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):

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:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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

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 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:

Abbreviation/Term	Description
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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Abbreviation/Term	Description
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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Abbreviation/Term	Description
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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Abbreviation/Term	Description
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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Abbreviation/Term	Description
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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Abbreviation/Term	Description
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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Abbreviation/Term	Description
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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Abbreviation/Term	Description
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 Exhange 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 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 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 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

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 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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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.

	As of and for the Three Months Ended		As of and for the Year Ended December 31,				
($ in millions)	**March 30, 2018**	**March 31, 2017**	**2017**	**2016**	**2015**	**2014 (a)**	**2013 (a)**
	(unaudited)	(unaudited)				(unaudited)	(unaudited)
Selected Statement of Earnings Information:							
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)
Selected Balance Sheet Information:							
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.

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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.

	Three Months Ended March 31,		Year Ended December 31,				
($ in millions except per share data)	**2018**	**2017**	**2017**	**2016**	**2015**	**2014**	**2013**
Results of Operations:							
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
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 March 31, 2018	2017	Year Ended December 31, 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
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
Balance Sheet Data:							
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	
Results of Operations:				
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
Per Share Information:				
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
Balance Sheet Data:				
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 (1)		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 Historical	As of and for the Three Months Ended March 31, 2018 Pro Forma	As of and for the Year Ended December 31, 2017 Historical	As of and for the Year Ended December 31, 2017 Pro Forma
	(in millions, except per share data)			
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 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;

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 as 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 cyclicality.

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 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.

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 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.

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, 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 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 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;

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.

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 case 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 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

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 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 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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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 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®, KOLLMORGEN®, PORTESCAP® and THOMSON®. 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® 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 own 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.

Location	Own/Lease	Functional Use
Bloomfield, Connecticut	Own	Manufacturing, R&D and administrative
Suzhou, Jiangsu, China	Lease	Manufacturing
West Chester, Pennsylvania	Lease	Manufacturing
St. Kitts, West Indies (1)	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 (1)	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) 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 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

	Three Months Ended	
($ in thousands)	**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

	Year Ended December 31	
($ in thousands)	**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.

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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

	Year Ended December 31	
($ in thousands)	**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 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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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 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

	Three Months Ended		**Year Ended December 31,**		
	March 30,	**March 31,**			
($ in thousands)	**2018**	**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.

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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
Leases:					
Operating lease obligations [a]	$ 25,295	$ 7,225	$ 11,739	$ 3,702	$ 2,629
Other:					
Purchase obligations [b]	37,130	34,893	2,127	40	70
Other long-term liabilities reflected on the A&S Business s balance sheet under GAAP [c]	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:

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

Guarantees	$ 2,576	$ 2,576	$	$	$

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.

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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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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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.

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 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 Exhange 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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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 March 30, 2018	March 31, 2017	As of and for the Year Ended December 31, 2017	2016	2015	2014 (a)	2013 (a)
	(unaudited)	(unaudited)				(unaudited)	(unaudited)
Selected Statement of Earnings Information:							
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)
Selected Balance Sheet Information:							
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.

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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.

	Three Months Ended March 31,		Year Ended December 31,				
($ in millions except per share data)	**2018**	**2017**	**2017**	**2016**	**2015**	**2014**	**2013**
Results of Operations:							
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 March 31, 2018	Three Months Ended March 31, 2017	Year Ended December 31, 2017	2016	2015	2014	2013
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
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
Balance Sheet Data:							
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.

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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
Assets:				
Current assets				
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
Total current assets	369.6	224.5	8.7	602.8
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
Total assets	$ 938.5	$ 894.7	$ 2,685.7	$ 4,518.9
Liabilities and stockholders equity				
Current liabilities				
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
Total current liabilities	143.1	158.9		302.0
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
Total stockholders equity	413.0	681.6	925.1(H)	2,019.7
Total liabilities and stockholders equity	$ 938.5	$ 894.7	$ 2,685.7	$ 4,518.9

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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UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

(Dollar and share information in millions except per share data)

	Altra Three Months Ended March 31, 2018	A&S Business Three Months Ended March 30, 2018	Pro Forma Adjustments	Pro Forma Three Months Ended March 31, 2018
Results of Operations:				
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
Gross profit as a percent of net sales	*30.9%*	*41.7%*		*34.1%*
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
Income from operations as a percent of net sales	*8.2%*	*23.0%*		*10.4%*
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
Income tax rate	*30.2%*	*17.0%*	*17.9%*	*22.5%*
Net income	$ 9.0	$ 47.8	$ (38.9)	$ 17.9
Per Share Information:				
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.

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UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

(Dollar and share information in millions except per share data)

	Altra Fiscal Year Ended December 31, 2017	A&S Business Fiscal Year Ended December 31, 2017	Pro Forma Adjustments	Pro Forma Fiscal Year Ended December 31, 2017
Results of Operations:				
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
Gross profit as a percent of net sales	*31.5%*	*41.6%*		*35.5%*
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
Income from operations as a percent of net sales	*9.2%*	*21.3%*		*11.0%*
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
Income tax rate	*27.7%*	*21.3%*	*23.0%*	*23.0%*
Net income	$ 51.4	$ 151.7	$ (124.3)	$ 78.8
Per Share Information:				
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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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 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.

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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
Total pro forma adjustment cash and cash equivalents	**$**

(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):

Purchase Price Allocation:	
Total cash consideration	$ 1,000.0
Senior unsecured notes assumed	400.0
Total equity consideration	1,645.4
Estimated purchase price	**$ 3,045.4**

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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)
Total estimated fair value of assets acquired and liabilities assumed	**$ 1,102.7**
Goodwill	**$ 1,942.7**
Other intangible assets consists of:	
Customer relationships	$ 883.2
Tradenames and trademarks	304.5
Total intangible assets	**$ 1,187.7**

(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

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 (1)	$ 400.0
Altra Term Loan B Facility (2)	1,340.0
Altra revolving credit facility repayment (3)	(266.6)
Capitalized financing fees (4)	(34.7)
Total pro forma adjustment to long-term debt	**$ 1,438.7**

(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):

	Three Months Ended March 31, 2018	Fiscal Year Ended December 31, 2017
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)
Total adjustment to sales, general and administrative expenses	**$ 0.3**	**$ 0.5**

(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.

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

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

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

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

	Three Months Ended March 31, 2018	Fiscal Year Ended December 31, 2017
Estimated interest expense of new indebtedness [(1)]	$ 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)
Total adjustment to interest expense, net	**$**	**21.1**	**$**	**83.6**

(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 fisc