the Merger occurs on September 30, 2018, and each executive officer incurs a qualifying termination on such date. As noted above, there are no single trigger arrangements. The amounts indicated below are estimates of the amounts that would be payable to the executive officers. Such estimates are based on multiple assumptions that may or may not actually occur, including assumptions described in this document. Some of the assumptions are based on information not currently available and, as a result, the actual amounts, if any, to be received by an executive officer may differ in material respects from the amounts set forth below.

<b>Name</b>	<b>Cash (\$) (1)</b>	<b>Equity (\$) (2)</b>	<b>Perquisites/ Benefits (\$) (3)</b>	<b>Total (\$)</b>
<b><i>Named Executive Officers</i></b>				
Carl R. Christenson	4,650,000	5,397,524	30,017	10,077,541
Christian Storch	1,615,326	1,499,102	30,017	3,144,445
Gerald P. Ferris	767,639	680,047	21,279	1,468,965
Glenn E. Deegan	1,247,419	1,203,033	30,017	2,480,469
Craig Schuele	910,889	805,657	30,017	1,746,563
<b><i>Other Executive Officer</i></b>				
Todd B. Patriacca	621,090	531,683	30,017	1,182,790

- (1) As described above under Altra CIC Agreements, upon a qualifying termination either within 24 months following the closing date of the Merger or within 90 days prior to the Merger and in anticipation of the Transactions, each executive officer will have the right to receive certain cash severance payments. These payments are double-trigger because they will only be payable in the event of a qualifying termination, which means a termination of employment without cause or a resignation for good reason, during the applicable period. These payments are based on the compensation and benefit levels in effect on August 1, 2018; therefore, if compensation and benefit levels are increased after August 1, 2018, actual payments to an executive officer may be greater than those provided for above.

The amounts of the severance components described above are set forth in the following table:

<b>Name</b>	<b>Salary Component (\$)</b>	<b>Bonus Component (\$)</b>	<b>Total (\$)</b>
<b><i>Named Executive Officers</i></b>			
Carl R. Christenson	2,400,000	2,250,000	4,650,000
Christian Storch	885,110	730,216	1,615,326
Gerald P. Ferris	437,090	330,549	767,639
Glenn E. Deegan	710,274	537,145	1,247,419



Craig Schuele	539,786	371,103	910,889
<b><i>Other Executive Officer</i></b>			
Todd B. Patriacca	370,800	250,290	621,090

As part of severance, each executive is entitled to a multiple of his annual target bonus as well as a prorated bonus for the year of termination. For purposes of these calculations, the prorated bonus is equal to each executive's prorated portion of his target bonus for the year in which closing occurs, based on the days lapsed between January 1, 2018 and the assumed closing date (September 30, 2018).

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- (2) As described above under Altra Equity Plan , upon a qualifying termination within 24 months following the closing date of this Merger, each executive officer will be entitled to full acceleration and immediate vesting of his then outstanding Altra Equity Awards. The equity value for each executive is equal to the product of (x) the number of shares with respect to the outstanding restricted stock and/or performance share awards, as applicable, that will immediately vest upon a qualifying termination (which, for purposes of this disclosure, has been calculated assuming target performance in the case of performance shares) multiplied by (y) the Assumed Altra Closing Price. Altra does not have outstanding, and no executive officer holds, any other type of Altra Equity Award besides restricted stock and performance shares. These payments are double-trigger because they will only be payable in the event of a qualifying termination, which means a termination of employment without cause or a resignation for good reason, during the applicable period.

The amounts of the equity value components described above are set forth in the following table:

<b>Name</b>	<b>Restricted Stock (\$)</b>	<b>Performance Shares (\$)</b>	<b>Total (\$)</b>
<b><i>Named Executive Officers</i></b>			
Carl R. Christenson	3,302,358	2,095,166	5,397,524
Christian Storch	913,263	585,839	1,499,102
Gerald P. Ferris	458,630	221,417	680,047
Glenn E. Deegan	732,886	470,147	1,203,033
Craig Schuele	489,703	315,954	805,657
<b><i>Other Executive Officer</i></b>			
Todd B. Patriacca	324,698	206,985	531,683

- (3) As described above, under Altra CIC Agreements, upon a qualifying termination within 24 months following the closing date of this Merger, each executive officer will have the right to continued medical and dental insurance coverage for the executive (and the executive's spouse and dependents, if applicable) for a period of 18 months following the qualifying termination or, if earlier, until the executive becomes employed by a new employer that offers any medical and/or dental insurance. The executives are not entitled to the continuation of any perquisites following a change in control and qualifying termination, so the perquisite/benefits value reflects only the value of health benefits.

**Effects of the Distribution and the Merger on Fortive Equity Awards**

The Employee Matters Agreement provides for the treatment of Fortive Options and Fortive RSUs that are held by employees of the A&S Business who will become employees of Newco. The specific treatment of these awards depends on whether they are vested as of the effective time of the Merger.

**Treatment of Fortive Options and Fortive RSUs that are Vested or Non-forfeitable as of the Effective Time of the Merger**

Each Fortive Option that is held by an employee of the A&S Business who becomes an employee of Newco and is vested and exercisable immediately before the effective time of the Merger will remain outstanding for 90 days following the closing date of the Merger. If any vested Fortive Options remain unexercised as of the end of such 90-day period, such vested options will be automatically exercised prior to expiration. With respect to Fortive Options and Fortive RSUs held by retirement-eligible employees of the A&S Business who become employees of Newco that

are non-forfeitable as of the effective time of the Merger, Fortive will retain such awards and allow them to continue to vest in accordance with the terms and conditions of the Fortive Equity Plan and the applicable award agreement. Each Fortive RSU that is held by an employee of the A&S Business who becomes an employee of Newco and is vested but not settled as of immediately before the effective time of the Merger will be settled in accordance with its terms in shares of Fortive common stock on or as soon as practicable following the closing date of the Merger. All such Fortive Options and Fortive RSUs may be equitably adjusted in accordance with the terms and conditions of the Fortive Equity Plan and the applicable award agreement. Fortive does not believe that any adjustments will be made in the event that the Exchange Offer is fully subscribed.

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**Table of Contents****Treatment of Fortive Options and Fortive RSUs that are Not Vested as of the Effective Time of the Merger**

Any Fortive Options and Fortive RSUs that are held by an employee of the A&S Business who becomes an employee of Newco and are not vested immediately before the effective time of the Merger will generally be cancelled by Fortive immediately before the effective time of the Merger and replaced by Altra with grants of Altra's restricted stock or cash-settled restricted stock units, in each case, with comparable value and comparable remaining vesting schedules. For a more complete description of the amount and terms of the Altra restricted stock or cash settled awards to be provided with respect to such cancelled Fortive Options and Fortive RSUs, see **Other Agreements Employee Matters Agreement Treatment of Fortive Equity Incentive Awards** beginning on page 199.

**Altra's Stockholders Meeting**

Under the terms of the Merger Agreement, Altra is required to call a meeting of its stockholders for the purpose of voting upon the issuance of shares of Altra's common stock in the Merger and related matters as promptly as practicable following the date on which the SEC has cleared Altra's proxy statement and, if required by the SEC as a condition to the mailing of Altra's proxy statement, the registration statement of Altra has been declared effective. Altra will ask its stockholders to vote on this matter at the special meeting of Altra stockholders by delivering Altra's proxy statement to its stockholders in accordance with applicable law and its organizational documents.

As of August 1, 2018, Altra's directors and executive officers held approximately 2.5% of the shares entitled to vote at Altra's special meeting of the stockholders. As of August 1, 2018, Newco's directors, executive officers and their affiliates did not hold shares entitled to vote at Altra's special meeting of the stockholders. Newco's stockholders are not required to vote on any of the proposals, and Newco will not hold a special meeting of stockholders in connection with the Transactions.

**Accounting Treatment and Considerations**

ASC 805, Business Combinations, requires the use of the acquisition method of accounting for business combinations. In applying the acquisition method, it is necessary to identify the accounting acquiror. In a business combination effected through an exchange of equity interests, such as the Merger, the entity that issues its equity interests (Altra in this case) is generally the acquiring entity. In identifying the acquiring entity in a combination effected through an exchange of equity interests, however, all pertinent facts and circumstances must be considered, including but not limited to the following:

The relative voting interests of significant stockholders and the ability of any of those stockholders to exercise control, over the consolidated entity after the Transactions. In this case, it was determined that the stockholders bases of both entities are dispersed such that no single stockholder or group of related stockholders would control the entity after the Transactions. It was also determined that although Fortive stockholders will own a 54% interest in Altra after the Transaction, no contemporaneous written evidence of an agreement to vote a majority of Altra's interest in concert exists.

The composition of the governing body of Altra after the Transactions. In this case, the board of directors of Altra immediately following the Merger is expected to consist of the members of the board of directors of Altra immediately prior to the consummation of the Merger. In addition, as of the consummation of the Merger, Altra will increase the size of its board of directors by one member, creating a vacancy, and one

individual selected by Fortive (which individual is currently anticipated by Altra and Fortive to be Patrick K. Murphy, Fortive's Senior Vice President) will be appointed to fill such vacancy and will, subject to the fiduciary duties of Altra's board of directors, be nominated for re-election at the expiration of such director's initial term.

The composition of the senior management of Altra after the Transactions. In this case, it is expected that Altra's current management team will remain intact for the combined business, but may be

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augmented with new management team members from the A&S Business. The executive officers of Altra immediately prior to the closing of the Merger are expected to remain the executive officers of Altra immediately following the closing of the Merger.

Altra's management has determined that Altra will be the accounting acquirer in the Merger based on the facts and circumstances outlined above and the detailed analysis of the relevant GAAP guidance. Consequently, Altra will apply acquisition accounting to the assets acquired and liabilities assumed of Newco upon consummation of the Merger. Upon consummation of the Merger, the historical financial statements will reflect only the operations and financial condition of Altra.

## **Regulatory Approvals**

### ***United States Antitrust Clearance***

Under the HSR Act, and the rules and regulations promulgated thereunder by the U.S. Federal Trade Commission (the "FTC"), the merger cannot be consummated unless certain information has been furnished to the FTC and the Antitrust Division of the U.S. Department of Justice (the "Antitrust Division"), and specified waiting period requirements have been satisfied. This transaction is subject to such requirements.

Each of Fortive and Altra filed a Pre-Merger Notification and Report Form pursuant to the HSR Act with the Antitrust Division and the FTC on March 20, 2018 and March 22, 2018, respectively. The waiting period under the HSR Act expired at 11:59 p.m. (Eastern Time in the United States) on April 23, 2018.

At any time before or after the consummation of any such transaction, the FTC or the Antitrust Division could take such action under the antitrust laws of the United States as it deems necessary or desirable in the public interest, including seeking to enjoin the transaction or seeking divestiture of certain assets. At any time before or after the consummation, private parties (including individual States) may also bring legal actions under the antitrust laws of the United States.

### ***The Ministry of Commerce of the People's Republic of China***

Under the Chinese Anti-Monopoly Law of 2008, transactions involving parties with sales above certain revenue levels cannot be completed until they are reviewed and approved by the Ministry of Commerce of the People's Republic of China ("MOFCOM"). Fortive and Altra have sufficient revenues in China to exceed the statutory thresholds, and completion of the merger is therefore conditioned upon MOFCOM approval. Fortive and Altra filed the required materials with MOFCOM on April 23, 2018. Altra and Fortive received written clearance for the Transactions from MOFCOM on May 28, 2018.

### ***The Federal Cartel Office of the Federal Republic of Germany***

Under the German Act against Restraints of Competition, transactions involving parties with sales above certain revenue levels cannot be completed until they are reviewed and approved by the Federal Cartel Office of the Federal Republic of Germany ("FCO"). Fortive and Altra have sufficient revenues in Germany to exceed the statutory thresholds, and completion of the merger is therefore conditioned upon FCO approval. Fortive and Altra filed the required materials with FCO on April 23, 2018. Altra and Fortive received written clearance for the Transactions from the FCO on May 22, 2018.

## **Federal Securities Law Consequences; Resale Restrictions**

Altra common stock issued in the Merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares issued to any Fortive stockholder who may be deemed to be an affiliate of Newco for purposes of Rule 145 under the Securities Act.

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In connection with the Distribution, Fortive may be deemed to be an underwriter within the meaning of Section 2(a)(11) of the Securities Act.

**No Appraisal or Dissenters Rights**

None of Altra, Merger Sub, Fortive or Newco stockholders will be entitled to exercise appraisal rights or to demand payment for their shares in connection with the Transactions.



**Table of Contents****THE MERGER AGREEMENT**

*The following is a summary of the material provisions of the Merger Agreement. This summary is qualified in its entirety by the Merger Agreement, which is incorporated by reference in this document. Stockholders of Fortive and Altra are urged to read the Merger Agreement in its entirety. This summary of the Merger Agreement has been included to provide Fortive stockholders and Altra stockholders with information regarding its terms. The rights and obligations of the parties are governed by the express terms of the Merger Agreement and not by this summary or any other information included in this document. This summary is not intended to provide any other factual information about Altra, Merger Sub, Fortive or Newco. Information about Altra, Merger Sub, Fortive and Newco can be found elsewhere in this document and in the documents incorporated by reference into this document. See also *Where You Can Find More Information; Incorporation by Reference*.*

**The Merger**

Under the Merger Agreement and in accordance with the DGCL, at the effective time of the Merger, Merger Sub will merge with and into Newco. As a result of the Merger, the separate corporate existence of Merger Sub will cease and Newco will continue as the surviving corporation and as a wholly owned subsidiary of Altra and will succeed to and assume all the rights, powers and privileges and be subject to all of the obligations of Merger Sub in accordance with the DGCL. The certificate of incorporation and bylaws of Newco in effect immediately prior to the Merger will be amended and restated in their entirety and, as so amended and restated, will be the certificate of incorporation and bylaws of the surviving corporation following the consummation of the Merger.

Under the terms of the Merger Agreement, the directors and officers of Merger Sub immediately before the Merger will be the initial directors and officers of the surviving corporation after the Merger.

**The Direct Sales**

Under the Merger Agreement, immediately prior to the effective time of the Merger, (1) the Direct Sales Sellers will sell, transfer, convey assign and deliver to the Direct Sales Purchasers the Direct Sales Assets and the Direct Sales Entities and (2) the Direct Sales Purchasers will assume the A&S Liabilities of or attributable to the Direct Sales Sellers.

**The Adjustment Payment**

Under the Merger Agreement, if adjusted EBITDA of the A&S Business for the year ended December 31, 2017 as finally determined in accordance with the terms of the Merger Agreement is less than the amount agreed by Altra and Fortive as of the date of the Merger Agreement, then at closing Fortive shall pay to Altra (the *Adjustment Payment*) in cash the amount, if any, by which the product of (1) such shortfall multiplied by (2) 13.5 exceeds \$30,000,000 (any such excess above \$30,000,000, the *Adjustment Amount*). If the Adjustment Amount is greater than \$150,000,000 (any such excess of the Adjustment Amount above \$150,000,000, the *Adjustment Excess*), then the Adjustment Payment will equal \$150,000,000 and in addition to the Adjustment Payment, Fortive will elect (a) to reduce the number of shares of Altra common stock to be received by holders of Newco common stock by an amount equal to the quotient of (i) the Adjustment Excess divided by (ii) \$45.20 (the *Altra Share Amount Reduction*), except that the Altra Share Amount Reduction must not result in the Fortive stockholders holding less than the number of shares of Altra common stock equal to 50.1% of the shares of Altra common stock outstanding immediately following the effective time of the Merger, (b) to pay to Altra an additional amount in cash equal to the Adjustment Excess or (c) to provide Altra a written notice giving Altra the right to terminate the Merger Agreement. If Altra elects not to terminate the Merger Agreement within five business days of receipt of notice from Fortive, the Adjustment Payment

will equal \$150,000,000 and there will be no further payment and no Altra Share Amount Reduction for the Adjustment Excess. Based on the Audited Financial Statements, no Adjustment Amount is payable from Fortive to Altra.

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### **Closing; Effective Time**

Under the terms of the Merger Agreement, the closing of the Merger, the Direct Sales and the other transactions contemplated by the Merger Agreement will take place on a date and time designated jointly by Fortive and Altra, which will be (1) no later than the later of the second business day after (a) the satisfaction or waiver of the conditions precedent to the Merger (other than those to be satisfied at closing) and (b) the earlier of (i) the date during the marketing period for the debt financing to be incurred in connection with the Merger and the other Transactions, as described under Debt Financing, to be specified by Altra and (ii) the final day of such marketing period, subject in each case to the satisfaction or waiver of the conditions precedent to the Merger (other than those to be satisfied at closing) or (2) at such other date, time or place as Altra and Fortive may mutually agree. At the closing of the Merger, Fortive and Altra will cause to be filed a certificate of merger with the Secretary of State of the State of Delaware to effect the Merger. The Merger will become effective at the time of filing of the certificate of merger or at such later time as Fortive, Altra, Newco and Merger Sub may agree and provide in the certificate of merger.

### **Merger Consideration**

The Merger Agreement provides that, at the effective time of the Merger, each issued and outstanding share of Newco common stock (except for shares of Newco common stock held by Fortive, Newco, Altra or Merger Sub, which shares will be canceled and cease to exist, and no consideration will be delivered in exchange therefor) will be automatically converted into a number of shares of Altra common stock equal to 35,000,000 divided by the aggregate number of shares of common stock of Newco issued and outstanding as of immediately prior to the effective time of the Merger. The calculation of the merger consideration as set forth in the Merger Agreement is expected to result in Newco's stockholders immediately prior to the Merger collectively holding approximately 54% of the outstanding shares of Altra common stock immediately following the Merger. Based on the Audited Financial Statements, no Adjustment Amount is payable from Fortive to Altra in connection with the Transactions and, accordingly, the Adjustment Amount will not impact the amount to be received by participants in the Exchange Offer.

No fractional shares of Altra common stock will be issued pursuant to the Merger. Any holder of shares of common stock of Newco who would otherwise be entitled to receive a fractional share of Altra common stock will, in lieu of such fractional share, be paid in cash the dollar amount (rounded to the nearest whole cent), after deducting any required withholding taxes, on a pro rata basis, without interest, determined by multiplying such fraction by the closing price of a share of Altra common stock on Nasdaq on the last business day prior to the date on which the Merger becomes effective. The merger consideration and cash in lieu of fractional shares (if any) paid in connection with the Merger will be reduced by any applicable tax withholding.

### **Distribution of Per Share Merger Consideration**

Prior to the effective time of the Merger, Altra will deposit in a reserve account with its transfer agent book-entry shares of Altra common stock for the benefit of the Fortive stockholders who received shares of Newco common stock in the Distribution and for distribution in the Merger upon conversion of the Newco common stock.

At the effective time of the Merger, all issued and outstanding shares of Newco common stock will be converted into the right to receive shares of Altra common stock as described above under Merger Consideration. As promptly as practicable thereafter, Altra's transfer agent will distribute the shares of Altra common stock to each person who was entitled to receive Newco common stock in the Distribution. Each person entitled to receive Newco common stock in the Distribution will be entitled to receive in respect of such shares of Newco common stock a book-entry authorization representing the number of whole shares of Altra common stock that such holder has the right to receive pursuant to the Merger (and cash in lieu of fractional shares of Altra common stock as described above under Merger

Consideration and any dividends or distributions and other amounts as described below under Distributions With Respect to Shares of Altra Common Stock after the Effective Time of the Merger ).

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### **Distributions With Respect to Shares of Altra Common Stock after the Effective Time of the Merger**

No dividends or other distributions declared or made with respect to Altra common stock with a record date after the effective time of the Merger will be paid to the holder of any shares of Newco common stock with respect to the shares of Altra common stock that are not able to be distributed to such holder promptly after the effective time of the Merger, whether due to a legal impediment to such distribution or otherwise. Subject to the effect of applicable abandoned property, escheat law or other applicable laws, following the distribution of any such previously undistributed shares of Altra common stock, the following amounts will be paid to the record holder of such shares of Altra common stock, without interest:

at the time of the distribution of such previously undistributed shares, the amount of cash payable in lieu of fractional shares of Altra common stock to which such holder is entitled pursuant to the Merger Agreement; and

the amount of dividends or other distributions with a record date after the effective time of the Merger theretofore paid with respect to such shares of Altra common stock.

Altra will deposit all such amounts in a reserve account with its transfer agent.

### **Termination of the Exchange Fund**

Any portion of the amounts deposited in the reserve account with Altra's transfer agent under the Merger Agreement that remains undistributed to the holders of Newco common stock with respect to the shares of Altra common stock that are not able to be distributed to such holder as of the one-year anniversary of the effective time of the Merger will be delivered to Altra upon demand, and any holders of shares of Newco common stock who have not theretofore received shares of Altra common stock in accordance with the Merger Agreement may thereafter look only to Altra for satisfaction of their claims for Altra common stock, cash in lieu of fractional shares of Altra common stock and any dividends or distributions with respect to Altra common stock, in each case without interest thereon.

### **Post-Closing Altra Board of Directors and Officers**

The Merger Agreement provides that Altra will take all actions reasonably necessary to ensure that the Altra board of directors nominates, consistent with its fiduciary duties, Fortive's designated director as of the effective time of the Merger and to serve a full new term on Altra's board of directors immediately following the expiration of such director's term. In the event that Fortive's designated director (1) is unwilling or unable to serve at the effective time of the Merger, (2) is unwilling or unable to serve at the time of the commencement of such new term or (3) is not nominated to serve such new term, then Fortive will designate a replacement, acceptable to Altra in its sole discretion, for such director prior to the effective time of the Merger or the commencement of such new term, as applicable.

### **Stockholders Meeting**

Under the terms of the Merger Agreement, Altra is required to call a meeting of its stockholders for the purpose of voting upon the Share Issuance as promptly as practicable following the date on which the SEC has cleared Altra's proxy statement relating to the special meeting. Altra is required to call such a stockholders' meeting for the purpose of voting upon the matters described above, but Altra may after consultation with Fortive adjourn or postpone the stockholders' meeting if Altra has not materially breached its obligations described under "No Solicitation" and an

unsolicited, bona fide written Acquisition Proposal (as defined below under "No Solicitation") with respect to Altra is submitted to Altra within ten business days of the stockholders' meeting, which Acquisition Proposal the Altra board of directors determines in good faith, after consultation with its financial advisor and outside legal counsel, is, or could reasonably be expected to result in, an Altra Superior Offer. Despite the foregoing, the stockholders' meeting may not be postponed or adjourned later than the date

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that is ten business days after the date on which Altra receives such Acquisition Proposal. In the event the Altra board of directors reaffirms the Altra Recommendation (as defined below under "Board Recommendation") during the ten-business day period, the stockholders' meeting may be postponed or adjourned to the date that is five business days after the date the Altra board of directors reaffirms the Altra Recommendation. In no event will any postponement or adjournment result in Altra establishing a new record date for the Altra stockholders' meeting.

**Representations and Warranties**

In the Merger Agreement, each of Altra and Merger Sub has made representations and warranties to Fortive and Newco, and Fortive and Newco have made representations and warranties to Altra and Merger Sub relating to Newco and the A&S Business. These representations and warranties relate to, among other things:

due organization, good standing and qualification;

capital structure;

authority to enter into the Merger Agreement (and other Transaction Documents);

absence of conflicts with or violations of governance documents, other obligations or laws;

governmental approvals;

the title to and sufficiency of assets;

financial statements and absence of undisclosed liabilities;

absence of certain changes or events;

absence of investigations or litigation;

compliance with applicable laws;

accuracy of information supplied for use in this document and certain other disclosure documents to be filed with the SEC in connection with the Transactions;

intellectual property matters;

interests in real property;

employee benefit and labor matters;

tax matters;

the financing contemplated by the applicable Commitment Letters;

material contracts;

the required vote of Altra or Newco stockholders, as applicable, on the transactions contemplated by the Merger Agreement (including, in the case of Altra, the Share Issuance);

the absence of any stockholder rights plan, poison pill, anti-takeover plan or other similar device;

operations and purpose of formation of Merger Sub or Newco, as applicable;

environmental matters; and

payment of fees to brokers or finders in connection with the Transactions.

Many of the representations and warranties contained in the Merger Agreement are subject to a material adverse effect standard, knowledge qualifications, or both, and only Fortive's and Newco's representations relating to capital structure, accuracy of information supplied for use in this document and certain other disclosure documents to be filed with the SEC in connection with the Transactions, title to and sufficiency of



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assets and payment of fees to brokers or finders in connection with the Transactions will survive the effective time of the Merger. The only post-closing indemnification obligations are with respect to these representations and warranties.

Under the Merger Agreement, a material adverse effect means, with respect to the A&S Business or Altra, as applicable, any effect, change, event or circumstance that, considered together with all other effects, changes, events or circumstances, is or would reasonably be expected to be or to become materially adverse to, or has or would reasonably be expected to have or result in a material adverse effect on the business, assets, financial condition or results of operations of the A&S Business, taken as a whole, or the Altra Companies, taken as a whole, as the case may be, or would prevent or materially impair Fortive or Altra, as the case may be, from complying with its obligations under the Merger Agreement or consummating the Transactions. However, any effect, change, event or circumstance resulting from of the following, either alone or in combination, will not be deemed either to constitute, or be taken into account in determining whether there has occurred, a material adverse effect:

conditions generally affecting the industry in which the A&S Business competes or Altra competes, as applicable, or the U.S. or global economy as a whole, to the extent that such conditions (including any changes arising out of acts of terrorism, war, weather conditions or other force majeure events) do not have a disproportionate impact on the A&S Business taken as a whole, or the Altra Companies, taken as a whole, as applicable, relative to other companies in the industry in which the A&S Business operates or the Altra Companies operate, as applicable;

general conditions in the financial markets, and any changes therein (including any changes arising out of acts of terrorism, war, weather conditions or other force majeure events), to the extent that such conditions do not have a disproportionate impact on the A&S Business, taken as a whole, or the Altra Companies, taken as a whole, as applicable, relative to other companies in the industry in which the A&S Business operates or the Altra Companies operate, as applicable;

changes in the trading price or trading volume of Fortive common stock or Altra common stock, as applicable (except that any effect, change, event or circumstance giving rise to or contributing to such changes in trading price or trading volume may be taken into account);

changes in GAAP (or any interpretations of GAAP) or legal requirements applicable to the A&S Business or Altra or any of its subsidiaries, to the extent that such conditions do not have a disproportionate impact on the A&S Business, taken as a whole, or the Altra Companies, taken as a whole, as applicable, relative to other companies in the industry in which the A&S Business operates or the Altra Companies operate, as applicable;

the failure to meet public estimates or forecasts of revenues, earnings or other financial metrics, in and of itself, or the failure to meet internal projections, forecasts or budgets of revenues, earnings or other financial metrics, in and of itself (except that any effect, change, event or circumstance giving rise to or contributing to any such failure may be taken into account);

any stockholder or derivative litigation arising from or relating to the Merger Agreement or the Transactions;

effects, changes, events or circumstances resulting directly from the announcement or pendency of the Merger Agreement or the Transactions, including loss of employees, suppliers or customers (including changes in customer bidding procedures or testing or award or scope of survey and/or loss of customer orders or contracts) and any related decrease in sales volume of A&S Business products or Altra products, as applicable; or

certain items described in the disclosure letter provided by Fortive or Altra, as applicable.

The representations and warranties of Fortive and Newco contained in the Merger Agreement are solely for the benefit of Altra and Merger Sub, and the representations and warranties of Altra and Merger Sub contained in

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the Merger Agreement are solely for the benefit of Fortive and Newco. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure letters that the parties have exchanged in connection with signing the Merger Agreement as of a specific date. The disclosure letters contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Merger Agreement. Therefore, investors and security holders should not treat the representations and warranties as categorical statements of fact. Moreover, these representations and warranties may apply standards of materiality in a way that is different from what may be material to investors and security holders. They were made only as of the date of the Merger Agreement or such other date or dates as may be specified in the Merger Agreement and they are subject to more recent developments. Accordingly, investors and security holders should read the representations and warranties in the Merger Agreement not in isolation but only in conjunction with the other information about Altra and Fortive and their respective subsidiaries that the respective companies include in this document and other reports and statements they file with the SEC

**Conduct of Business Pending the Merger**

Each of the parties has undertaken to perform customary covenants in the Merger Agreement that place restrictions on it and its subsidiaries until the effective time of the Merger. In general, each of Altra and Fortive (with respect to the A&S Business only) has agreed that prior to the effective time of the Merger, except as contemplated or required by the Merger Agreement or the other Transaction Documents or applicable law or as consented to by the other party (which consent may not be unreasonably withheld, conditioned or delayed), subject to certain agreed exceptions, (1) it will use its commercially reasonable efforts to ensure that the subsidiaries of Fortive conducting the A&S Business or the subsidiaries of Altra, as applicable, conduct their business and operations in the ordinary course in all material respects, (2) to the extent consistent therewith, Fortive or Altra, as applicable, will use its commercially reasonable efforts to ensure that the subsidiaries of Fortive conducting the A&S Business preserve intact the material components of their current business organization, and maintain their relations and goodwill in all material respects with all material suppliers, material customers, material licensors and governmental bodies (in the case of Fortive, solely with respect to the A&S Business) and (3) solely with respect to Fortive, it will cause Newco to not operate any business other than the A&S Business.

In addition, Fortive has agreed that, prior to the effective time of the Merger, except as contemplated or required by the Merger Agreement or the other Transaction Documents or applicable law, or as consented to by Altra (which consent may not be unreasonably withheld, conditioned or delayed), subject to certain agreed exceptions, Fortive will not (solely to the extent relating to the A&S Business and the A&S Companies), and will ensure that its subsidiaries conducting the A&S Business do not, take any of the following actions:

sell, issue, grant, redeem, authorize the sale, issuance, grant or redemption of, or publicly announce its intention to sell, issue, grant or redeem (1) any capital stock, membership interest or other securities, (2) any option, call, warrant or right to acquire any capital stock or other security or (3) any instrument convertible into or exchangeable for any capital stock or other security, except that Fortive may issue shares of Fortive common stock upon the exercise or vesting of Fortive equity awards outstanding as of the date of the Merger Agreement;

with respect to any Fortive equity awards, except as otherwise required by the terms of any Fortive benefit plan as in effect on the date of the Merger Agreement, (1) amend or waive any of its rights under, or accelerate the vesting under, any provision of the Fortive equity plan, (2) amend any provision of any

agreement evidencing any outstanding Fortive equity award or (3) otherwise modify any of the terms of any outstanding Fortive equity award, warrant or other security or any related contract;

amend or permit the adoption of any amendment to the organizational documents of any A&S Company;

with respect to the A&S Business, make or commit to make any capital expenditure outside the ordinary course of business, other than any capital expenditure that (1) is provided for in the applicable

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A&S Company's capital expense budget delivered to Altra prior to the date of the Merger Agreement or (2) when added to all other capital expenditures made on behalf of all of the A&S Companies since the date of the Merger Agreement but not provided for in the A&S Companies' capital expense budgets delivered to Altra prior to the date of the Merger Agreement, does not exceed \$1,000,000 in the aggregate per calendar quarter;

other than in the ordinary course of business (1) amend in any material respect (other than an extension), terminate or waive any material right or remedy under any material contract of the A&S Business, any contract with a material customer or supplier of the A&S Business or any other contract that is material to the A&S Companies, taken as a whole, other than termination thereof upon the expiration of any such contract in accordance with its terms or upon a material breach thereof by the counterparty thereto or (2) enter into certain specified contracts that would constitute a material contract under the Merger Agreement;

other than to the extent either contemplated by the Employee Matters Agreement or as required by applicable law or the terms of any Fortive benefit plan, Fortive governmental or statutory plan or collective bargaining agreement, in each case as in effect as of the date of the Merger Agreement, (1) establish, adopt, enter into or amend any Fortive benefit plan or collective bargaining agreement, in each case of which any Newco Employee is a beneficiary or a party, (2) pay any bonus or make any profit-sharing or similar payment to, pay any severance, retention or change-of-control or similar benefits, or increase the compensation or benefits of any Newco Employees, except that Fortive may (a) increase the compensation or benefits of any Newco Employees in the ordinary course of business consistent with past practice so long as the aggregate value of such increases does not exceed 10% of the aggregate value of such compensation or benefits as of the date of the Merger Agreement, (b) amend applicable Fortive benefit plans in a manner that either applies to all employees of Fortive in the applicable jurisdiction generally or would not reasonably be expected to result in material liability or material cost to Altra, (c) make bonus payments and profit sharing payments to Newco Employees in the ordinary course of business consistent with past practice pursuant to any Fortive benefit plan existing as of the date of the Merger Agreement, (d) enter into compensation arrangements with any prospective Newco Employee in the ordinary course of business consistent with past practice or (e) increase the amount of compensation payable in connection with the promotion of any Newco Employee in the ordinary course of business consistent with past practice, (3) plan, announce, implement or effect any reduction in force or layoff with respect to 10% or more of the Newco Employees, (4) transfer or relocate any Newco Employee, other than to fill an open position within the A&S Business or in accordance with the Employee Matters Agreement, (5) transfer the employment or services of any employee or other service provider of Fortive to the A&S Companies, other than to fill an open position within the A&S Business or in accordance with the Employee Matters Agreement or (6) hire more than 40 individuals who would be Newco Employees if employed on the date of the Merger Agreement, except that Fortive may (a) hire additional individuals in the ordinary course of business consistent with past practice to replace departing employees so long as the compensation and benefits from any such new hire are substantially similar to those provided to the departing employee and the base salary of such new hire does not exceed \$200,000 per annum; or (b) transfer the employment of non-Newco employees from Newco to Fortive and Newco Employees from Fortive to Newco in accordance with the Employee Matters Agreement.

with respect to the A&S Business, acquire any equity interest or other interest in any other entity or acquire, lease or license any right or other asset or property from any other person or sell or otherwise dispose of, or

lease or license, any right or other asset or property to any other person, except in each case for (1) assets or properties acquired, leased, licensed or disposed of by the A&S Companies in the ordinary course of business, (2) assets or properties that are immaterial to the business of the A&S Companies, (3) sales of inventory or other assets or properties in the ordinary course of business or (4) acquisitions for cash consideration not exceeding \$10,000,000 in the aggregate;

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except in connection with the financing described under Debt Financing, make any pledge of any of the Newco Assets or Direct Sales Assets or any assets of any Direct Sales Entities or permit any of the Newco Assets or any Direct Sales Assets to become subject to any encumbrances (other than certain permitted encumbrances);

with respect to the A&S Companies, (1) make or forgive any loans, advances or capital contributions to any person (other than (x) routine travel and business expense advances made to directors or employees in the ordinary course of business or (y) loans to Fortive or any of its subsidiaries) or (2) subject to the terms of the Separation Agreement and except in connection with the financing described under Debt Financing, incur or guarantee any indebtedness in excess of \$2,500,000 in the aggregate;

with respect to the A&S Companies or the A&S Business, other than (1) in the ordinary course of business and consistent with past practices or (2) as required by concurrent changes in GAAP or SEC rules and regulations, change any of its methods of accounting or accounting practices in any respect;

with respect to the A&S Companies or the A&S Business, except as expressly permitted pursuant to the Merger Agreement or as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the A&S Business, settle, pay, discharge or satisfy any legal proceeding or other material claim;

with respect to the A&S Business, enter into any material new lines of business, withdraw from any existing material lines of business, or terminate, discontinue, close or dispose of any material plant, facility or other business operation;

permit to expire or fail to timely renew any material governmental authorization;

with respect to the A&S Companies or the A&S Business, change in any material respect its cash management practices, policies or procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts receivable, accrual of accounts receivable, inventory control, prepayment of expenses, payment of accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits, from such practices, policies or procedures with respect thereto used by the A&S Business in the ordinary course of business consistent with past practice, including (1) taking (or omitting to take) any action that would have the effect of materially accelerating revenues, cash receipts or the collection of accounts receivable to pre-closing periods that would otherwise be expected to take the place or be incurred in post-closing periods or (2) taking (or omitting to take) any action that would have the effect of materially delaying or postponing the payment of any accounts payable to post-closing periods that would otherwise be expected to be paid in pre-closing periods;

take any action that would reasonably be expected to cause the Merger to fail to qualify as a reorganization under Section 368(a) of the Code (whether or not otherwise permitted by other covenants described in this paragraph);

other than in the ordinary course of business and consistent with past practice, abandon, disclaim, sell, assign or grant any security interest in, to or under any material Newco IP, including failing to perform or cause to be performed all applicable filings, recordings and other acts, or to pay or cause to be paid all required fees and taxes, to maintain and protect its interest in any material Newco IP;

other than in the ordinary course of business and consistent with past practice, (1) make any change (or file any such change) in any method of tax accounting, (2) make, change or rescind any tax election, (3) settle or compromise any tax liability or consent to any claim or assessment relating to taxes, (4) file any amended income or other material tax return or claim for refund, (5) enter into any closing agreement relating to taxes or (6) waive or extend the statute of limitations in respect of taxes, in each case, to the extent that doing so could reasonably be expected to result in a material incremental cost to any of the A&S Companies; or

agree or commit to take any of the foregoing actions.



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Furthermore, Altra has agreed that, prior to the effective time of the Merger, except as contemplated or required by the Merger Agreement or the other Transaction Documents or applicable law, or as consented to by Fortive (which consent may not be unreasonably withheld, conditioned or delayed), subject to certain agreed exceptions, Altra will not, and will ensure that its subsidiaries do not, take any of the following actions:

declare, accrue, set aside or pay any dividend or make any other distribution in respect of any shares of capital stock or other securities, or repurchase, redeem or otherwise reacquire any shares of capital stock or other securities, other than (1) dividends or distributions between or among any of the Altra Companies, (2) in connection with the withholding of taxes in connection with the vesting of Altra equity awards (to the extent required by their terms as of the date of the Merger Agreement or in the ordinary course consistent with past practice) or forfeitures of Altra equity awards and (3) regular quarterly dividends of not more than \$0.17 per share payable in accordance with past practice (including with respect to the timing of declaration and payment);

sell, issue, grant, redeem, authorize the sale, issuance, grant or redemption of, or publicly announce its intention to sell, issue, grant or redeem (1) any capital stock, membership interest or other securities, (2) any option, call, warrant or right to acquire any capital stock or other security or (3) any instrument convertible into or exchangeable for any capital stock or other security, except that (a) Altra may issue shares of Altra common stock upon the vesting of any Altra equity awards outstanding as of the date of the Merger Agreement or granted in accordance with clause (b) and (b) Altra may make grants of equity awards relating to shares of Altra common stock under the Altra equity plans in the ordinary course of business consistent with past practice, so long as no such grant (x) exceeds 50,000 shares of Altra Common Stock in the aggregate or (y) is subject to vesting or payment as a result of the transactions contemplated by the Merger Agreement;

with respect to any Altra equity awards, except as otherwise required by the terms of any Altra benefit plan as in effect on the date of the Merger Agreement, (1) amend or waive any of its rights under, or accelerate the vesting under, any provision of the Altra equity plans, (2) amend any provision of any agreement evidencing any outstanding Altra equity award or (3) otherwise modify any of the terms of any outstanding Altra equity award, warrant or other security or any related contract;

amend or permit the adoption of any amendment to its organizational documents in any event to the extent reasonably likely to adversely affect the Transactions;

make any capital expenditure outside the ordinary course of business, other than any capital expenditure that (1) is provided for in Altra's capital expense budget delivered to Fortive prior to the date of the Merger Agreement; or (2) when added to all other capital expenditures made on behalf of all of the Altra Companies since the date of the Merger Agreement but not provided for in Altra's capital expense budget delivered to Fortive prior to the date of the Merger Agreement, does not exceed \$1,000,000 in the aggregate per calendar quarter;

acquire any equity interest or other interest in any other entity or acquire, lease or license any right or other asset or property from any other person or sell or otherwise dispose of, or lease or license, any right or other asset or property to any other person, except in each case for (1) assets or properties acquired, leased, licensed or disposed of by Altra in the ordinary course of business, (2) assets or properties that are immaterial to the business of the Altra Companies, (3) sales of inventory or other assets or properties in the ordinary course of business or (4) acquisitions for cash consideration that does not exceed \$25,000,000 in the aggregate;

other than to the extent required by applicable law or the terms of any Altra benefit plan, Altra governmental or statutory plan or collective bargaining agreement, in each case as in effect as of the date of the Merger Agreement, (1) establish, adopt, enter into or amend any Altra benefit plan or collective bargaining agreement or (2) pay any bonus or make any profit-sharing or similar payment to, pay any severance, retention or change-of-control or similar benefits, or increase the compensation or benefits of any Altra employees, except that Altra may (a) make grants of Altra equity awards to the

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extent permitted by the Merger Agreement, (b) increase the compensation or benefits of any Altra employees in the ordinary course of business consistent with past practice so long as the aggregate value of such increases does not exceed 10% of the aggregate value of such compensation or benefits as of the date of the Merger Agreement, (c) amend applicable Altra benefit plans in a manner that either applies to all employees of Altra in the applicable jurisdiction generally or would not reasonably be expected to result in material liability or material cost to Altra, (d) make bonus payments and profit sharing payments to Altra employees in the ordinary course of business consistent with past practice pursuant to any Altra benefit plan existing as of the date of the Merger Agreement, (e) enter into compensation arrangements with any prospective Altra employee in the ordinary course of business consistent with past practice or (f) increase the amount of compensation payable in connection with the promotion of any Altra employee in the ordinary course of business consistent with past practice;

(1) make or forgive any loans, advances or capital contributions to any person (other than (x) routine travel and business expense advances made to directors or employees in the ordinary course of business or (y) loans to any other Altra Company), or (2) (a) incur or guarantee any indebtedness in excess of \$25,000,000 in the aggregate or (b) except in connection with the financing described under Debt Financing, incur or guarantee any indebtedness in the five business days prior to the anticipated closing date, except that the Altra Companies will be permitted to enter into interest rate and currency hedging transactions;

other than (1) in the ordinary course of business and consistent with past practices or (2) as required by concurrent changes in GAAP or SEC rules and regulations, change any of its methods of accounting or accounting practices in any respect;

except as expressly permitted pursuant to the Merger Agreement or as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Altra, settle, pay, discharge or satisfy any legal proceeding or other material claim;

enter into any material new lines of business, withdraw from any existing material lines of business, or terminate, discontinue, close or dispose of any material plant, facility or other business operation;

permit to expire or fail to timely renew any material governmental authorization;

take any action that would reasonably be expected to cause the Merger to fail to qualify as a reorganization under Section 368(a) of the Code (whether or not otherwise permitted by covenant described in this paragraph);

other than in the ordinary course of business, abandon, disclaim, sell, assign or grant any security interest in, to or under any material intellectual property of Altra, including failing to perform or cause to be performed all applicable filings, recordings and other acts, or to pay or cause to be paid all required fees and taxes, to maintain and protect its interest in any material intellectual property of Altra;

other than in the ordinary course of business and consistent with past practice, (1) make any change (or file any such change) in any method of tax accounting, (2) make, change or rescind any tax election, (3) settle or compromise any tax liability or consent to any claim or assessment relating to taxes, (4) file any amended income or other material tax return or claim for refund, (5) enter into any closing agreement relating to taxes or (6) waive or extend the statute of limitations in respect of taxes, in each case, to the extent that doing so could reasonably be expected to result in a material incremental cost to any of the Altra Companies; or

agree or commit to take any of the foregoing actions.

**Tax Matters**

The Merger Agreement contains certain additional representations, warranties and covenants relating to the preservation of the tax-free status of: (1) the Separation and the Distribution and (2) the Merger. Additional

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representations, warranties and covenants relating to the tax-free status of the Transactions are contained in the Tax Matters Agreement. Indemnification for taxes generally is governed by the terms, provisions and procedures described in the Tax Matters Agreement. See Other Agreements Tax Matters Agreement.

## **SEC Filings**

Fortive, Newco, Altra and Merger Sub have agreed to prepare and file with the SEC appropriate documents, including (1) a proxy statement of Altra on Schedule 14A, (2) a registration statement on Form S-4 to register under the Securities Act the shares of Altra common stock to be issued by Altra to stockholders of Newco in connection with the Merger and (3) a registration statement on Form S-1/Form S-4 to register under the Securities Act the shares of Newco common stock to be distributed in the Distribution, and each of Fortive, Newco, Altra and Merger Sub have agreed to have the registration statements described above declared effective under the Securities Act as promptly as practicable after such filings.

Altra is required under the Merger Agreement to mail its proxy statement to its stockholders as promptly as practicable after the SEC clears that proxy statement.

If Fortive elects to complete the Distribution by way of an exchange offer, Fortive is required under the Merger Agreement to prepare and file with the SEC a Schedule TO and any other filings under the Exchange Act, when and as required.

## **Regulatory Matters**

The Merger Agreement provides that each party to the Merger Agreement will use its reasonable best efforts to:

as promptly as practicable, prepare and file all filings and give all notices required to be made and given by such party in connection with the Merger and other Transactions;

obtain each consent required to be obtained by such party in connection with the Merger or any of the other Transactions; and

lift any restraint, injunction or other legal bar to the Merger.

Each party to the Merger Agreement has also agreed to promptly make its filings and notifications under the HSR Act and under any other antitrust, competition or trade regulation laws with respect to the Transactions and to supply to the appropriate governmental authorities any additional information that may be requested pursuant to the HSR Act or such other laws. Altra is required to pay all filing or notice fees in connection with the filings and notifications described in this paragraph.

In addition, each of Altra, Merger Sub, Fortive and Newco has agreed to use its reasonable best efforts to take, or cause to be taken, all actions necessary or advisable to satisfy the conditions to consummating the Merger described under Conditions to the Merger, consummate the Merger and make effective the other Transactions as promptly as practicable, and in any event prior to the End Date (as defined below under Termination ).

Despite the foregoing, none of Altra, Merger Sub, Fortive or Newco will have any obligation to divest or agree to divest any of its material businesses, material product lines or material assets, or to take or agree to take any other material action or agree to any material limitation or material restriction on any of its material businesses, material product lines or material assets, except, solely with respect to the HSR Act and any other applicable antitrust, competition or trade regulation laws, as would not or as would not reasonably be expected to have an adverse impact that is material to the A&S Business, taken as a whole, or the Altra Companies, taken as a whole, as applicable (a Burdensome Condition ).

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Each party to the Merger Agreement has agreed that it will not acquire or agree to acquire any business or entity, or otherwise acquire or agree to acquire any assets, if doing so could reasonably be expected to delay or prevent consummation of the Transactions, the Debt Exchange or the financing, increase the risk of not obtaining any consents of any governmental body necessary to consummate the Transactions or give rise to a requirement to obtain any additional governmental authorizations not required as of the date of the Merger Agreement to consummate the Transactions.

Furthermore, under the Merger Agreement Fortive and Newco have agreed (1) not to, without Altra's prior written consent, (a) sell, divest or dispose of any Newco Assets or any businesses or product lines of the A&S Business, (b) license any Newco IP or (c) take any other action or commit to take any action that would limit Altra's, Newco's or their respective subsidiaries' freedom of action with respect to, or their ability to retain any of, their businesses, product lines or assets or intellectual property rights, and (2) subject to the limitation described in the second preceding paragraph, agree to take any action described in clause (1) if requested by Altra so long as the effectiveness of such action is conditioned on the consummation of the closing.

## **No Solicitation**

The Merger Agreement contains detailed provisions restricting Altra's ability to seek certain alternative transactions and restricting Fortive's ability to seek alternative transactions with respect to the A&S Business. Under these provisions, Fortive has agreed that it will not, directly or indirectly, and it will cause its subsidiaries and use reasonable best efforts to cause their respective directors, officers, other employees, agents, advisors and other representatives not to, directly or indirectly:

solicit, initiate, knowingly encourage or knowingly facilitate the making, submission or announcement of any offer or proposal contemplating or relating to any Acquisition Transaction (which is described below) (an Acquisition Proposal), or any inquiry, indication of interest or request for information that would reasonably be expected to lead to an Acquisition Proposal (an Acquisition Inquiry), in each case with respect to the A&S Business, the Newco Assets, the Direct Sales Assets or an A&S Company;

furnish any information regarding the A&S Business, any of the Newco Assets, any of the Direct Sales Assets or any of the A&S Companies to any person in connection with or in response to any Acquisition Proposal or any Acquisition Inquiry with respect to the A&S Business, the Newco Assets, the Direct Sales Assets or an A&S Company;

engage in discussions or negotiations with any person relating to any Acquisition Proposal or any Acquisition Inquiry with respect to the A&S Business, the Newco Assets, the Direct Sales Assets or an A&S Company;

approve, endorse or recommend any Acquisition Proposal or any Acquisition Inquiry with respect to the A&S Business, the Newco Assets, the Direct Sales Assets or an A&S Company; or

enter into any letter of intent or similar document or any contract contemplating or otherwise relating to any Acquisition Transaction or any Acquisition Inquiry with respect to the A&S Business, the Newco Assets, the Direct Sales Assets or an A&S Company.

Despite the foregoing, Fortive may consider, engage in discussions or negotiations regarding, or furnish to any person any information in connection with or in furtherance of, or enter into any agreement providing for or in connection with, any Acquisition Proposal with respect to Fortive, its subsidiaries, assets or businesses (not primarily targeted at the A&S Business, the Newco Assets, the Direct Sales Assets or an A&S Company), so long as such agreement (1) provides for the acquisition by a third party, directly or indirectly, of outstanding shares of Fortive common stock or assets of one or more other businesses of Fortive (other than the A&S Business, the Newco Assets, the Direct Sales Assets or an A&S Company), (2) does not contemplate the termination of the Merger Agreement and (3) would not reasonably be expected to prevent or impair Fortive from complying with its obligations under the Merger Agreement or consummating the Transactions.



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Furthermore, Altra has agreed that it will not, directly or indirectly, and it will cause its subsidiaries and use reasonable best efforts to cause their respective directors, officers, other employees, agents, advisors and other representatives not to, directly or indirectly:

solicit, initiate, knowingly encourage or knowingly facilitate the making, submission or announcement of any Acquisition Proposal with respect to Altra;

furnish any information regarding any of the Altra Companies to any person in connection with or in response to any Acquisition Proposal or any Acquisition Inquiry with respect to Altra;

engage in discussions or negotiations with any person relating to any Acquisition Proposal or any Acquisition Inquiry with respect to Altra;

approve, endorse or recommend any Acquisition Proposal or any Acquisition Inquiry with respect to Altra;  
or

enter into any letter of intent or similar document or any contract contemplating or otherwise relating to any Acquisition Transaction or any Acquisition Inquiry with respect to Altra.

Notwithstanding the foregoing, prior to the approval by the Altra stockholders of the Share Issuance, Altra may furnish information regarding the Altra Companies to, or enter into discussions and negotiations with, any person in response to a bona fide Acquisition Proposal made after the date of the Merger Agreement that is submitted to Altra by such person (and not withdrawn) which after consultation with Altra's financial advisor and outside legal counsel, the Altra board of directors determines in good faith is, or could reasonably be expected to result in, an Altra Superior Offer if:

such Acquisition Proposal did not result from any material breach of the covenant described in the immediately preceding paragraph;

prior to furnishing any such information to such person, Altra receives from such person an executed confidentiality agreement that contains customary provisions at least as favorable in the aggregate to Altra as the provisions of the confidentiality agreement between Altra and Fortive as in effect immediately prior to the execution of the Merger Agreement and allows for Altra to comply with its obligations in the Merger Agreement;

Altra gives Fortive written notice of the identity of such person; and

Altra furnishes or makes available any non-public information furnished or made available to su