

Altra Industrial Motion Corp.
Form PRER14A
July 20, 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

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Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14-12

ALTRA INDUSTRIAL MOTION CORP.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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- 1) Amount Previously Paid:
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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

, 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 on _____, 2018, at _____ 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 _____ shares, contingent upon the closing of the transactions, for a total of _____ 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]¹ 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 _____, 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 34.**

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

Sincerely,

Carl R. Christenson

Chairman and Chief Executive Officer

¹ Note to Draft: The Altra Equity Plan Amendments will be evaluated by the Altra board of directors when the requested number of shares to be authorized is finalized. It is anticipated that that the Compensation Committee and Altra board of directors will recommend that the Altra stockholders approve the Altra Equity Plan Amendments.

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Altra Industrial Motion Corp.

300 Granite Street, Suite 201

Braintree, Massachusetts 02184

, 2018

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

DATE: , 2018

TIME:

LOCATION:

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 shares, contingent upon the closing of the Transactions, for a total of 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 [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 _____, 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 _____ shares, contingent on the closing of the Transactions, for a total of _____ authorized shares, of which _____ 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 July 17, 2018. The Merger and Direct Sales will be effected through the Transactions that are described in more detail below and elsewhere in this document. Following the consummation of the Transactions:

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

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

cash payment;

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

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

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

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

Q: What are the Transactions described in this document?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q: What will Altra stockholders receive in the Merger?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Calculated based on the closing price on Nasdaq of Altra common stock as of July 17, 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 113, [The Transactions The Merger](#) beginning on page 114 and [The Transactions Calculation of the Merger Consideration](#) beginning on page 114.

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 153, The Merger Agreement Conditions to the Merger beginning on page 172, and The Separation Agreement Conditions to the Separation beginning on page 185.

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 34 and the section entitled Cautionary Statement Concerning Forward-Looking Statements beginning on page 56. 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 shares, contingent on the closing of the Transactions, for a total of authorized shares, of which 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 July 17, 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 July 17, 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?