CARLISLE COMPANIES INC
Form 10-K
February 08, 2016

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

Commission file number 1-9278

CARLISLE COMPANIES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**31-1168055** (I.R.S. Employer Identification No.)
11605 North Community House Road, Suite 600, Charlotte, North Carolina 28277 (Address of principal executive office, including zip code)	**(704) 501-1100** (Telephone Number)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, $1 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

The aggregate market value of the shares of common stock of the registrant held by non-affiliates was approximately $6.2 billion based upon the closing price of the common stock on the New York Stock Exchange on June 30, 2015.

As of February 4, 2016, 64,194,432 shares of common stock of the registrant were outstanding;

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 18, 2016 are incorporated by reference in Part III.

Part I

Item 1. Business.

Overview

Carlisle Companies Incorporated ("Carlisle", the "Company", "we", "us" or "our") was incorporated in 1986 in Delaware as a holding company for Carlisle Corporation, whose operations began in 1917, and its wholly-owned subsidiaries. Carlisle is a diversified manufacturing company consisting of five segments which manufacture and distribute a broad range of products. Additional information is contained in Items 7 and 8.

The Company's executive offices are located at 11605 North Community House Road, Suite 600, Charlotte, North Carolina. The Company's main telephone number is (704) 501-1100. The Company's Internet website address is *www.carlisle.com*. Through this Internet website (found in the "Investor Relations" link), the Company makes available, free of charge, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and all amendments to those reports, as soon as reasonably practicable after these reports are electronically filed with or furnished to the Securities and Exchange Commission.

Management Philosophy/Business Strategy

The Company strives to be the market leader of highly-engineered products in the various niche markets it serves. The Company is dedicated to achieving low-cost positions and providing service excellence based on, among other things, superior quality, on-time delivery, and short cycle times.

The presidents of the various operating companies are given considerable autonomy and have a significant level of independent responsibility for their businesses and their performance. The Company believes that this structure encourages entrepreneurial action and enhances responsive decision making thereby enabling each operation to better serve its customers and react quickly to its customers' needs.

The Company's executive management role is to (i) provide general management oversight and counsel, (ii) manage the Company's portfolio of businesses including identifying acquisition candidates and assisting in acquiring candidates identified by the operating companies, as well as identifying businesses for divestiture in an effort to optimize the portfolio, (iii) allocate and manage capital, (iv) evaluate and motivate operating management personnel, and (v) provide selected other services.

The Company utilizes its Carlisle Operating System ("COS"), a manufacturing structure and strategy deployment system based on lean enterprise and six sigma principles, to drive operational improvements. COS is a continuous improvement process that defines the way the Company does business. Waste is eliminated and efficiencies improved enterprise wide, allowing the Company to increase overall profitability. Improvements are not limited to production areas, as COS is also driving improvements in new product innovation, engineering, supply chain management, warranty, and product rationalization. COS has created a culture of continuous improvement across all aspects of the Company's business operations.

The Company has a long-standing acquisition strategy. Traditionally, the Company has focused on acquiring new businesses that can be added to existing operations, or "bolt-ons." In addition, the Company considers acquiring new businesses that can operate independently from other Carlisle companies. Factors considered by the Company in making an acquisition include consolidation opportunities, technology, customer dispersion, operating capabilities, and growth potential. The Company has also pursued the sale of operating divisions when it is determined they no longer fit within the Company's long-term goals or strategy.

For more details regarding the acquisition and divestiture of the Company's businesses during the past three years, see "Part II Item 7. Management's Discussion and Analysis of Financial Condition

and Results of Operations Acquisitions" and Notes 3 and 4 to the Consolidated Financial Statements in Item 8.

Information on the Company's revenues, earnings, and identifiable assets for continuing operations by industry segment for the last three fiscal years is as follows:

Financial Information about Industry Segments

(in millions)	2015	2014	2013
Net Sales to Unaffiliated Customers			
Carlisle Construction Materials	**$ 2,002.6**	$ 1,935.4	$ 1,776.5
Carlisle Interconnect Technologies	**784.6**	669.1	577.7
Carlisle Fluid Technologies	**203.2**		
Carlisle Brake & Friction	**310.2**	355.3	350.0
Carlisle FoodService Products	**242.6**	244.2	238.8
Total	**$ 3,543.2**	$ 3,204.0	$ 2,943.0
Earnings Before Interest and Income Taxes			
Carlisle Construction Materials	**$ 351.1**	$ 268.8	$ 264.0
Carlisle Interconnect Technologies	**141.6**	132.2	89.4
Carlisle Fluid Technologies	**20.8**		
Carlisle Brake & Friction	**17.3**	26.8	33.5
Carlisle FoodService Products	**27.3**	29.6	27.0
Corporate(1)	**(56.2)**	(49.1)	(47.1)
Total	**$ 501.9**	$ 408.3	$ 366.8
Identifiable Assets			
Carlisle Construction Materials	**$ 899.2**	$ 915.1	$ 886.9
Carlisle Interconnect Technologies	**1,264.0**	1,296.3	1,017.5
Carlisle Fluid Technologies	**659.5**		
Carlisle Brake & Friction	**553.0**	591.3	603.7
Carlisle FoodService Products	**199.0**	198.4	193.2
Corporate(2)	**379.4**	757.6	791.4
Total	**$ 3,954.1**	$ 3,758.7	$ 3,492.7

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(1) Includes general corporate expenses

(2) Consists primarily of cash and cash equivalents and other invested assets, and includes assets of discontinued operations not classified as held for sale

Description of Businesses by Segment

Carlisle Construction Materials ("CCM" or the "Construction Materials segment")

The Construction Materials segment manufactures and sells rubber ("EPDM"), thermoplastic polyolefin ("TPO"), and polyvinyl chloride membrane ("PVC") roofing systems. In addition, CCM markets and sells accessories purchased from third party suppliers. CCM also

manufactures and distributes energy-efficient rigid foam insulation panels for substantially all roofing applications. Roofing materials and insulation are sold together in warranted systems or separately in non-warranted systems to the new construction, re-roofing and maintenance, general construction, and industrial markets. Through its coatings and waterproofing operation, this segment manufactures and sells liquid and spray-applied waterproofing membranes, vapor and air barriers, and HVAC duct sealants and

hardware for the commercial and residential construction markets. The majority of CCM's products are sold through a network of authorized sales representatives and distributors.

CCM operates manufacturing facilities located throughout the United States, its primary market, and in Germany, the Netherlands, and Romania. Insulation facilities are located in Montgomery, New York, Franklin Park, Illinois, Lake City, Florida, Terrell, Texas, Smithfield, Pennsylvania, Tooele, Utah, and Puyallup, Washington. EPDM manufacturing operations are located in Carlisle, Pennsylvania, Greenville, Illinois, Kampen, Netherlands, and in Hamburg and Waltershausen, Germany. TPO facilities are located in Senatobia, Mississippi, Tooele, Utah, and Carlisle, Pennsylvania. Coatings and waterproofing manufacturing operations include four production facilities in North America. Block molded expanded polystyrene, or EPS, operations include nine production and fabrication facilities across the United States. CCM completed construction of a PVC manufacturing plant in Greenville, Illinois, in 2013 and began production in the first quarter of 2014.

Raw materials for this segment include EPDM polymer, TPO polymer, carbon black, processing oils, solvents, asphalt, methylene diphenyldiisocyanate, polyol, polyester fabric, black facer paper, oriented strand board, clay, and various packaging materials. Critical raw materials generally have at least two vendor sources to better assure adequate supply. For raw materials that are single sourced, the vendor typically has multiple processing facilities.

Sales and earnings for CCM tend to be somewhat higher in the second and third quarters due to increased construction activity during those periods.

The working capital practices for this segment include:

(i) Standard accounts receivable payment terms of 45 days to 90 days.

(ii) Standard accounts payable payment terms of 30 days to 60 days.

(iii) Inventories are maintained in sufficient quantities to meet forecasted demand.

CCM serves a large and diverse customer base; however, in 2015 two distributor customers represented approximately 34% of this segment's net sales, one of which, Beacon Roofing Supply, Inc., represented 10% of the Company's consolidated net sales. The loss of either of these customers could have a material adverse effect on this segment's and the Company's results of operations and operating cash flows in the affected reporting period, however, we consider it unlikely that such an event would have a material adverse effect on our financial position.

This segment faces competition from numerous competitors that produce roofing, insulation, and waterproofing products for commercial and residential applications. The level of competition within this market varies by product line. As one of four major manufacturers in the niche single-ply industry, CCM competes through pricing, innovative products, long-term warranties, and customer service. CCM offers separately-priced extended warranty contracts on its installed roofing systems, ranging from five years to thirty years and, subject to certain exclusions, covering leaks in the roofing system attributable to a problem with the particular product or the installation of the product. In order to qualify for the warranty, the building owner must have the roofing system installed by an independent authorized roofing contractor trained by CCM to install its roofing systems.

Carlisle Interconnect Technologies ("CIT" or the "Interconnect Technologies segment")

The Interconnect Technologies segment designs and manufactures high-performance wire, cable, connectors, contacts, and cable assemblies for the transfer of power and data primarily for the aerospace, medical, defense electronics, test and measurement equipment, and select industrial markets. This segment operates manufacturing facilities in the United States, Switzerland, China, Mexico, and the United Kingdom, with the United States, Europe, and China being the primary target markets for sales. Sales are made by direct sales personnel and independent sales representatives.

Raw materials for this segment include gold, copper conductors that are plated with tin, nickel, or silver, polyimide tapes, polytetrafluoroethylene ("PTFE") tapes, PTFE fine powder resin, thermoplastic resins, stainless steel, beryllium copper rod, machined metals, plastic parts, and various marking and identification materials. Key raw materials are typically sourced worldwide and have at least two vendor sources to better assure adequate supply.

Sales and earnings of the Interconnect Technologies segment are generally not seasonal in nature.

The working capital practices for this segment include:

(i) Standard accounts receivable payment terms of 30 days to 60 days.

(ii) Standard accounts payable payment terms of 30 days to 60 days.

(iii) Inventories are maintained in sufficient quantities to meet forecasted demand. The majority of CIT's sales are from made-to-order products, resulting in inventories purchased on demand.

CIT serves a large and diverse customer base; however, in 2015 one customer represented 22% of this segment's net sales, but did not represent 10% of the Company's consolidated net sales. The loss of this customer could have a material adverse effect on this segment's net sales and cash flows.

The Interconnect Technologies segment faces competition from numerous competitors within each of the markets that it serves. While product specifications, certifications, and life cycles vary by market, the Interconnect Technologies segment primarily positions itself to gain design specification for customer platforms or products with long life cycles and high barriers to entry such as in the aerospace and medical markets which generally have high standards for product certification as deemed by the Federal Aviation Administration (FAA) and Food and Drug Administration (FDA), respectively. The Interconnect Technologies segment competes primarily on the basis of its product performance and its ability to meet its customers' highly specific design, engineering, and delivery needs on a timely basis. Relative to many of its competitors that are large multi-national corporations, the Interconnect Technologies segment retains the ability to remain agile and respond quickly to customer needs and market opportunities. Pricing is a secondary buying criterion for most customers.

Carlisle Fluid Technologies ("CFT" or the "Fluid Technologies segment")

On April 1, 2015, the Company acquired 100% of the Finishing Brands business from Graco Inc. ("Graco"). The Company has reported the results of the acquired business as a new reporting segment named Carlisle Fluid Technologies. The Fluid Technologies segment designs, manufactures, and sells highly-engineered liquid finishing equipment and system components primarily in the automotive, automotive refinishing, aerospace, agriculture, construction, marine, and rail industries. The business operates manufacturing and assembly facilities in the United States, Mexico, Brazil, the United Kingdom, Germany, China, and Japan, with nearly 60% of its sales outside the United States. The Fluid Technologies segment manufactures and sells products which are sold under the brand names of Binks®, DeVilbiss®, Ransburg®, and BGK®. The majority of sales into these industries are made through a worldwide network of distributors, national accounts, integrators, and some direct to end-user sales. These business relationships are managed primarily through direct sales personnel worldwide.

Key raw materials for this segment include carbon and various grades of stainless steel, brass, aluminum, copper, machined metals, carbide, machined plastic parts, and polytetrafluoroethylene (PTFE). Key raw materials are typically sourced worldwide and have at least two vendor sources to better assure adequate supply.

Sales and earnings of the Fluid Technologies segment are generally not seasonal in nature.

The working capital practices for this segment include:

(i) Standard accounts receivable payment terms of 30 days to 90 days.

(ii) Standard accounts payable payment terms of 30 days to 60 days.

(iii) Inventories are maintained in sufficient quantities to meet forecasted demand.

CFT serves a large and diverse customer base. The loss of any single customer would not have a material adverse effect on this segment's net sales and cash flows.

The Fluid Technologies segment competes against both regional and international manufacturers. Major competitive factors include innovative designs, the ability to provide customers with lower cost of ownership than its competitors, dependable performance, and high quality at a competitive price. Fluid Technologies' ability to spray, mix, or deliver a wide range of coatings, applied uniformly in exact increments, is critical to the overall appearance and functionality of the finished product. The segment's installed base of global customers is supported by a worldwide distribution network with the ability to deliver critical spare parts and other services. Brands which are well recognized and respected internationally, combined with a diverse base of customers, applications, and industries served, positions the Fluid Technologies segment to continue designing patented, innovative equipment and solutions for customers across the globe.

Carlisle Brake & Friction ("CBF" or the "Brake & Friction segment")

The Brake & Friction segment consists of off-highway braking systems and friction products for off-highway, on-highway, aircraft, and other industrial applications. CBF also includes the performance racing group which markets and sells high-performance motorsport braking products. The Brake & Friction segment manufactures and sells products which are sold under several brand names, such as Hawk®, Wellman®, and Velvetouch®. CBF's products are sold by direct sales personnel to Original Equipment Manufacturers ("OEMs"), mass merchandisers, and various wholesale and industrial distributors around the world, including North America, Europe, Asia, South America, and Africa. Key markets served include construction, agriculture, mining, aircraft, heavy truck, and performance racing. Manufacturing facilities are located in the United States, the United Kingdom, Italy, China, Japan, and India, where we have established a light manufacturing presence.

The brake manufacturing operations require the use of various metal products such as castings, pistons, springs, and bearings. With respect to friction products, the raw materials used are fiberglass, phenolic resin, metallic chips, copper and iron powders, steel, custom-fabricated cellulose sheet, and various other organic materials. Raw materials are sourced worldwide to better assure adequate supply, and critical raw materials generally have at least two vendor sources.

Earnings tend to be higher in the first half of the year due to product mix.

The working capital practices for this segment include:

(i) Standard accounts receivable payment terms of 30 days to 60 days.

(ii) Standard accounts payable payment terms of 30 days to 90 days.

(iii) Inventories are maintained in sufficient quantities to meet forecasted demand.

CBF serves a large and diverse customer base; however, in 2015 one customer represented approximately 18% of this segment's net sales, but did not represent 10% of the Company's consolidated net sales. The loss of this customer could have a material adverse effect on this segment's net sales and cash flows.

This segment competes globally against regional and international manufacturers. Few competitors participate in all served markets. A majority participate in only a few of CBF's served markets on a

regional or global basis. Markets served are competitive and the major competitive factors include product performance, quality, product availability, and price. The relative importance of these competitive factors varies by market segment and channel.

Carlisle FoodService Products ("CFSP" or the "FoodService Products segment")

The FoodService Products segment is a leading manufacturer, distributor, and seller of commercial foodservice and janitorial products with three main focus markets. CFSP is a leading provider of (i) tabletop dining supplies, table coverings, and display serving ware, (ii) food preparation, storage & handling and transport supplies and tools, and (iii) cleaning & sanitation tools and waste handling to restaurants, hotels, hospitals, nursing homes, business & industry work sites, education, and government facilities. CFSP's Dinex brand business is a leading provider of healthcare meal delivery systems for in-room and mobile dining for acute care hospital patients and senior assisted living residents. CFSP's Sanitary Maintenance Products group is the leading provider of Sparta brand cleaning brushes, floor care supplies, and waste handling for janitorial professionals managing commercial building, industrial, and institutional facilities cleaning and maintenance.

CFSP operates manufacturing facilities in the United States and Mexico. Sales are primarily in North America. CFSP's product line is distributed from three primary distribution centers located in Charlotte, North Carolina, Oklahoma City, Oklahoma, and Batavia, Illinois, to wholesalers, distributors, and dealers. These distributor and dealer customers, in turn, sell to restaurant, hotel, and onsite foodservice operators and sanitary maintenance professionals. Distributors and dealer business relationships are managed through both direct sales personnel and subcontracted manufacturer representatives.

Raw materials used by the FoodService Products segment include polymer resins, stainless steel, and aluminum. Key raw materials are sourced nationally from recognized suppliers of these materials.

Sales in the FoodService Products segment tend to be marginally stronger in the second and third quarters.

The working capital practices for this segment include:

(i) Standard accounts receivable payment terms of 30 days to 60 days.

(ii) Standard accounts payable payment terms of 30 days to 90 days.

(iii) Inventories are maintained in sufficient quantities to meet forecasted demand.

The FoodService Products segment serves a large and diverse customer base; however, in 2015 three distributor customers together represented 28% of this segment's net sales, none of which represented 10% of the Company's consolidated net sales. The loss of one of these customers could have a material adverse effect on this segment's net sales and cash flows.

The FoodService Products segment is engaged in markets that are generally highly competitive, and competes equally on price, service, and product performance.

Principal Products

The Company's products are discussed above and in Note 2 to the Consolidated Financial Statements in Item 8.

Intellectual Property

The Company owns or holds the right to use a variety of patents, trademarks, licenses, inventions, trade secrets, and other intellectual property rights. The Company has adopted a variety of measures

and programs to ensure the continued validity and enforceability of its various intellectual property rights.

Backlog

Backlog of orders generally is not a significant factor in most of the Company's businesses, as most of the Company's products have relatively short order-to-delivery periods. Backlog of orders was $389.6 million at December 31, 2015 and $376.3 million at December 31, 2014; however, not all of these orders are firm in nature.

Government Contracts

At December 31, 2015, the Company had no material contracts that were subject to renegotiation of profits or termination at the election of the U.S. government.

Research and Development

Research and development activities include the development of new product lines, the modification of existing product lines to comply with regulatory changes, and the research of cost efficiencies through raw material substitution and process improvements. The Company's research and development expenses were $42.8 million in 2015 compared to $33.8 million in 2014 and $29.3 million in 2013.

Environmental Matters

See "Part II Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Environmental" and Note 11 to the Consolidated Financial Statements in Item 8 for information regarding environmental matters.

Employees

The Company had approximately 12,000 employees, none of whom were covered by a collective bargaining agreement, at December 31, 2015. The Company believes the state of its relationship with its employees is generally good.

International

For foreign net sales and an allocation of the Company's assets, see Note 2 to the Consolidated Financial Statements in Item 8.

NYSE Affirmation

On May 13, 2015, David A. Roberts, the Company's Chief Executive Officer, submitted to the New York Stock Exchange (the "NYSE") the Annual CEO Certification and certified therein that he was not aware of any violation by the Company of the NYSE's Corporate Governance listing standards.

Item 1A. Risk Factors.

The Company's business, financial condition, results of operations, and cash flows can be affected by a number of factors including but not limited to those set forth below, those set forth in our "Forward Looking Statements" disclosure in Item 7, and those set forth elsewhere in this Annual Report on Form 10-K, any one of which could cause the Company's actual results to vary materially from recent results or from anticipated future results.

Several of the market segments that the Company serves are cyclical and sensitive to domestic and global economic conditions.

Several of the market segments in which the Company sells its products are, to varying degrees, cyclical, and may experience periodic downturns in demand. For example, the Brake & Friction segment is susceptible to downturns in the construction, agriculture, and mining industries, the Interconnect Technologies segment is susceptible to downturns in the commercial airline industry, and the Construction Materials segment is susceptible to downturns in the commercial construction industry. In addition, both the Interconnect Technologies segment and the Brake & Friction segment may be negatively impacted by reductions in military spending.

Current uncertainty regarding global economic conditions may have an adverse effect on the businesses, results of operations, and financial condition of the Company and its customers, distributors, and suppliers. Among the economic factors which may affect performance are: manufacturing activity, commercial and residential construction, difficulties entering new markets, and general economic conditions such as inflation, deflation, interest rates, and credit availability. These effects may, among other things, negatively impact the level of purchases, capital expenditures, and creditworthiness of the Company's customers, distributors, and suppliers, and therefore, the Company's results of operations, margins, and orders. The Company cannot predict if, when, or how much worldwide economic conditions will improve. These conditions are highly unpredictable and beyond the Company's control. If these conditions deteriorate, however, the Company's business, financial condition, results of operations, and cash flows could be materially adversely affected.

The Company's growth is partially dependent on the acquisition and successful integration of other businesses.

The Company has a long standing acquisition program and expects to continue acquiring businesses. Typically, the Company considers acquiring bolt-ons. Acquisitions of this type involve numerous risks, which may include potential difficulties in integrating the business into existing operations; a failure to realize expected growth, synergies, and efficiencies; increasing dependency on the markets served by certain businesses; increased debt to finance the acquisitions or the inability to obtain adequate financing on reasonable terms.

The Company also considers the acquisition of businesses which may operate independent of existing operations, and could increase the possibility of diverting management's attention from its existing operations.

On April 1, 2015, the Company acquired 100% of the Finishing Brands business from Graco Inc. ("Graco"). The Company has reported the results of the acquired business as a new reporting segment named Carlisle Fluid Technologies. The successful integration of the business is dependent upon the realization of efficiencies and synergies. If these integration initiatives do not occur, there may be a negative effect on the Company's business, financial condition, results of operations, and cash flows.

If the Company is unable to successfully integrate any acquired business or realize growth, synergies, and efficiencies that were expected when determining a purchase price, goodwill and other intangible assets acquired may be considered impaired, resulting in an adverse impact on the

Company's results of operations. See "Part II Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies" for a discussion of factors considered in the subsequent valuation of the Company's acquired goodwill and intangible assets.

The Company has significant concentrations in the commercial construction market.

For the year ended December 31, 2015, approximately 56% of the Company's revenues, and 63% of its EBIT (excluding Corporate expenses) were generated by the Construction Materials segment. Construction spending is affected by economic conditions, changes in interest rates, demographic and population shifts, and changes in construction spending by federal, state, and local governments. A decline in the commercial construction market, could adversely affect the Company's business, financial condition, results of operations, and cash flows. Additionally, adverse weather conditions such as heavy or sustained rainfall, cold weather, and snow can limit construction activity and reduce demand for roofing materials. Weather conditions can also be a positive factor, as demand for roofing materials may rise after harsh weather conditions due to the need for replacement materials.

The Construction Materials segment competes through pricing, among other factors. Increased competition in this segment has and could continue to place negative pressure on operating results in future periods.

The Company is subject to risks arising from international economic, political, legal, and business factors.

The Company has increased, and anticipates that it will continue to increase, its presence in global markets. Approximately 25% of the Company's revenues in 2015 were generated outside the United States. The Company expects that this percentage will grow as the Company continues to expand its international sales efforts. In addition, to compete globally, all of the Company's segments operate business outside the United States.

The Company's reliance on non-U.S. revenues and non-U.S. manufacturing bases exposes its business, financial condition, operating results, and cashflows to a number of risks, including price and currency controls; government embargoes or foreign trade restrictions; extraterritorial effects of U.S. laws such as the Foreign Corrupt Practices Act; expropriation of assets; war, civil uprisings, acts of terror, and riots; political instability; nationalization of private enterprises; hyperinflationary conditions; the necessity of obtaining governmental approval for new and continuing products and operations, currency conversion, or repatriation of assets; legal systems of decrees, laws, taxes, regulations, interpretations, and court decisions that are not always fully developed and that may be retroactively or arbitrarily applied; cost and availability of international shipping channels; and customer loyalty to local companies.

The loss of, or a significant decline in business with, one or more of the Company's key customers could adversely affect the Company's business, financial condition, results of operations, and cash flows.

The Company operates in several specialty niche markets in which a large portion of the segment's revenues are attributable to a few large customers. See "Item 1. Business Overview Description of Businesses by Segment" for discussion of customer concentrations by segment. A significant reduction in purchases by one or more of these customers could have a material adverse effect on the business, financial condition, results of operations, or cash flows of one or more of the Company's segments.

Some of the Company's key customers enjoy significant purchasing power that may be used to exert pricing pressure on the Company. Additionally, as many of the Company's businesses are part of a long supply chain to the ultimate consumer, the Company's business, financial condition, results of operations, or cash flows could be adversely affected if one or more key customers elects to in-source the production of a product or products that the Company currently provides.

Raw Material costs are a significant component of the Company's cost structure and are subject to volatility.

The Company utilizes petroleum-based products, steel, and other commodities in its manufacturing processes. Raw materials, including inbound freight, accounted for approximately 60% of the Company's cost of goods sold in 2015. Significant increases in the price of these materials may not be recovered through selling price increases and could adversely affect the Company's business, financial condition, results of operations, and cash flows. The Company also relies on global sources of raw materials, which could be adversely impacted by unfavorable shipping or trade arrangements and global economic conditions.

If the Company or its business partners are unable to adequately protect the Company's information assets from cyber-based attacks or other security incidents, the Company's operations could be disrupted.

The Company is increasingly dependent on information technology, including the internet, for the storage, processing, and transmission of its electronic, business-related, information assets. The Company leverages its internal information technology infrastructures, and those of its business partners, to enable, sustain, and support its global business interests. In the event that the Company or its business partners are unable to prevent, detect, and remediate cyber-based attacks or other security incidents in a timely manner, the Company's operations could be disrupted or the Company may incur financial or reputational losses arising from the theft, alteration, misuse, unauthorized disclosure, or destruction of its information assets.

The Company may be impacted by new regulations related to conflict minerals.

In August 2012, as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC adopted new disclosure regulations for public companies that manufacture products that contain certain minerals and their derivatives known as conflict minerals, if these minerals are necessary to the functionality or production of the company's products. While the regulations do not require that a company discontinue the use of conflict minerals, the Company nevertheless may be impacted by the regulations. If one or more of the Company's key customers declares that it will become "conflict-free" the Company may be forced to re-evaluate the sourcing of certain of its raw materials or risk the loss of business with the customer. This could have the effect of limiting the pool of suppliers from which the Company sources its raw materials and the Company may be unable to obtain conflict-free raw materials at competitive prices, which could have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows. Additionally, given the complex nature of the Company's supply chain and, in some cases, an extensive chain of custody for materials that the Company uses in its production processes, the Company may incur significant costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals used in its products.

Currency fluctuation could have a material impact on the Company's reported results of business operations.

The Company's global net sales and other activities are translated into U.S. dollars for reporting purposes. The strengthening or weakening of the U.S. dollar could result in unfavorable translation effects as the results of transactions in foreign countries are translated into U.S. dollars. In addition, sales and purchases in currencies other than the U.S. dollar expose the Company to fluctuations in foreign currencies relative to the U.S. dollar. Increased strength of the U.S. dollar will decrease the Company's reported revenues or margins in respect of sales conducted in foreign currencies to the extent the Company is unable or determines not to increase local currency prices. Likewise, decreased strength of the U.S. dollar could have a material adverse effect on the cost of materials and products purchased overseas. Many of the Company's sales that are exported by its U.S. subsidiaries to foreign

countries are denominated in U.S. dollars, reducing currency exposure. However, increased strength of the U.S. dollar may decrease the competitiveness of our U.S. subsidiaries' products that are sold in U.S. dollars within foreign locations.

Increases in the cost of providing pension benefits and healthcare benefits could adversely affect the Company's business, financial condition, results of operations, and cash flows.

Pension expense associated with the Company's defined benefit retirement plans may fluctuate significantly depending on future market performance of plan assets and changes in actuarial assumptions.

Net income may be negatively impacted by a decrease in the rate of return on plan assets. Income or expense for the plans is calculated using actuarial valuations. Unfavorable changes in key economic indicators can change the assumptions. The most significant assumptions used are the discount rate and the expected long-term rate of return on plan assets. The key economic factors that affect the expense would also likely affect the amount of cash contributions to the core pension and post-employment plans.

To help mitigate the fluctuation in future cash contributions to the core pension plan, the Company implemented a liability driven investment approach. This approach seeks to invest primarily in fixed income investments to match the changes in the plan liabilities that occur as a result of changes in the discount rate. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The established target allocation is 88% fixed income securities and 12% equity securities. Fixed income investments are diversified across core fixed income, long duration, and high yield bonds. Equity investments are diversified across U.S. and international stocks. Investment risk is measured and monitored on an ongoing basis through investment portfolio reviews, annual liability measures, and asset/liability studies.

Additionally, the Company's business, financial condition, results of operations, and cash flows may be impacted by future increases in healthcare cost trends.

Dispositions, failure to successfully complete dispositions, or restructuring activities could negatively affect the Company.

From time to time, the Company, as part of its commitment to concentrate on its core business, may dispose of all or a portion of certain businesses. Such dispositions involve a number of risks and present financial, managerial, and operational challenges, including diversion of management attention from the Company's core businesses, increased expense associated with the dispositions, potential disputes with the customers or suppliers of the disposed businesses, potential disputes with the acquirers of the disposed businesses, and a potential dilutive effect on the Company's earnings per share. If dispositions are not completed in a timely manner there may be a negative effect on the Company's cash flows and/or the Company's ability to execute its strategy. See Note 4 in Item 8 for discussion of Assets Held for Sale and Discontinued Operations.

Additionally, from time to time, the Company may undertake consolidation projects in an effort to reduce costs and streamline its operations. Such restructuring activities may divert management attention from the Company's core businesses, increase expenses on a short-term basis, and lead to potential disputes with the customers or suppliers of the affected businesses. If restructuring activities are not completed in a timely manner or if anticipated cost savings, synergies, and efficiencies are not realized there may be a negative effect on the Company's business, financial condition, results of operations, and cash flows.

The Company's operations are subject to regulatory risks.

Certain products manufactured by our businesses operating in the aerospace and medical markets are subject to extensive regulation by the Federal Aviation Administration (FAA) and Food and Drug Administration (FDA), respectively. It can be costly and time-consuming to obtain and maintain regulatory approvals as well as maintain certifications to supply our products to OEM aerospace customers and to obtain regulatory approvals to market medical devices. Product approvals subject to regulations might not be granted for new devices on a timely basis, if at all. Proposed new regulations or changes to regulations could result in the need to incur significant additional costs to comply. Continued government scrutiny, including reviews of the FDA medical device pre-market authorization and post-market surveillance processes, may impact the requirements for our medical device interconnect components. Failure to effectively respond to changes to applicable laws and regulations or comply with existing and future laws and regulations may have a negative effect on the Company's business, financial condition, results of operations, and cash flows.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The number, location, and size of the Company's principal properties as of December 31, 2015 are shown on the following chart, by segment.

	Location					Square Footage (in millions)	
Segment	**North America**	**Europe**	**Asia**	**Other**	**No. of Facilities**	**Owned**	**Leased**
Carlisle Construction Materials	21	6			27	4.3	0.6
Carlisle Interconnect Technologies	8	2	3		13	0.5	0.9
Carlisle Fluid Technologies	6	3	2	2	13	0.6	0.1
Carlisle Brake and Friction	4	2	4		10	0.8	0.5
Carlisle FoodService Products	8				8	0.2	0.8
Totals	47	13	9	2	71	6.4	2.9

In addition to the manufacturing plants and warehousing facilities listed above, we lease our corporate offices in Charlotte, NC and in Shanghai, China. We consider these principal properties, as well as the related machinery and equipment, to be well maintained and suitable and adequate for their intended purpose.

Item 3. Legal Proceedings.

Information pertaining to legal proceedings can be found in Note 11 to the Consolidated Financial Statements included in this Annual Report, and is incorporated by reference herein.

Item 4. Mine Safety Disclosures.

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company's common stock is traded on the New York Stock Exchange. At December 31, 2015, there were 1,356 shareholders of record.

Quarterly cash dividends paid and the high and low prices of the Company's stock on the New York Stock Exchange in 2015 and 2014 were as follows:

2015	**First**	**Second**	**Third**	**Fourth**
Dividends per share	**$ 0.25**	**$ 0.25**	**$ 0.30**	**$ 0.30**
Stock Price				
High	**$ 95.10**	**$ 102.26**	**$ 104.60**	**$ 92.70**
Low	**$ 86.79**	**$ 91.87**	**$ 86.91**	**$ 84.11**

2014	**First**	**Second**	**Third**	**Fourth**
Dividends per share	$ 0.22	$ 0.22	$ 0.25	$ 0.25
Stock Price				
High	$ 80.57	$ 88.19	$ 88.36	$ 92.06
Low	$ 71.51	$ 75.28	$ 78.93	$ 74.69

The following table summarizes the Company's purchases of its common stock for the quarter ended December 31, 2015:

Period	**(a) Total Number of Shares Purchased**	**(b) Average Price Paid Per Share**	**(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(1)**
October 2015	210,464	$ 88.01	210,464	2,212,631
November 2015	352,782	$ 86.27	352,782	1,859,849
December 2015	342,103	$ 88.83	342,103	1,517,746
Total	905,349		905,349	

(1) Represents the number of shares that can be repurchased under the Company's stock repurchase program. The stock repurchase program was originally approved on November 3, 1999, and was reactivated on August 17, 2004. At the time of the adoption, the Company had the authority to purchase 741,890 split-adjusted shares of common stock. The Board of Directors authorized the repurchase of an additional 2,500,000 shares of the Company's common stock on August 1, 2007, and the repurchase of an additional 1,400,000 shares of the Company's common stock on February 12, 2008.

(2) The Company may also reacquire shares outside of the repurchase program from time to time in connection with the forfeiture of shares in satisfaction of tax withholding obligations from the vesting of share-based compensation. There were no shares reacquired in transactions outside the repurchase program during the three months ended December 31, 2015.

Item 6. Selected Financial Data.

Five-Year Summary

(in millions except shares, shareholders of record, and per share data)	**2015**	**2014**	**2013**	**2012**	**2011**
Summary of Operations					
Net sales	**$ 3,543.2**	$ 3,204.0	$ 2,943.0	$ 2,851.2	$ 2,492.4
Gross margin	**$ 1,006.7**	$ 819.5	$ 745.6	$ 767.0	$ 584.1
Selling & administrative expenses	**$ 461.9**	$ 379.0	$ 353.7	$ 356.6	$ 298.8
Research & development expenses	**$ 42.8**	$ 33.8	$ 29.3	$ 26.1	$ 21.7
Other (income) expense, net	**$ 0.1**	$ (1.6)	$ (4.2)	$ 12.4	$ (2.4)
Earnings before interest and income taxes	**$ 501.9**	$ 408.3	$ 366.8	$ 371.9	$ 266.0
Interest expense, net	**$ 34.0**	$ 32.2	$ 33.8	$ 25.5	$ 21.0
Income from continuing operations, net of tax	**$ 319.6**	$ 251.7	$ 235.2	$ 228.7	$ 172.0
Basic earnings per share	**$ 4.89**	$ 3.89	$ 3.69	$ 3.64	$ 2.77
Diluted earnings per share	**$ 4.82**	$ 3.83	$ 3.61	$ 3.57	$ 2.73
Income (loss) income from discontinued operations, net of tax	**$ 0.1**	$ (0.4)	$ (25.5)	$ 41.5	$ 8.3
Basic (loss) earnings per share	**$**	$	$ (0.40)	$ 0.66	$ 0.14
Diluted (loss) earnings per share	**$**	$ (0.01)	$ (0.39)	$ 0.65	$ 0.13
Net income	**$ 319.7**	$ 251.3	$ 209.7	$ 270.2	$ 180.3
Basic earnings per share	**$ 4.89**	$ 3.89	$ 3.29	$ 4.30	$ 2.91
Diluted earnings per share	**$ 4.82**	$ 3.82	$ 3.22	$ 4.22	$ 2.86
Financial Position					
Net working capital(1)	**$ 713.6**	$ 1,219.3	$ 1,158.6	$ 734.7	$ 617.2
Property, plant and equipment, net (held & used)	**$ 585.8**	$ 547.3	$ 497.2	$ 465.2	$ 379.3
Total assets	**$ 3,954.1**	$ 3,758.7	$ 3,493.0	$ 3,457.3	$ 3,137.9
Long-term debt	**$ 598.7**	$ 749.8	$ 751.0	$ 752.3	$ 604.2
% of total capitalization(2)	**20.3**	25.4	27.4	29.6	28.7
Shareholders' equity	**$ 2,347.4**	$ 2,205.0	$ 1,986.1	$ 1,788.1	$ 1,500.1
Other Data					
Average shares outstanding basic *(in thousands)*	**64,844**	64,170	63,471	62,513	61,457
Average shares outstanding diluted *(in thousands)*	**65,804**	65,304	64,806	63,610	62,495
Dividends paid	**$ 72.3**	$ 61.2	$ 53.7	$ 48.0	$ 43.5
Per share	**$ 1.10**	$ 0.94	$ 0.84	$ 0.76	$ 0.70
Capital expenditures	**$ 72.1**	$ 118.8	$ 110.8	$ 140.4	$ 79.6
Depreciation & amortization	**$ 129.3**	$ 104.0	$ 113.9	$ 104.9	$ 88.0
Shareholders of record	**1,356**	1,407	1,498	1,591	1,669

(1) Net working capital is defined as total current assets less total current liabilities.

(2) Percent of total capitalization is defined as long-term debt divided by long-term debt plus shareholders' equity.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Executive Overview

We are a multi-national company that designs, manufactures and sells a wide range of products throughout North America, Western Europe, and the Asia Pacific region via the following segments:

- **Carlisle Construction Materials ("CCM" or the "Construction Materials segment");**
- **Carlisle Interconnect Technologies ("CIT" or the "Interconnect Technologies segment");**
- **Carlisle Fluid Technologies ("CFT" or the "Fluid Technologies segment");**
- **Carlisle Brake & Friction ("CBF" or the "Brake & Friction segment"); and**
- **Carlisle FoodService Products ("CFSP" or the "FoodService Products segment").**

We are focused on achieving profitable growth in these segments both organically, through new product development, product line extensions, and entering new markets, and through acquisitions of businesses that complement our existing technologies, products, and market channels. We have approximately 12,000 employees. We focus on obtaining profitable growth through:

- Year-over-year improvement in sales, earnings before interest and income taxes ("EBIT") margins, net earnings and return on invested capital ("ROIC"),
- Reduction of working capital (defined as receivables, inventories, net of accounts payable) as a percentage of net sales,
- Globalization, and
- Maintenance of a strong and flexible balance sheet.

Resources are allocated among the operating companies based on management's assessment of their ability to obtain leadership positions and competitive advantages in the markets they serve.

A key philosophy in how we drive profitable growth organically is the Carlisle Operating System ("COS"). COS is a manufacturing structure and strategy deployment system based on lean enterprise and six sigma principles and is a continuous improvement process that defines the way we do business. Waste is eliminated and efficiencies improved enterprise wide. Improvements are not limited to production areas, as COS also drives improvements in new product innovation, engineering, supply chain management, warranty, and product rationalization. COS has created a culture of continuous improvement across all aspects of the Company's business operations.

Another key strategy in driving profitable growth is through acquisitions. We typically acquire businesses that are complementary to our existing segments and can be integrated into them. However, from time to time we may acquire new businesses that can operate independently from other segments. Factors we consider in making an acquisition include the ability of the acquired businesses to drive profitable growth in the future by increasing our EBIT margins, operating cash flows, and net earnings. We have also pursued the sale of businesses when it is determined they no longer fit within the Company's long-term goals or strategy.

In connection with our growth and acquisition strategy, on April 1, 2015, the Company acquired the Finishing Brands business from Graco Inc. ("Graco") for total cash consideration of $598.9 million. The Company added a reportable segment, Fluid Technologies, to reflect the acquisition of Finishing Brands. Fluid Technologies is a global manufacturer and supplier of finishing equipment and systems serving diverse end markets for paints and coatings, including original equipment ("OE") automotive, automotive refinishing, aerospace, agriculture, construction, marine, rail, and other industrial applications. From the period beginning April 1, 2015 through December 31, 2015, Fluid

Technologies has contributed net sales of $203.2 million and EBIT of $20.8 million to the Company's 2015 results.

For a more in-depth discussion of the results discussed in this "Executive Overview", please refer to the discussion on "Financial Reporting Segments" presented later in "Management's Discussion and Analysis of Financial Condition and Results of Operations".

For the year ended December 31, 2015, net sales increased 11% to $3.54 billion, compared to $3.20 billion in the prior year, primarily reflecting sales from the acquired Finishing Brands and LHi businesses of 8.8%. Our organic net sales growth (defined as net sales excluding sales from acquired businesses within the last twelve months, as well as the impact of changes in foreign exchange rates) of 3.6% primarily reflected increased sales volumes at Construction Materials and Interconnect Technologies, partially offset by lower sales volume at Brake and Friction and lower selling price. Foreign currency fluctuations had a negative impact to net sales of 1.8%.

For the year ended December 31, 2015, EBIT rose 23% to $501.9 million, primarily driven by lower raw material costs, particularly at Construction Materials related to materials that are tied to crude oil as well as related lower energy costs, lower labor and material usage costs from COS, lower per unit costs resulting from higher capacity utilization driven by higher net sales volume, and the aforementioned acquisitions. These positive impacts were partially offset by lower selling price. Carlisle's overall EBIT margin in 2015 rose 150 basis points to 14.2%, primarily reflecting lower raw material costs and lower labor and material usage costs from the Carlisle Operating System. Included in EBIT in 2015 was $10.7 million in non-recurring costs related to the acquisition of Finishing Brands. By comparison, included in EBIT in 2014 was $9.0 million in plant startup costs at Construction Materials and $3.5 million in costs related to the acquisition of LHi.

For the year ended December 31, 2015, income from continuing operations, net of tax, of $319.6 million, or $4.82 per diluted share, grew 27% in 2015 from income of $251.7 million, or $3.83 per diluted share, in 2014. The increase was due to higher EBIT driven by the aforementioned factors. For more information regarding the change in income from continuing operations from 2014 to 2015, refer to the discussion below on "2015 Compared to 2014".

For the year ended December 31, 2014, net sales increased 8.9% to $3.20 billion from net sales of $2.94 billion for the year ended December 31, 2013. Organic net sales in 2014 grew 7.9% primarily reflecting 11% organic net sales growth at Interconnect Technologies, on strong demand for aerospace applications, and organic net sales growth of 8.9% at Construction Materials, on strong demand for commercial roofing. Overall net sales at Brake & Friction and Foodservice Products grew modestly during 2014. The acquisition of LHi, that occurred on October 1, 2014, contributed $26.1 million, or 0.9%, to net sales in 2014.

For the year ended December 31, 2014, EBIT grew 11% and EBIT margin increased 20 basis points to 12.7% reflecting lower per unit costs resulting from higher capacity utilization driven by higher net sales volume as well as lower labor and material usage costs from COS. These EBIT margin improvements were partially offset by lower selling price, and, at Construction Materials, higher plant startup and product line closing costs versus the prior year and higher freight expense.

For the year ended December 31, 2014, income from continuing operations, net of tax increased 7.0% to $251.7 million, or $3.83 per diluted share, from income of $235.2 million, or $3.61 per diluted share, for the year ended December 31, 2013. Included in income from continuing operations for the year ended December 31, 2013 was a tax benefit of $11.8 million from the release of a deferred tax liability from an election in a foreign jurisdiction that resulted in an increase in the tax basis of an international operation. For more information regarding the change in income from continuing operations from 2013 to 2014, refer to the discussion below on "2014 Compared to 2013".

In 2016, we expect total net sales growth to be in the mid-single digit percentage range. Net sales growth is expected to be primarily driven by growth at Interconnect Technologies, on higher demand for aerospace and medical connector applications, and growth at Fluid Technologies, reflecting new

products and sales penetration initiatives. Growth in 2016 at Construction Materials is expected to reflect moderate growth in the commercial roofing market. While raw material costs are currently at lower levels than prior periods, and may decline further, the Company faces pricing pressure in a number of its markets that could impact selling price.

2015 Compared to 2014

Net Sales

(in millions)	2015	2014	Change	Acquisition Effect	Volume Effect	Price Effect	Exchange Rate Effect
Net sales	**$ 3,543.2**	$ 3,204.0	10.6%	8.8%	5.0%	(1.4)%	(1.8)%

Net sales in 2015 grew 11% over the prior year primarily reflecting acquisition growth of 8.8% and organic net sales growth of 3.6%. The acquisition of the Finishing Brands business, reported in the Fluid Technologies segment, contributed $203.2 million, and the acquisition of LHi, reported in the Interconnect Technologies segment, contributed $79.0 million. Organic net sales growth of 3.6% in 2015 reflected 5.0% higher net sales volume, primarily at Construction Materials, partially offset by 1.4% lower selling price also from Construction Materials and within Interconnect Technologies. The negative 1.8% impact from fluctuations in foreign exchange was primarily attributable to the weaker Euro and Canadian Dollar versus the U.S. Dollar impacting the Construction Materials segment and the weaker Euro and British pound versus the U.S. Dollar impacting the Brake & Friction segment.

Net Sales by Geographic Area

Country (in millions)	2015		2014	
United States	**$ 2,659.4**	**75%**	$ 2,441.7	76%
International:				
Europe	**384.4**		357.4	
Asia	**225.5**		136.0	
Canada	**114.9**		117.1	
Mexico and Latin America	**81.6**		82.0	
Middle East and Africa	**55.7**		48.7	
Other	**21.7**		21.1	
Total International	**883.8**	**25%**	762.3	24%
Net sales	**$ 3,543.2**		$ 3,204.0	

We have a long-term goal of achieving 30% of total net sales from outside the United States. Total net sales to customers located outside the United States increased from $762.3 million in 2014, or 23.8% of net sales, to $883.8 million in 2015, or 24.9% of net sales. The increase in global sales was primarily driven by contribution from the acquisition of the Finishing Brands business reported in the Fluid Technologies segment of $118.7 million. The increase in net sales to customers outside the United States also reflected higher sales volumes at Interconnect Technologies and contribution from the LHi acquisition. These increases were partially offset by the negative impact of foreign exchange fluctuations primarily at Construction Materials and Brake & Friction and lower net sales volume at Brake & Friction and Foodservice Products.

The 66% increase in net sales into Asia in 2015 was primarily attributable to the aforementioned acquisitions. Approximately 30% of Fluid Technologies' net sales were to customers in Asia in 2015.

Gross Margin

(in millions)	2015	2014	Change
Gross profit	**$ 1,006.7**	$ 819.5	22.8%
Gross margin	**28.4%**	25.6%	

In 2015, the increase in gross margin (gross profit expressed as a percentage of net sales) of 280 basis points was primarily driven by lower raw material costs at Construction Materials, lower labor and material usage costs from the Carlisle Operating System and lower per unit costs related to higher capacity utilization driven by higher sales volume. These positive impacts were partially offset by the aforementioned lower selling prices. Included in cost of goods sold in 2015 was $8.6 million in additional cost of goods sold from the acquisition of Finishing Brands reported in the Fluid Technologies segment resulting from recording acquired inventory at fair value. Included in gross profit and gross margin in 2014 was $1.6 million in cost of goods sold related to recording acquired inventory at estimated fair value for the LHi acquisition in the Interconnect Technologies segment, $9.0 million in plant startup and product line closing costs at Construction Materials related to startup of its PVC manufacturing operations and new TPO manufacturing facility, and $0.9 million in expense to discontinue production of Construction Materials' Insulfoam product line at its Smithfield, PA facility.

Selling and Administrative Expenses

(in millions)	2015	2014	Change
Selling and administrative expenses	**$ 461.9**	$ 379.0	21.9%
As a percentage of net sales	**13.0%**	11.8%	

Selling and administrative expenses increased 22% versus the prior year primarily due to $67.0 million of expense from the acquired Finishing Brands and LHi businesses, higher selling costs primarily at Construction Materials on higher net sales volume, higher expense from increased staffing and performance-based incentive compensation costs at Construction Materials, and increased Corporate expenses. These increased expenses were partially offset by lower selling and administrative expense costs at Brake & Friction due to lower net sales volume and cost reduction efforts. During 2015, the Company incurred $2.1 million in transaction costs related to the Finishing Brands acquisition, of which $0.7 million was allocated to the Fluid Technologies segment and the remaining $1.4 million allocated to Corporate. By comparison, in 2014, the Company incurred $1.9 million in transaction expenses for the acquisition of LHi in the Interconnect Technologies segment.

Selling and administrative expense as a percentage of Net sales increased 120 basis points to 13.0% as a result of the Fluid Technologies segment having a higher ratio of selling and administrative expense to net sales versus the other segments, in part due to the amortized cost of acquired intangible assets.

Research and Development Expenses

(in millions)	2015	2014	Change
Research and development expenses	**$ 42.8**	$ 33.8	26.6%
As a percentage of net sales	**1.2%**	1.1%	

The increase in Research and development expenses in 2015 versus the prior year reflected $4.3 of expense from acquired operations as well as increased activities related to new product development primarily in the Interconnect Technologies and Construction Materials segments.

Other (Income) Expense, Net

(in millions)	2015	2014
Other (income) expense, net	**$ 0.1**	$ (1.6)

The change in Other (income) expense, net from 2014 to 2015 primarily reflected the non-recurrence of gains in 2014 consisting of final settlement proceeds of $0.9 million at Interconnect Technologies, related to the Thermax acquisition, and a $1.1 million gain at FoodService Products on the sale of its property in the Netherlands.

EBIT (Earnings Before Interest and Taxes)

(in millions)	2015	2014	Change
EBIT	**$ 501.9**	$ 408.3	22.9%
EBIT Margin	**14.2%**	12.7%	

The growth in EBIT of 23% in 2015 versus the prior year was primarily attributable to the aforementioned lower raw material costs primarily at Construction Materials, lower per unit cost resulting from higher capacity utilization, lower labor and material usage costs from the Carlisle Operating System, and contribution from acquisitions.

Interest Expense, Net

(in millions)	2015	2014	Change
Interest expense	**$ 34.7**	$ 33.7	
Interest income	**(0.7)**	(1.5)	
Interest expense, net	**$ 34.0**	$ 32.2	5.6%

The increase in net Interest expense, net in 2015 versus the prior year primarily reflected a reduction in interest capitalized into property, plant and equipment in 2015 versus 2014, due to lower capital projects in 2015, and lower interest income as a result of lower cash on hand in 2015 versus 2014. During 2015, the Company used $598.9 million of its cash on hand to acquire Finishing Brands. The Company's cash balance declined from $730.8 million as of December 31, 2014, to $410.7 million as of December 31, 2015.

Income Taxes

(in millions)	2015	2014	Change
Income tax expense	**$ 148.3**	$ 124.4	19.2%
Effective tax rate	**31.7%**	33.1%	

The 2015 effective income tax rate of 31.7% differs from the statutory rate primarily due to foreign earnings taxed at rates lower than the U.S. federal tax rate, the deduction for U.S. manufacturing activities, and the recognition of certain state tax attributes. The recognition of the state tax attributes, which is the primary driver of the decrease in the year over year tax rate, occurred as a result of a change in judgment due to new facts regarding the expected deferred tax asset realization from state tax loss and credit carryforwards for which the Company previously held a valuation allowance. We estimate our effective tax rate for 2016 will be approximately 33%.

Income from Continuing Operations

(in millions)	2015	2014	Change
Income from continuing operations	**$ 319.6**	$ 251.7	27.0%
EPS			
Basic	**$ 4.89**	$ 3.89	
Diluted	**4.82**	3.83	

Income from continuing operations increased 27% in 2015 versus the prior year primarily due to higher EBIT as well as a lower effective tax rate in 2015 versus 2014.

Income (Loss) from Discontinued Operations

(in millions)	2015	2014
Income (loss) from discontinued operations	**$ 0.1**	$ (2.1)
Tax benefit		(1.7)
	$ 0.1	$ (0.4)
EPS		
Basic	**$**	$
Diluted		(0.01)

Loss from discontinued operations for the year ended December 31, 2014 primarily reflected a net after-tax loss on the sale of the Transportation Products business arising from the final working capital adjustment.

Net Income

(in millions)	2015	2014	Change
Net income	**$ 319.7**	$ 251.3	27.2%
EPS			
Basic	**$ 4.89**	$ 3.89	
Diluted	**4.82**	3.82	

The increase in net income during the year ended December 31, 2015 versus the prior year was primarily attributable to higher income from continuing operations.

2014 Compared to 2013

Net Sales

(in millions)	2014	2013	Change	Acquisition Effect	Volume Effect	Price Effect	Exchange Rate Effect
Net Sales	**$ 3,204.0**	$ 2,943.0	8.9%	0.9%	9.1%	(1.2)%	0.1%

Net sales in 2014 grew 8.9% over the prior year primarily reflecting organic net sales growth of 7.9% and acquisition growth of 0.9%. Organic net sales growth of 7.9% in 2014 reflected 9.1% higher net sales volume, partially offset by 1.2% lower selling price from Construction Materials and Interconnect Technologies. Overall organic net sales growth in 2014 was driven by 11% organic sales growth at Interconnect Technologies on strong aerospace demand and 8.9% net sales growth at Construction Materials driven by growth in commercial construction and commercial re-roofing. Brake & Friction and Foodservice Products both achieved modest increases in net sales volume in

2014. The acquisition of LHi on October 1, 2014 reported in the Interconnect Technologies segment contributed $26.1 million to total net sales in 2014. Refer to the discussion below on "Acquisitions".

Net Sales by Geographic Area

Country (in millions)		**2014**			**2013**	
United States	**$**	**2,441.7**	**76%**	$	2,260.8	77%
International:						
Europe		**357.4**			330.4	
Asia		**136.0**			126.3	
Canada		**117.1**			90.1	
Mexico and Latin America		**82.0**			69.7	
Middle East and Africa		**48.7**			47.4	
Other		**21.1**			18.3	
Total International		**762.3**	**24%**		682.2	23%
Net sales	**$**	**3,204.0**		$	2,943.0	

Total net sales to customers located outside the United States increased from $682.2 million in 2013, or 23.2% of net sales, to $762.3 million in 2014, or 23.8% of net sales. The 12% increase in net sales from outside the United States from 2013 to 2014 primarily reflected higher net sales by Construction Materials into Canada, Europe and Asia and by Interconnect Technologies into Asia, Europe and Mexico.

Gross Margin

(in millions)		**2014**		**2013**	**Change**
Gross profit	**$**	**819.5**	$	745.6	9.9%
Gross margin		**25.6%**		25.3%	

Gross margin in 2014 increased 30 basis points due to lower per unit costs related to higher capacity utilization driven by higher sales volume and lower labor and material usage costs from the Carlisle Operating System. These positive impacts were partially offset by lower selling price at Construction Materials, Interconnect Technologies and Brake & Friction, and higher costs at Construction Materials for plant startup, product line closing, freight expense and product warranty. Included in gross profit and gross margin in 2014 was $9.0 million in plant startup and product line closing costs at Construction Materials related to startup of its PVC manufacturing operations and new TPO manufacturing facility and $0.9 million in expense to discontinue production of its Insulfoam product line at its Smithfield, PA facility. These expenses in 2014 compared to $7.3 million in plant startup costs at Construction Materials in the same prior year period. Also included in gross profit and gross margin in 2014 were $0.8 million in restructuring costs related to the closure of our Akron plant in the Brake & Friction segment, as compared to restructuring costs of $0.9 million in the prior year.

During 2014, we incurred $1.6 million in additional cost of goods sold from the acquisition of LHi reported in the Interconnect Technologies segment resulting from the fair valuation of acquired inventory. By comparison, during 2013, we incurred $1.1 million in additional cost of goods sold from the acquisition of Thermax reported in the Interconnect Technologies segment.

Selling and Administrative Expenses

(in millions)	2014	2013	Change
Selling & Administrative	**$ 379.0**	$ 353.7	7.2%
As a percentage of net sales	**11.8%**	12.0%	

Selling and administrative expenses increased 7.2% versus the prior year primarily reflecting higher selling and commission costs tied to higher sales, higher acquisition costs, increased performance based incentive compensation expense and investments in information security. Included in selling and administrative expenses in 2014 was $3.5 million of expenses from the LHi operations acquired in the Interconnect Technologies segment. During 2014, Interconnect Technologies incurred $1.9 million in transaction expenses connected to the acquisition of LHi.

Research and Development Expenses

(in millions)	2014	2013	Change
Research and Development	**$ 33.8**	$ 29.3	15.3%
As a percentage of net sales	**1.1%**	1.0%	

The increase in Research and development expenses during 2014 reflected increased product development costs primarily in the Brake & Friction segment.

Other (Income) Expense, Net

(in millions)	2014	2013
Other (income) expense, net	**$ (1.6)**	$ (4.2)

Other income in 2014 primarily reflected a $1.1 million gain on the sale of property in the Foodservice Products segment for sale of its property in the Netherlands, a $0.4 million gain in the Brake & Friction segment on the sale of its plant in Akron, OH, and a $0.9 million gain from final settlement of the Thermax acquisition by Interconnect Technologies recognized in the first quarter of 2014. These gains were partially offset by losses on the disposal of fixed assets and foreign exchange losses.

Other income in 2013 primarily reflected fair value adjustments related to commodity swap agreements in the Interconnect Technologies segment and contingent consideration for the PDT acquisition in the Construction Materials segment as well as a gain on the sale of property in the Construction Materials and Foodservice Products segments. During the third quarter of 2013, the Construction Materials recorded a $1.3 million gain related to the settlement of contingent consideration related to its 2011 acquisition of PDT based upon an earn-out settlement agreement with the former owners, which was paid in the fourth quarter of 2013. In addition, during the third quarter of 2013, Foodservices Products sold its distribution facility in Reno, NV and recognized a pre-tax gain of $1.0 million on the sale. During the third and fourth quarter of 2013, Construction Materials sold property and fixed assets in Kingston, NY and Kent, WA and recognized a gain of $1.0 million on the sale.

EBIT (Earnings Before Interest and Taxes)

(in millions)	2014	2013	Change
EBIT	**$ 408.3**	$ 366.8	11.3%
EBIT Margin	**12.7%**	12.5%	

EBIT grew 11% in 2014 reflecting lower per unit costs from higher capacity utilization driven by sales volume and lower labor and material usage from the Carlisle Operating System, partially offset by lower selling price, the aforementioned higher operating costs at Construction Materials and higher costs in 2014 related to acquisitions and employee severance in 2014 versus 2013.

Interest Expense

(in millions)	2014	2013	Change
Interest expense	**$ 33.7**	$ 34.3	
Interest income	**(1.5)**	(0.5)	
Interest Expense, net	**$ 32.2**	$ 33.8	(4.7)%

The reduction in net interest expense in 2014 versus the prior year primarily reflected an increase in capitalized interest and increased interest income for higher average cash on hand in 2014 versus 2013.

Income Taxes

(in millions)	2014	2013	Change
Income tax expense	**$ 124.4**	$ 97.8	27.2%
Effective tax rate	**33.1%**	29.4%	

The 29.4% effective rate for 2013 reflected a tax benefit of $11.8 million related to a tax election made in a foreign jurisdiction that resulted in the release of deferred tax liabilities.

Income from Continuing Operations

(in millions)	2014	2013	Change
Income from continuing operations, net of tax	**$ 251.7**	$ 235.2	7.0%
EPS			
Basic	**$ 3.89**	$ 3.69	
Diluted	**3.83**	3.61	

Income from continuing operations increased 7.0% in 2014 versus the prior year primarily due to higher EBIT and lower net interest expense, partially offset by a higher effective tax rate in 2014 versus 2013.

Loss from Discontinued Operations

(in millions)	2014	2013
Loss from discontinued operations	**$ (2.1)**	$ (60.5)
Tax benefit	**(1.7)**	(35.0)
	$ (0.4)	$ (25.5)
EPS		
Basic	**$**	$ (0.40)
Diluted	**(0.01)**	(0.39)

Loss from discontinued operations for the year ended December 31, 2014 primarily reflected a net after-tax loss on the sale of the Transportation Products business arising from the final working capital adjustment.

Loss from Discontinued Operations for the year ended December 31, 2013 primarily reflected the results of the Transportation Products business, which was sold on December 31, 2013 to American Industrial Partners ("AIP"). During 2013, the Transportation Products business had net sales of $767.9 million. Included in loss from discontinued operations during 2013 was a pre-tax goodwill impairment charge of $100.0 million due to a decline in the reporting unit's estimated fair value relative to its carrying value. In addition, the Company recorded a pre-tax loss of $12.3 million on the sale of the Transportation Products business, which included charges of $8.4 million for curtailment and settlement charges related to the transfer of all former Transportation Products business employees and certain of the pension and other post employment obligations to AIP as part of the sale. The after-tax loss from discontinued operations for the full year 2013 reflected the aforementioned losses from operations due to the goodwill impairment charge, offset by operating earnings of the Transportation Products business and a net after-tax gain on the sale of the Transportation Products business of $6.2 million.

Net Income

(in millions)	2014	2013	Change
Net income	**$ 251.3**	$ 209.7	19.8%
EPS			
Basic	**$ 3.89**	$ 3.29	
Diluted	**3.82**	3.22	

The increase in Net income during 2014 versus the prior year primarily reflected the increase in Income from Continuing Operations in 2014 versus 2013 and decrease in Loss from Discontinued Operations in 2014 versus 2013.

Acquisitions and Disposals

The Company funded the aforementioned acquisition of Finishing Brands on April 1, 2015 with cash on hand. The preliminary amount of goodwill recorded related to the acquisition is $175.2 million as of December 31, 2015, reported in the Fluid Technologies segment.

The goodwill recognized in the acquisition of Finishing Brands is attributable to the experienced workforce of Finishing Brands, the expected operational improvements through implementation of COS, opportunities for geographic and product line expansions in addition to supply chain efficiencies, and the significant strategic value of the business to Carlisle.

On October 1, 2014, the Company completed the acquisition of LHi for $194.0 million, utilizing cash on hand. LHi's manufacturing operations are located in Shenzhen, China. LHi provides world-class medical device manufacturers with interconnect components used for patient monitoring, electrosurgery, diagnostic imaging and surgical instrumentation. Results of LHi's operations are reported within the Interconnect Technologies segment. The acquisition of LHi complements Interconnect Technologies' existing medical cabling product offerings, adds global presence, and provides further end market diversification within the Interconnect Technologies segment. The final amount of goodwill recorded related to the acquisition of LHi was $112.8 million.

Financial Reporting Segments

Carlisle Construction Materials ("CCM" or the "Construction Materials segment")

(in millions)	2015	2014	Change $	Change %	2014	2013	Change $	Change %
Net sales	**$ 2,002.6**	$ 1,935.4	$ 67.2	3.5%	$ 1,935.4	$ 1,776.5	$ 158.9	8.9%
EBIT	**$ 351.1**	$ 268.8	$ 82.3	30.6%	$ 268.8	$ 264.0	$ 4.8	1.8%
EBIT Margin	**17.5%**	13.9%			13.9%	14.9%		

2015 Compared to 2014

CCM's 3.5% net sales growth in 2015 primarily reflected higher sales volumes of 6.5%, partially offset by a 2.0% negative impact from foreign exchange fluctuations primarily from the stronger U.S. dollar versus the Euro and the Canadian dollar, and 1.0% lower selling prices. CCM's net sales volume growth was primarily driven by increased activity in both commercial construction and re-roofing. CCM's net sales into Europe declined 13%, of which 16% related to the negative impact of foreign exchange, partially offset by 3% organic net sales growth. CCM's net sales into Canada, declined 9%, of which 13% related to the negative impact of foreign exchange, partially offset by 4% organic net sales growth.

CCM's EBIT grew 31% and EBIT margins expanded 360 basis points to 17.5% in 2015 due primarily to lower raw material costs, with additional contribution from lower per unit cost from higher capacity utilization, lower labor and material usage costs from COS, and the non-recurrence of $9.0 million in startup expense in 2014 at its new PVC and TPO production facilities. CCM's raw material costs were lower in 2015 versus 2014 primarily due to lower input costs driven by the decline in crude oil and other energy commodity pricing. These positive impacts were partially offset by unfavorable changes in mix, lower selling price, and the negative impact of foreign exchange fluctuations related to the U.S. Dollar versus the Canadian Dollar and versus the Euro.

CCM's net sales and EBIT are generally higher in the second and third quarters of the year due to increased construction activity during these periods. CCM's commercial roofing business is comprised of approximately 70% of net sales from re-roofing, which derives demand from a large base of installed roofs requiring replacement in a given year, and 30% from roofing for new commercial construction.

Growth in demand for CCM's commercial roofing applications is driven in part by growth in commercial construction in the United States and increased enforcement of building codes related to energy efficiency driving demand for commercial insulation products. Conditions for the commercial construction market remain favorable due to lower energy prices and increasing availability of credit. The commercial roofing outlook in Europe is expected to remain relatively flat. Growth in demand in the commercial construction market can be negatively impacted by changes in fiscal policy and increases in interest rates. The availability of labor to fulfill installations may also be a near term constraint on growth in the commercial roofing market. A reduction in the economic outlook for the U.S. tied to slowing conditions in overseas markets could also negatively impact growth in the commercial construction market.

CCM's ability to maintain current selling price and volume levels is subject to significant competition, in particular from competitors that have recently added manufacturing capacity of commercial roofing and commercial insulation products and as a result of lower raw material costs. Raw material input costs are expected to decline moderately from current levels due to lower crude oil and related commodity pricing, however selling price pressure may negatively impact CCM's ability to maintain current EBIT margin levels or obtain incremental EBIT margin from lower raw material costs.

2014 Compared to 2013

CCM's net sales growth of 8.9% in 2014 versus 2013 reflected higher sales volume, partially offset by lower selling price. CCM's sales volume growth in 2014 was primarily driven by increased demand from growth in the new commercial construction and re-roofing markets. For the full year 2014, CCM's net sales of its commercial roofing membrane and commercial polyiso insulation applications overall grew by 10%. With respect to international sales, CCM's net sales outside of the U.S. grew 17% during 2014 primarily reflecting increased net sales into Canada, where net sales grew by 33%. CCM's net sales into Europe grew by 12% for the full year, reflecting strong double digit organic sales growth in the first half of 2014 followed by slightly lower sales growth in the second half of 2014 due to weakening economic conditions in Europe and weakening of the Euro versus the U.S. dollar.

CCM's EBIT margin declined 100 basis points versus the prior year primarily due to lower selling price, higher plant startup and product line closing costs versus the prior year and higher freight costs. These negative impacts were partially offset by lower per unit costs resulting from higher capacity utilization, and reduction in material usage and labor costs driven by the Carlisle Operating System. During 2014, CCM incurred product line closing costs of $0.9 million related to discontinuing production of its Insulfoam product line at its Smithfield, PA, facility. In addition, CCM incurred $9.0 million of plant startup expense at its new PVC facility and new TPO manufacturing facility in 2014. By comparison, CCM incurred $7.3 million of plant startup expense in 2013. Included in CCM's EBIT in 2013 were gains that did not recur in 2014 consisting of a $1.3 million gain related to the settlement of contingent consideration related to its 2011 acquisition of PDT, a net pre-tax gain of $1.0 million on the sale of property and fixed assets in Kingston, NY, and Kent, WA, and a gain of $1.9 million on the sale of solar roofing inventory that had previously been determined to be obsolete.

Carlisle Interconnect Technologies ("CIT" or the "Interconnect Technologies segment")

(in millions)	2015	2014	Change $	Change %	2014	2013	Change $	Change %
Net sales	**$ 784.6**	$ 669.1	$ 115.5	17.3%	$ 669.1	$ 577.7	$ 91.4	15.8%
EBIT	**$ 141.6**	$ 132.2	$ 9.4	7.1%	$ 132.2	$ 89.4	$ 42.8	47.9%
EBIT Margin	**18.0%**	19.8%			19.8%	15.5%		

2015 Compared to 2014

CIT's net sales growth of 17% in 2015 primarily reflected acquisition growth of 11.8%, from the acquisition of the LHi medical cabling business, and higher sales volumes of 8.5%, primarily on higher demand for its in-flight entertainment and connectivity (IFEC) applications sold into the commercial aerospace markets and slightly higher volumes on higher demand for connectivity applications sold into the defense and test and measurement markets. The increase in net sales from acquisitions and higher sales volumes were partially offset by 2.8% lower selling price.

CIT's EBIT increased 7.1% in 2015 on higher net sales volume, lower labor and material usage costs from COS, and $7.8 million in EBIT contribution from the acquisition of LHi, partially offset by lower contractual selling price. CIT's EBIT margin declined 180 basis points versus the prior year primarily due to selling price reductions and the dilutive impact of the LHi acquisition on margin. These negative impacts were partially offset by lower per unit costs resulting from higher capacity utilization, lower labor and material usage costs from COS and lower raw material costs. Included in CIT's EBIT in 2014 was $3.5 million in costs related to the acquisition of LHi, including higher cost of goods sold related to recording acquired inventory at estimated fair value as of the acquisition date. Partially offsetting these costs in 2014 was a gain of $0.9 million recognized upon the final settlement of the acquisition of Thermax from Belden.

During 2014, CIT began construction on a new 216,000 sq. ft. manufacturing facility in Nogales, Mexico, to meet growing demand for its aerospace applications and to support growth in its medical

applications. The total cost of CIT's new facility was $23.4 million. Shipments began in the first quarter 2015 and the project was completed in the second quarter of 2015. In the third quarter of 2015, CIT announced a $13 million project to expand its production facilities in Dongguan, China into a new 260,000 sq. ft. facility to meet expected demand in both the medical technology and aerospace markets. This project is expected to be completed in 2017. CIT expects to incur startup costs of approximately $1.5 million in 2016 on this project and another $1.5 million in startup costs in 2017. Also in the fourth quarter 2015, CIT announced a $13 million project to expand its existing aerospace facility in Franklin, WI to increase manufacturing capacity by 30,000 sq. ft. to meet expected demand for its recently launched SatCom antenna adaptor plate used as part of satellite-based IFEC applications. The Franklin, WI expansion is expected to be completed in 2016. CIT expects to incur startup costs of approximately $3.0 million related to this project, primarily in the first half of 2016.

The longer term outlook in the commercial aerospace market remains favorable with a strong delivery cycle for new commercial aircraft expected over the next several years. The outlook for the market for IFEC applications also remains positive on increasing demand for on board connectivity applications used in both installed aircraft seating and through personal mobile devices using wireless connectivity (Wi-Fi) access. One of CIT's customers, for which it supplies IFEC interconnect components, comprises approximately 22% of CIT's net sales. CIT has connectivity applications for use with grounded Wi-Fi providers, and, with its newly developed SatCom antenna adaptor plate product, for use by satellite Wi-Fi providers. Satellite based connectivity has higher bandwidth and can be accessed in flight over water.

As a result of the LHi acquisition, combined with CIT's base medical business, net sales into the medical market comprise approximately 15% of CIT's total net sales. CIT is actively pursuing new products, customers, and complementary technologies to support its expansion into the growing healthcare technology market. The medical technology markets in which CIT competes is experiencing vendor consolidation trends among larger medical OEM's, to whom CIT offers improved product verification capabilities and value-added vertical integration through its multiple product offerings.

2014 Compared to 2013

CIT's 16% net sales growth in 2014 primarily reflected organic sales growth of 11% and net sales from acquisitions of 4.5%. CIT's 11% organic sales growth primarily reflected higher sales volume driven by strong aerospace demand slightly offset by lower selling price from contractual price reductions that were in part tied to lower raw material commodity prices. CIT's net sales to the aerospace market in 2014 were up 14% primarily on higher demand for IFEC applications and increased sales for the Boeing 787 program. CIT net sales into the test and measurement market increased by 20% in 2014. CIT's net sales to the military market were relatively level to the prior year, reflecting lower demand in the first half of 2014 offset by sales volume growth in the second half of 2014 from new program development. Partially offsetting this was a 7% decline in net sales to the industrial market. The acquisition of LHi on October 1, 2014 contributed $26.1 million in net sales to CIT in 2014, all comprising sales to the medical market.

CIT's EBIT margin increased significantly by 430 basis points in 2014 versus the prior year due to lower per unit costs resulting from higher capacity utilization driven by higher sales volume, and reduction in material usage and labor costs driven by the Carlisle Operating System. Included in CIT's EBIT was $1.9 million in transaction expenses for the acquisition of LHi and $1.6 million in cost of goods sold related to recording acquired inventory at estimated fair value as of the acquisition date. Partially offsetting these costs in 2014 was a gain of $0.9 million recognized upon the final settlement of the acquisition of Thermax from Belden. By comparison, included in CIT's EBIT in 2013 was $1.1 million in acquisition costs primarily due to additional costs of goods sold resulting from recording the acquired Thermax inventory at estimated fair value as of the acquisition date.

Carlisle Fluid Technologies ("CFT")

(in millions)	2015	2014	Change $	Change %
Net sales	**$ 203.2**	$	$ 203.2	%
EBIT	**$ 20.8**	$	$ 20.8	%
EBIT Margin	**10.2%**	%		

On April 1, 2015, the Company completed the acquisition of the Finishing Brands business from Graco Inc. Beginning in the second quarter 2015, the Company added a reportable segment, CFT, to reflect the acquisition of Finishing Brands.

Through the nine month period from April 1, 2015 through December 31, 2015, CFT's EBIT and EBIT margin includes acquisition related costs for Finishing Brands of $8.6 million additional costs of goods sold related to recording acquired inventory at fair value and $0.7 million allocated transaction costs. These acquisition related costs were incurred in the second quarter of 2015. CFT's EBIT in 2015 also included amortization expense of $13.2 million, or 6.5% of CFT's net sales, resulting from recording the acquired intangible assets at fair value.

Approximately 20% to 25% of CFT's annual net sales are for the development and assembly of large fluid handling or other application systems projects. Timing of these system sales can result in sales that are higher in certain quarters versus other quarters within the same calendar year. In addition, timing of system sales can cause significant year over year sales variances.

In 2016, CFT is establishing global headquarters in Phoenix, Arizona to streamline administrative functions and coordinate its global strategy. CFT may experience additional costs related to integration and headquarter relocation activities. CFT intends to hire additional sales, marketing and administrative staff in 2016 to support its organizational and sales growth strategy.

Approximately 60% of CFT's net sales are outside the United States, a significant amount of which represent net sales into Asia and Europe. CFT's ability to increase net sales could be impacted by slowing growth in Asia and challenging economic conditions in Europe. A significant portion of CFT's operating earnings are generated by its subsidiaries in the United Kingdom, Japan and China, operating in British pounds, Japanese Yen and Chinese Renminbi, respectively. The results of these subsidiaries' operations are translated and reported within our consolidated results in U.S. dollars. Consistent declines in the currencies for these countries versus the U.S. dollar could negatively impact CFT's U.S. dollar reported results for both net sales and EBIT. Overall, CFT's results are subject to foreign exchange fluctuations of the U.S. Dollar versus the British Pound, Japanese Yen, Chinese Renminbi, Euro, Mexican Peso, Brazilian Real and Australian Dollar.

Carlisle Brake & Friction ("CBF" or the "Brake & Friction segment")

(in millions)	2015	2014	Change $	Change %	2014	2013	Change $	Change %
Net sales	**$ 310.2**	$ 355.3	$ (45.1)	(12.7)%	$ 355.3	$ 350.0	$ 5.3	1.5%
EBIT	**$ 17.3**	$ 26.8	$ (9.5)	(35.4)%	$ 26.8	$ 33.5	$ (6.7)	(20.0)%
EBIT Margin	**5.6%**	7.5%			7.5%	9.6%		

2015 Compared to 2014

CBF's net sales declined 13% in 2015 reflecting a 7.6% decline from lower net sales volume and a 5.1% negative impact from foreign exchange fluctuations from the stronger U.S. Dollar versus the Euro, British pound and Yen in 2015 versus the prior year. CBF's primary markets of construction, mining, and agriculture were negatively impacted by slower global conditions and depressed conditions in the commodities markets. CBF's net sales of its off-highway braking applications into the

construction market declined by 16%. CBF's net sales into the mining and agriculture markets declined by 14% and 20%, respectively.

CBF's EBIT declined 35% and its EBIT margin declined 190 basis points to 5.6% in 2015, primarily reflecting lower net sales volume, higher per unit costs resulting from lower capacity utilization, and the negative impact of foreign exchange fluctuations of approximately $3.0 million. Also included in CBF's EBIT in 2015 was $1.7 million in severance costs, $3.4 million in asset impairment charges, and $0.5 million in closing costs for its Akron facility. By comparison, in 2014 CBF incurred $1.2 million in severance costs from staff reduction actions taken to align its cost structure with current demand levels and $4.3 million in inventory impairments.

Consistent with forecasts by large OEM's, demand for CBF's off-highway applications for heavy industrial equipment in construction and mining is expected to remain soft and may decline further due to slowing growth in China and lower demand for commodities. CBF faces competitive pricing pressure in the current demand environment and from competitors that manufacture and sell products in Euros. CBF has taken cost reduction measures to align with net sales demand.

A significant portion of CBF's operating earnings are generated by its subsidiaries in Italy and the United Kingdom selling and operating in Euros and British pounds, respectively. The results of these subsidiaries' operations are translated and reported within our consolidated results in U.S. dollars. Consistent declines in the Euro or the British pound versus the U.S. dollar could negatively impact CBF's U.S. dollar reported results for both net sales and EBIT.

As of December 31, 2015, the carrying value of the CBF reporting unit's goodwill and other indefinite-lived intangible assets was $226.6 million and $117.2 million, respectively. The most recent annual goodwill impairment test was performed for all reporting units as of October 1, 2015. During this testing, we estimated that CBF's fair value, utilizing the method discussed above, exceeded its carrying value by approximately 15%. Further, based on our estimates of fair value for specific indefinite-lived intangible assets utilized by the CBF reporting unit, we concluded that no impairment exists at December 31, 2015.

For additional information in regards to our policy with respect to testing goodwill and indefinite-lived intangible assets for impairment, refer to "Critical Accounting Policies".

As noted above, the Company believes that the facts and circumstances as of December 31, 2015 indicate that no impairment exists with respect to CBF's goodwill and other indefinite-lived intangible assets. If the estimates of recovery in CBF's end markets do not materialize as expected and/or the U.S. Dollar continues to strengthen and therefore results are lower than anticipated, an impairment loss may be recorded.

While the Company believes its conclusions regarding the estimates of fair value of the CBF reporting unit and its indefinite-lived intangible assets are appropriate, the estimates of fair value of the CBF reporting unit and its indefinite-lived intangible assets are subject to uncertainty and by nature include judgments and estimates regarding various factors including the rate and extent of recovery in the markets that CBF serves, the realization of future sales price increases, fluctuations in exchange rates, fluctuation in price and availability of key raw materials, future operating efficiencies, and discount rates.

2014 Compared to 2013

CBF's 1.5% net sales increase in 2014 reflected 1.0% organic sales growth and a 0.5% positive impact on net sales from fluctuations in foreign exchange rates primarily reflecting the increase in the British pound and Euro versus the U.S. dollar that occurred in the first half of 2014. The positive impact from foreign exchange fluctuations on CBF's net sales reversed significantly in the latter part of 2014 when both the Euro and British Pound declined versus the U.S. dollar. CBF's 1.0% organic sales

growth in 2014 reflected approximately 2% higher net sales volume offset by 1% lower selling price. CBF's net sales to the construction market grew by 11% in 2014 reflecting recovering market conditions as well as new customer initiatives. Offsetting this growth was 7% lower net sales to the agriculture market, which declined due to lower crop prices and lower farm income reducing equipment demand. Net sales to the mining market in 2014 declined by 11% versus the prior year. Demand in the agriculture and mining markets were relatively stable through the first half of 2014; however, declined more significantly in the second half of 2014 reflecting significant weakening in the agriculture and commodities markets and slowing global economic conditions.

CBF's EBIT margin decreased 210 basis points in 2014 versus the prior year primarily due to the impact of lower selling price that occurred in the first half of 2014, partially offset by lower per unit costs resulting from higher capacity utilization driven by higher sales volume. During 2014, CBF incurred $1.2 million in severance costs from staff reduction actions taken to align its cost structure with current demand levels. Also in 2014, CBF incurred $4.3 million in charges to inventory, compared to $1.8 million in charges to inventory in 2013. Partially offsetting these costs was a gain of $0.4 million on the sale of its facility in Akron, OH, during the fourth quarter of 2014.

On October 11, 2013, to further streamline operations and reduce manufacturing costs, CBF announced plans to close its manufacturing facility in Akron, OH, relocate manufacturing previously conducted at this facility to other CBF facilities, and sell the facility's remaining assets. The project was completed in the first half of 2015 with total costs of $2.2 million, including employee termination, accelerated depreciation, impairment of long-lived assets and equipment relocation costs. The Company incurred exit and disposal costs of $0.9 million in 2013, $0.8 million in 2014 and $0.5 million in 2015.

Carlisle FoodService Products ("CFSP" or the "FoodService Products segment")

(in millions)	2015	2014	Change $	Change %	2014	2013	Change $	Change %
Net sales	**$ 242.6**	$ 244.2	$ (1.6)	(0.7)%	$ 244.2	$ 238.8	$ 5.4	2.3%
EBIT	**$ 27.3**	$ 29.6	$ (2.3)	(7.8)%	$ 29.6	$ 27.0	$ 2.6	9.6%
EBIT Margin	**11.3%**	12.1%			12.1%	11.3%		

2015 Compared to 2014

CFSP's net sales in 2015 declined 0.7% primarily due to lower net selling price that was partially offset by higher net sales volume. Net sales to the foodservice market were unchanged as compared to 2014 reflecting higher demand in the domestic foodservice market, offset by changes in customer mix and lower international demand in Europe and Asia. Net sales to the janitorial/sanitation market grew by 5% reflecting increased sales to retail supercenters. Net sales to the healthcare market declined by 5% primarily due to the non-recurrence of a large order with a customer in 2014 for rethermalization equipment.

CFSP's EBIT declined 7.8% and EBIT margin declined 80 basis points primarily due to lower selling price connected with selling incentives and higher cost of capitalized inventory recognized in cost of goods sold. These negative impacts were partially offset by lower raw material costs. Included in CFSP's results for 2014 was a gain of $1.1 million on the sale of property in The Netherlands.

CFSP's primary markets of foodservice, healthcare and janitorial/sanitation are expected to grow in line with low-single digit growth estimates for United States Growth Domestic Product.

2014 Compared to 2013

CFSP's 2.3% net sales increase in 2014 primarily reflected higher sales volume and increased selling price realization. CFSP's net sales to the foodservice market increased by 1%. Net sales to the

healthcare market increased by 4% primarily driven by a large rethermalization equipment order with a customer. Net sales to the janitorial/sanitation market increased by 3%.

CFSP's EBIT in 2014 grew 9.6% to $29.6 million, reflecting continued progress on its performance improvement efforts that began in 2012. CFSP's EBIT margin grew 80 basis points primarily due to lower freight expense from initiatives to improve scheduling and shipment logistics and higher selling price realization. Included in CFSP's EBIT in 2014 was a $1.1 million gain from the sale of property in The Netherlands during the second quarter 2014. By comparison, included in CFSP's EBIT in 2013 was a $1.0 million gain on the sale of property in Reno, NV.

Corporate

(in millions)	2015	2014	Change $	Change %	2014	2013	Change $	Change %
Corporate expenses	**$ 56.2**	$ 49.1	$ 7.1	14.5%	$ 49.1	$ 47.1	$ 2.0	4.2%
As a percentage of net sales	**1.6%**	1.5%			1.5%	1.6%		

Corporate expenses are largely comprised of compensation, benefits, and travel expense for the corporate office staff, business development costs, and certain compliance costs not allocated to the segments. Corporate expense also includes certain gains and losses related to employee benefit obligations that are not allocated to the segments such as pension and post-employment benefit obligation settlements and curtailment charges as well as gains and losses associated with workers' compensation obligations.

For the year ended December 31, 2015, Corporate expenses increased 14% from the prior year primarily due to higher staffing costs, performance-based incentive compensation expense and sponsorship of companywide management programs. In addition, the company incurred $1.4 million in transaction costs for the acquisition of the Finishing Brands business in the second quarter of 2015, which was reported in Corporate expenses.

For the year ended December 31, 2014, Corporate expenses increased 4.2% from the prior year period due to higher investments in information security, performance based incentive compensation expense, and increased business development expense.

Liquidity and Capital Resources

We maintain liquidity sources primarily consisting of cash and cash equivalents and our unused committed $600 million credit facility. As of December 31, 2015, we had $410.7 million of cash on hand, of which $122.0 million was located in wholly-owned subsidiaries of the Company outside the United States. Cash held by subsidiaries outside the United States is held in U.S. Dollars or in the currency of the country in which it is located. It is our intention to use cash held outside the United States to fund the operating activities of our foreign subsidiaries, to make further investments in our foreign operations, and to invest in additional growth opportunities for the Company through acquisitions. Cash outside the United States is generally held in deposit accounts with banking institutions that are parties to our credit facility. The majority of these accounts are at bank subsidiaries that are owned by U.S. corporate banks. Repatriation of cash held by foreign subsidiaries may require the accrual and payment of taxes in the United States; however, consistent with our unremitted earnings, we consider such related cash to be permanently reinvested in our foreign operations and our current plans do not demonstrate a need, nor do we plan, to repatriate such cash to fund U.S. operations and financing activities. We plan to continue to invest in our international business and potential acquisitions to achieve our stated goal of 30% of net sales outside of the United States.

In addition, cash held by subsidiaries in China is subject to local laws and regulations that require government approval for conversion of such cash to and from U.S. Dollars as well as for transfer of such cash to entities that are outside of China. As of December 31, 2015, we had cash and cash equivalents of $21.4 million located in wholly owned subsidiaries of the Company within China.

Sources and Uses of Cash

(in millions)	Twelve Months Ended December 31, 2015	2014	2013
Net cash provided by operating activities	**$ 529.2**	$ 295.9	$ 414.7
Net cash used in investing activities	**(670.8)**	(297.8)	270.1
Net cash used in financing activities	**(173.0)**	(20.2)	(41.5)
Effect of foreign currency exchange rate changes on cash	**(5.5)**	(1.6)	(1.3)
Change in cash and cash equivalents	**$ (320.1)**	$ (23.7)	$ 642.0

2015 Compared to 2014

The Company had net cash provided by operating activities of $529.2 million for the year ended December 31, 2015 compared to cash provided of $295.9 million in the prior year. The increase in net cash provided by operating activities was attributable to increased cash income, resulting from lower raw material costs, cash taxes paid, cash from acquired businesses and a difference of $145.0 million between cash provided by working capital of $94.6 million in 2015 and cash used of $50.4 million in 2014. In 2015, cash provided by changes in inventory of $23.0 million compared to cash used of $27.7 million in 2014. Cash provided by changes in accrued expenses of $79.9 million in 2015 compared to cash provided of $14.5 million in 2014, and includes differences in usage of cash for tax payments in 2015 versus 2014.

We use the ratio of our average working capital balances (defined as the average of the quarter end balances, excluding current year acquisitions, of trade receivables plus net inventory, less trade payables) as a percentage of annualized sales (defined as year-to-date net sales, excluding current year acquisitions, calculated on an annualized basis) to evaluate our effectiveness in managing our cash requirements in relation to changes in sales activity. The Company has a long term strategy is to reduce the ratio of working capital as a percentage of net sales in order to generate strong cash flow from our businesses and improve overall liquidity as our business activities grow. However in 2015, average working capital as a percentage of annualized sales increased 40 basis points to 18.2%, as compared to a percentage of 17.8% for 2014, primarily as a result of higher average working capital as a percentage of net sales in the first half of 2015 on higher commercial roofing demand at Construction Materials.

Cash used in investing activities was $670.8 million in 2015 compared to $297.8 million in 2014. In 2015, cash used in investing activities included $598.9 million, net of $12.2 million cash acquired, used to acquire Finishing Brands and $72.1 million in capital expenditures. In 2014, cash used in investing activities included $118.8 million in capital expenditures and $194.0 million, net of $6.7 million cash acquired, used to acquire LHi Technologies. Also in 2014, we received $9.7 million as part of the final working capital settlement from the sale of the Transportation Products business.

Capital expenditures of $72.1 million in 2015 declined by $46.7 million from expenditures of $118.8 million in 2014. The decline was primarily attributable to lower capital expenditures at Construction Materials in 2015 due to completion of its new TPO and PVC production facilities in 2014. During 2015, the Interconnect Technologies segment spent $34.5 million in capital expenditures, including $7.0 million for the completion of its new manufacturing facility in Nogales, Mexico, as well as other projects tied to product or capacity expansion.

Cash used in financing activities was $173.0 million in 2015 compared to $20.2 million in 2014. During 2015, cash used in financing activities primarily reflected $137.2 in share repurchases, $72.3 million in dividends paid and $2.9 million in debt repayments, partially offset by net cash inflows related to the exercise of employee stock options of $39.4 million in 2015. The Company started its

systematic share repurchase program in 2015 and repurchased 1,496,411 shares. Also in 2015, we increased our dividends to shareholders by 17%, representing the 39th consecutive year of dividend increases.

2014 Compared to 2013

Net cash provided by operating activities, which includes continuing and discontinued operations, was $295.9 million in the year ended December 31, 2014, compared to $414.7 million in 2013. The decrease was primarily due to funds used for working capital in 2014 versus cash provided by working capital in 2013 and the disposition of the Transportation Products business on December 31, 2013. We used cash for working capital in 2014 due to higher organic sales growth and production activity from higher demand in the fourth quarter of 2014 compared to the prior year. In addition, cash provided by working capital in 2013 benefited from inventory reduction efforts at the divested Carlisle Transportation Product segment.

Cash used for working capital and other assets and liabilities of $50.4 million in 2014 compared to cash provided by working capital of $48.0 million in 2013, reflecting lower net cash flow related to working capital of $98.4 million in 2014 versus 2013. Cash used for working capital in 2014 primarily consisted of a $27.7 million increase in inventories, an $18.1 million increase in accounts receivable and a $13.6 million reduction in accounts payable and long term liabilities, partially offset by a $14.5 million increase in accrued expenses. Cash provided by working capital in 2013 primarily consisted of a $35.6 million reduction in inventories and an $8.4 million decrease in accounts receivable, partially offset by a $8.0 million decrease in accounts payable and accrued expenses. For the full year 2014, average working capital as a percentage of annualized sales declined by 90 basis points to 17.8%, as compared to a percentage of 18.7% for 2013.

Cash used in investing activities was $297.8 million in 2014 compared to $270.1 million provided by investing activities in 2013. In 2014, cash used in investing activities included $118.8 million in capital expenditures and $194.0 million, net of $6.7 million cash acquired, used to acquire LHi Technologies. Also in 2014, we received $9.7 million as part of the final working capital settlement from the sale of the Transportation Products business. In 2013, cash provided by investing activities related to $369.0 million in proceeds on the sale of the Transportation Products business, net of cash on hand at the time of sale, and $11.9 million in proceeds on the sale of equipment, partially offset by $110.8 million in capital expenditures.

Capital expenditures of $118.8 million in 2014 compared to $110.8 million in 2013. The Construction Materials segment represented 43% of total capital expenditures in 2014 as a result of projects to construct a new TPO plant in Carlisle, PA, and complete construction on a new PVC plant in Greenville, IL. CCM's total capital expenditures were $51.4 million in 2014. During 2014, the Interconnect Technologies segment spent $32.2 million in capital expenditures primarily for the construction of a new manufacturing facility in Nogales, Mexico.

Cash used in financing activities was $20.2 million in 2014 compared to $41.5 million in 2013. During 2014, cash used in financing activities related to $61.2 million in dividends paid and $1.5 million in repayments on industrial and revenue bonds, partially offset by net cash inflows related to the exercise of employee stock options.

Debt Instruments, Guarantees and Covenants

The following table quantifies certain contractual cash obligations and commercial commitments at December 31, 2015:

(in millions)	Total	2016	2017	2018	2019	2020	Thereafter
Short-term credit lines and long-term debt	$ 750.1	$ 150.1	$	$	$	$ 250.0	$ 350.0
Interest on long-term debt(1)	165.0	35.1	25.9	25.9	25.9	25.9	26.3
Noncancelable operating leases	75.5	18.3	14.5	13.0	10.9	7.1	11.7
Estimated workers' compensation claims	19.4	5.1	3.6	2.6	1.9	1.4	4.8
Estimated post-retirement benefit payments	279.6	14.9	15.3	14.7	13.9	13.6	207.2
Total commitments	$ 1,289.6	$ 223.5	$ 59.3	$ 56.2	$ 52.6	$ 298.0	$ 600.0

(1) Future expected interest payments are calculated based on the stated rate for fixed rate debt and the effective interest rate at December 31, 2015 for variable rate debt.

The above table does not include $159.7 million of long-term deferred revenue and $202.7 million of other long-term liabilities, of which $32.4 million relates to unrecognized income tax benefits. Excluded Other long-term liabilities consist primarily of deferred income tax liabilities and deferred compensation. Due to factors such as the timing of book-tax difference reversals and retirement of employees, it is not reasonably possible to estimate when these will become due.

The amount of $19.4 million in obligations for workers compensation claims reflected an estimate for discounted claims reported to the company and incurred but not yet reported. The Company's estimate is based upon actuarial assumptions and loss development factors and the Company's historical loss experience. See Note 11 in the Notes to Consolidated Financial Statements.

The amount of $279.6 million in post-retirement benefit payments primarily reflected undiscounted estimated employee obligations under the Company's qualified defined benefit pension plans, as well as obligations for the Company's non-qualified executive supplemental and director plans and other post-retirement welfare plans. The amount of estimated obligations is based upon plan provisions, increases to compensation levels, actuarial assumptions and health care cost trends. Of the $279.6 million in estimated obligations, approximately $240.4 million reflect projected benefit obligations under the Company's qualified defined benefit plans. The Company maintains a trust in which plan assets of the trust, based upon their fair value measurement as of December 31, 2015, and expected return on assets are expected to fully fund the Company's projected benefit obligations for its qualified defined benefit plans. See Note 1, Note 13, and Note 16 in the Notes to Consolidated Financial Statements.

Although we have entered into purchase agreements for certain key raw materials, there were no such contracts with a term exceeding one year in place at December 31, 2015.

Our $600 million senior unsecured revolving credit facility (the "Facility") allows for borrowings of between one month and six month maturity at an interest rate spread of 1.125 percentage points over Libor, based upon our current investment grade credit rating. The Facility has an annual facility fee of 0.125 percentage points of the overall facility, or $750,000. We use the facility for general working capital purposes and to provide additional liquidity to pursue growth opportunities including acquisitions. The Facility expires on December 12, 2018. At December 31, 2015, we had $600 million available under the Facility. The Facility provides for grid-based interest pricing based on the credit rating of our senior unsecured bank debt or other unsecured senior debt and our utilization of the facility. Our senior unsecured debt is rated BBB by Standard & Poor's and Baa2 by Moody's. The facility requires us to meet various restrictive covenants and limitations including certain leverage

ratios, interest coverage ratios, and limits on outstanding debt balances held by certain subsidiaries. We had no borrowings on our facility during the year ended December 31, 2015.

On November 20, 2012, we completed a public offering of $350.0 million of notes with a stated interest rate of 3.75% due November 15, 2022 (the "2022 Notes"). The 2022 Notes were issued at a discount of approximately $1.1 million, resulting in proceeds of approximately $348.9 million. Interest on the 2022 Notes is paid each May 15 and November 15, which commenced on May 15, 2013. The proceeds were utilized to re-pay borrowings under our $600 million revolving credit facility and fund the acquisition of Thermax on December 17, 2012.

On December 9, 2010, we completed a public offering of $250.0 million of notes with a stated interest rate of 5.125% due December 15, 2020 (the "2020 Notes"). The 2020 Notes were issued at a discount of approximately $1.1 million, resulting in proceeds of approximately $248.9 million. Interest on the 2020 Notes is paid each June 15 and December 15, which commenced on June 15, 2011. The proceeds were utilized to re-pay borrowings under our revolving credit facility that were used to partially finance the acquisition of Hawk.

We have outstanding senior notes for principal amount of $150.0 million that mature on August 15, 2016 (the "2016 Notes"). Interest on the 2016 Notes is paid each February 15 and August 15, which commenced on February 15, 2007.

At December 31, 2015, the fair value of our $350 million 3.75% notes due 2022, $250 million 5.125% notes due 2020 and $150 million 6.125% notes due 2016, using Level 2 inputs, is approximately $349.3 million, $268.6 million and $152.9 million, respectively. Fair value is estimated based on current yield rates plus our estimated credit spread available for financings with similar terms and maturities.

We also maintain a $45.0 million uncommitted line of credit, of which $45.0 million was available for borrowing as of December 31, 2015. We had no borrowings under the uncommitted line of credit during 2015.

As of December 31, 2015, we had outstanding letters of credit amounting to $30.2 million. Letters of credit are issued primarily to provide security under insurance arrangements and certain borrowings and are issued under a continuing credit agreement with J.P. Morgan Chase Bank, N.A.

Under our various debt and credit facilities, we are required to meet various restrictive covenants and limitations, including certain leverage ratios, interest coverage ratios, and limits on outstanding debt balances held by certain subsidiaries. We were in compliance with all covenants and limitations in 2015 and 2014.

We view our debt to capital ratio (defined as short-term debt plus long-term debt divided by the sum of total Shareholders' equity, long-term debt and short-term debt) as an important indicator of our ability to utilize debt in financing acquisitions and capital investments. As of December 31, 2015, our debt to capital ratio was 24%.

Cash Management

Our priorities for the use of cash are to invest in growth and performance improvement opportunities for our existing businesses and maintain assets through capital expenditures, pursue strategic acquisitions that meet shareholder return criteria, pay dividends to shareholders, and return value to shareholders through share repurchases.

Capital expenditures in 2016 are expected to be between $100 million and $125 million. The amount of expenditures is higher than capital expenditures in 2015 due to planned expenditures for the Fluid Technologies segment as well as investments by Interconnect Technologies to expand its manufacturing capacity in Dongguan, China and Franklin, WI. Planned capital expenditures for 2016 include business sustaining projects, cost reduction efforts, and new product expansion.

No minimum contributions to our pension plans are required in 2016. However, during 2016 we expect to pay approximately $1.0 million in participant benefits under the executive supplemental and director plans. In light of our plans' funded status, we do not expect to make any discretionary contributions to our other pension plans in 2016. We did not make any contributions to the pension plans during 2015.

We intend to pay dividends to our shareholders and have increased our dividend rate annually for the past 39 years.

We repurchased 1,496,411 shares in 2015 as part of our plan to return capital to shareholders, utilizing $137.2 million of our cash on hand. As of December 31, 2015, we had authority to repurchase an additional 1,517,746 shares. Shares may be repurchased at management's direction. Purchases may occur from time-to-time in the open market and no maximum purchase price has been set. The Company plans to continue to repurchase shares in 2016 on a systematic basis and may seek authorization from the Board of Directors to purchase additional shares in 2016. The decision to repurchase shares will depend on price, availability, and other corporate developments.

We believe that our cash on hand, operating cash flows, credit facilities, lines of credit, access to bank financing and capital markets, and leasing programs provide adequate liquidity and capital resources to fund ongoing operations, repay our $150 million 2016 notes due August 15, 2016, expand existing lines of business, and make strategic acquisitions. In addition, we believe that our liquidity and capital resources from U.S. operations are adequate to fund our U.S. operations and corporate activities without a need to repatriate funds held by subsidiaries outside the United States. However, the ability to maintain existing credit facilities and access the capital markets can be impacted by economic conditions outside our control, specifically credit market tightness or sustained market downturns. Our cost to borrow and capital market access can be impacted by debt ratings assigned by independent rating agencies, based on certain credit measures such as interest coverage, funds from operations and various leverage ratios.

Environmental

We are subject to increasingly stringent environmental laws and regulations, including those relating to air emissions, wastewater discharges, chemical and hazardous waste management and disposal. Some of these environmental laws hold owners or operators of land, businesses, or offsite disposal facilities liable for their own and for previous owners' or operators' releases of hazardous or toxic substances or wastes. Other environmental laws and regulations require the obtainment and compliance with environmental permits. To date, costs of complying with environmental, health and safety requirements have not been material and we do not currently have any significant accruals related to potential future costs of environmental remediation at December 31, 2015 and 2014, nor do we have any asset retirement obligations recorded at those dates. However, the nature of our operations and our long history of industrial activities at certain of our current or former facilities, as well as those acquired, could potentially result in material environmental liabilities or asset retirement obligations.

While we must comply with existing and pending climate change legislation, regulation, international treaties or accords, current laws and regulations do not have a material impact on our business, capital expenditures, or financial position. Future events, including those relating to climate change or greenhouse gas regulation, could require us to incur expenses related to the modification or curtailment of operations, installation of pollution control equipment, or investigation and cleanup of contaminated sites.

Critical Accounting Estimates

Our significant accounting policies are more fully described in Note 1 in Item 8. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, our observation of trends in the industry, information provided by our customers, and information available from other outside sources, as appropriate. We consider certain accounting policies related to revenue recognition, inventory cost and valuation, deferred revenue and extended product warranty, valuation of goodwill and indefinite-lived intangible assets, valuation of long-lived assets and pensions and other post-retirement plans to be critical policies due to the estimation processes involved.

Revenue Recognition. We recognize revenue when all of the criteria under current U.S. GAAP are met. Those include:

- pervasive evidence of an arrangement exists,
- delivery has occurred,
- the customer takes ownership and assumes risk of loss,
- collection is probable at the time of sale, and
- the sales price is fixed or determinable.

The first four criteria are generally a matter of fact based on the terms and conditions of sale along with estimates of delivery times for those sales with delivery terms, and an assessment of customer credit risk at the time of sale. The most critical judgments involved in revenue recognition are primarily those related to concluding that the sales price is determinable. We offer various early payment discounts, rebates, and other incentives to our customers primarily for competitive reasons. We estimate the impact of these items at the time of sale based on historical experience of the ultimate price collected for similar transactions with similar customers, industries, and geographic markets, adjusted based on any known events or conditions that would suggest a different outcome. We believe that we have sufficient history and other information available to produce a reliable estimate and conclude that the price is determinable at the time of sale. We reflect the impact of these various discounts and incentives as a reduction of revenue at the time of sale and subsequently adjust the initial estimate as new information becomes available.

Inventories. Inventories are valued at the lower of cost or market with cost determined primarily on an average cost basis. Cost of inventories includes direct as well as certain indirect costs associated with the acquisition and production process. These costs include raw materials, direct and indirect labor, and manufacturing overhead. Manufacturing overhead includes materials, depreciation and amortization related to property, plant, and equipment and other intangible assets used directly and indirectly in the acquisition and production of inventory, and costs related to our distribution network such as inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs, internal transfer costs, and other such costs associated with preparing our products for sale.

Under U.S. GAAP, market is defined as current replacement cost, subject to a floor and a ceiling. The floor is net realizable value less an approximately normal profit margin and the ceiling is net realizable value. Net realizable value is defined as estimated selling price less costs of completion and disposal. The estimates that are subject to uncertainty include estimates of selling prices, costs of completion and disposal, and the levels of excess and obsolete inventory. The Company regularly reviews inventory quantities on hand for indicators that cost may exceed market. These indicators include excess and obsolete inventory and trends in raw material costs or selling prices. The Company utilizes historical write-off information as well as forecasted selling prices to determine if market is

below cost. At year end, if any reserves are recorded they are not reversed and market is established as the inventory's new cost basis. In general, the Company performs the test described above at a product level.

Deferred Revenue and Extended Product Warranty. We offer extended warranty contracts on sales of certain products; the most significant being those offered on our installed roofing systems within the Construction Materials segment. The lives of these warranties range from five to thirty years. All revenue from the sale of these contracts is deferred and amortized on a straight-line basis over the life of the contracts. Current costs of services performed under these contracts are expensed as incurred. We also record an additional loss and a corresponding reserve if the total expected costs of providing services under the contract at a product line level exceed unearned revenues equal to such excess. We estimate total expected warranty costs using quantitative measures based on historical claims experience and management judgment.

Goodwill and Indefinite-Lived Intangible Assets. Indefinite-lived intangible assets are recognized and recorded at their acquisition-date fair values. Intangible assets with indefinite useful lives are not amortized but are tested annually, or more often if impairment indicators are present, for impairment via a one-step process by comparing the fair value of the intangible asset with its carrying value. If the intangible asset's carrying value exceeds its fair value, an impairment charge is recorded in current earnings for the difference. We estimate the fair value of our indefinite-lived intangible assets based on the income approach utilizing the discounted cash flow method. We periodically re-assess indefinite-lived intangible assets as to whether their useful lives can be determined and if so, we begin amortizing any applicable intangible asset.

Goodwill is not amortized but is tested annually, or more often if impairment indicators are present, for impairment at a reporting unit level. We have determined that our operating segments are our reporting units. We have allocated goodwill to our reporting units as follows:

(in millions)	December 31, 2015	December 31, 2014
Carlisle Construction Materials	**$ 118.7**	$ 123.3
Carlisle Interconnect Technologies	**555.4**	554.3
Carlisle Fluid Technologies	**173.4**	
Carlisle Brake & Friction	**226.6**	226.6
Carlisle FoodService Products	**60.3**	60.3
Total	**$ 1,134.4**	$ 964.5

For the 2015 impairment test, four reporting units were tested for impairment using ASC 350's quantitative approach: Carlisle Construction Materials, Carlisle Interconnect Technologies, Carlisle Brake & Friction, and Carlisle FoodService Products. We estimate that all of our indefinite-lived intangible assets' fair values exceeded their carrying values at these reporting units. We estimated the fair value of our reporting units primarily based on the income approach utilizing the discounted cash flow method. We also utilized fair value estimates derived from the market approach utilizing the public company market multiple method to validate the results of the discounted cash flow method, which required us to make assumptions about the applicability of those multiples to our reporting units. The discounted cash flow method required us to estimate future cash flows and discount those amounts to present value. The key assumptions that drove fair value included:

Industry weighted-average cost of capital ("WACC"): We utilized a WACC relative to each reporting unit's industry as the discount rate for estimated future cash flows. The WACC is intended to represent a rate of return that would be expected by a market place participant.

EBIT margins: We utilized historical and expected EBIT margins, which varied based on the projections of each reporting unit being evaluated.

Fair value exceeded carrying value for the above reporting units at December, 31, 2015. While we believe these assumptions are appropriate, they are subject to uncertainty and by nature include judgments and estimates regarding various factors including the realization of sales price increases, fluctuation in price and availability in key raw materials, and operating efficiencies.

The Carlisle Fluid Technologies reporting unit was tested for impairment using ASC 350's qualitative approach due to the fact that the business that comprises the CFT reporting unit was acquired April 1, 2015 and based on our comparison of estimates of future performance at December 31, 2015 versus our estimates at the time of the acquisition we concluded that there were no significant changes and therefore no indicators of impairment at December 31, 2015. Our estimates of future performance considered factors such as sales growth, expected raw materials pricing, and the business environment of the industries CFT serves. We will continue to evaluate the CFT reporting unit for indicators of impairment on an interim basis and expect to perform a quantitative analysis at the next annual impairment test.

As discussed in Item 2 of the Company's September 30, 2015 Quarterly Report on 10-Q under Financial Reporting Segments, we performed an interim goodwill impairment test for the Carlisle Brake & Friction reporting unit as of September 30, 2015 and concluded that its fair value exceeded its carrying value. During the annual impairment testing performed as of October 1, 2015, we estimated that CBF's fair value, utilizing the method discussed above, similarly continued to exceed its carrying value by approximately 15%. Further, based on our estimates of fair value for specific indefinite-lived intangible assets utilized by the CBF reporting unit we concluded that no impairment exists at December 31, 2015. We have and will continue to monitor EBIT margins versus forecasted performance for this reporting unit given the economic conditions in its industry as to whether there are any indicators of impairment. Consequently, if our current estimates of recovery in CBF's end markets do not materialize as expected and/or the U.S. Dollar continues to strengthen, and therefore results continue to be lower than anticipated, or if interest rates and other factors affecting the industry WACC adversely change, an impairment loss may be recorded.

See Note 10 to the Consolidated Financial Statements in Item 8 for more information regarding goodwill.

Valuation of Long-Lived Assets. Long-lived assets or asset groups, including amortizable intangible assets, are tested for impairment whenever events or circumstances indicate that the carrying amount of the asset or asset group may not be recoverable. For purposes of testing for impairment, we group our long-lived assets classified as held and used at the lowest level for which identifiable cash flows are largely independent of the cash flows from other assets and liabilities. Our asset groupings vary based on the related business in which the long-lived asset is employed and the interrelationship between those long-lived assets in producing net cash flows; for example, multiple manufacturing facilities may work in concert with one another or may work on a stand-alone basis to produce net cash flows. We utilize our long-lived assets in multiple industries and economic environments and our asset grouping reflects these various factors

We monitor the operating and cash flow results of our long-lived assets or asset groups classified as held and used to identify whether events and circumstances indicate the remaining useful lives of those assets should be adjusted, or if the carrying value of those assets or asset groups may not be recoverable. In the event indicators of impairment are identified, undiscounted estimated future cash flows are compared to the carrying value of the long-lived asset or asset group. If the undiscounted estimated future cash flows are less than the carrying amount, we determine the fair value of the asset or asset group and record an impairment charge in current earnings to the extent carrying value exceeds fair value. Fair values may be determined based on estimated discounted cash flows, by prices

for like or similar assets in similar markets, or a combination of both. There are currently no long-lived assets or asset groups classified as held and used for which the related undiscounted cash flows do not substantially exceed their carrying amounts.

Long-lived assets or asset groups that are part of a disposal group that meets the criteria to be classified as held for sale are not assessed for impairment but rather if fair value, less cost to sell, of the disposal group is less than its carrying value a loss on sale is recorded against the disposal group.

Pensions. We maintain defined benefit retirement plans for certain employees. The annual net periodic expense and benefit obligations related to these plans are determined on an actuarial basis. This determination requires assumptions to be made concerning general economic conditions (particularly interest rates), expected return on plan assets, increases to compensation levels, and health care cost trends. These assumptions are reviewed periodically by management in consultation with our independent actuary and investment manager. Changes in the assumptions to reflect actual experience can result in a change in the net periodic expense and accrued benefit obligations. Beginning in 2016, we will move from utilizing a weighted-average discount rate, which was derived from the yield curve used to measure the benefit obligation at the beginning of the period, to a spot yield rate curve to estimate the pension benefit obligation and net periodic benefit costs. The change in estimate provides a more accurate measurement of service and interest costs by applying the spot rate that could be used to settle each projected cash flow individually. This change in estimate is not expected to have a material effect on net periodic benefit costs for 2016.

The defined benefit pension plans' assets consist primarily of fixed-income and equity mutual funds, which are considered Level 1 assets under the fair value hierarchy as their fair value is derived from market-observable data. We use the market related valuation method to determine the value of plan assets, which recognizes the change of the fair value of the plan assets over five years. If actual experience differs from these long-term assumptions, the difference is recorded as an unrecognized actuarial gain (loss) and then amortized into earnings over a period of time based on the average future service period, which may cause the expense related to providing these benefits to increase or decrease. The weighted-average expected rate of return on plan assets was 6.20% for the 2015 valuation. While we believe 6.20% is a reasonable expectation based on the plan assets' mix of fixed income and equity investments, significant differences in actual experience or significant changes in the assumptions used may materially affect the pension obligations and future expense. The effects of a 0.25% increase or decrease in the expected rate of return would cause our estimated 2015 pension expense to be approximately $0.4 million lower or $0.4 million higher, respectively. The assumed weighted-average discount rate was 4.15% for the 2015 valuation. The effects of a 0.25% increase or decrease in the assumed discount rate would cause our projected benefit obligation at December 31, 2015 to be approximately $3.8 million lower or $3.7 million higher, respectively. We used a weighted-average assumed rate of compensation increase of 4.29% for the 2015 valuation. This rate is not expected to change in the foreseeable future and is based on our actual rate of compensation increase over the past several years, adjusted to reflect management's expectations regarding future labor costs.

We also have a limited number of unfunded post-retirement benefit programs that provide certain retirees with life insurance, medical and prescription drug coverage. The annual net periodic expense and benefit obligations of these programs are also determined on an actuarial basis and are subject to assumptions on the discount rate and increases in compensation levels. The discount rate used for the 2015 valuation was 3.99%. The effects of a 1% increase or decrease in either the discount rate or the assumed health care cost trend rates would not be material. Similar to the defined benefit retirement plans, these plans' assumptions are reviewed periodically by management in consultation with our independent actuary. Changes in the assumptions can result in a change in the net periodic expense and accrued benefit obligations.

Income Taxes. We record income taxes in accordance with ASC 740, *Income Taxes*, which includes an estimate of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns.

Deferred tax assets and liabilities reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We periodically assess the realizability of deferred tax assets and the adequacy of deferred tax liabilities.

Realization of deferred tax assets involves estimates regarding (1) the timing and amount of the reversal of taxable temporary differences, (2) expected future taxable income, and (3) the impact of tax planning strategies. We believe that it is more likely than not that we may not realize the benefit of certain deferred tax assets and, accordingly, have established a valuation allowance against them. In assessing the need for a valuation allowance, we consider all available positive and negative evidence, including past operating results, projections of future taxable income and the feasibility of and potential changes to ongoing tax planning strategies. Although realization is not assured for the remaining deferred tax assets, we believe it is more likely than not that the remaining deferred tax assets will be realized. However, deferred tax assets could be reduced in the near term if our estimates of taxable income during the carryforward period are significantly reduced or tax planning strategies are no longer viable.

The amount of income tax that we pay annually is dependent on various factors, including the timing of certain deductions and ongoing audits by federal, state and foreign tax authorities, which may result in proposed adjustments. We perform reviews of our income tax positions on a quarterly basis and accrue for potential uncertain tax positions. We believe we have adequately provided for any reasonably foreseeable outcome related to these matters.

New Accounting Standards Not Yet Effective

See Note 1 to the Consolidated Financial Statements in Item 8 for more information regarding new accounting standards which are not yet effective.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally use words such as "expect," "foresee," "anticipate," "believe," "project," "should," "estimate," "will," "plans", "forecast" and similar expressions, and reflect our expectations concerning the future. Such statements are made based on known events and circumstances at the time of publication, and as such, are subject in the future to unforeseen risks and uncertainties. It is possible that our future performance may differ materially from current expectations expressed in these forward-looking statements, due to a variety of factors such as: increasing price and product/service competition by foreign and domestic competitors, including new entrants; technological developments and changes; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; our mix of products/services; increases in raw material costs which cannot be recovered in product pricing; domestic and foreign governmental and public policy changes including environmental and industry regulations; threats associated with and efforts to combat terrorism; protection and validity of patent and other intellectual property rights; the successful integration and identification of our strategic acquisitions; the cyclical nature of our businesses; and the outcome of pending and future litigation and governmental proceedings. In addition, such statements could be affected by general industry and market conditions and growth rates, the condition of the financial and credit markets, and general domestic and international economic conditions including interest rate and currency exchange rate fluctuations. Further, any conflict in the

international arena may adversely affect general market conditions and our future performance. We undertake no duty to update forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk in the form of changes in interest rates, foreign currency exchange rates, and commodity prices for raw materials. We may, from time to time, enter into derivative financial instruments to manage these risks; however, we do not utilize such instruments or contracts for speculative or trading purposes. In the event that we enter into a derivative financial instrument, it is possible that such future dated contracts could no longer serve as a hedge if the projected cash flow does not occur as anticipated at the time of contract initiation.

We are exposed to interest rate risks as a result of our borrowing and investing activities, which principally includes long-term borrowings used to maintain liquidity and to fund our business operations and capital requirements. From time to time, to manage our mix of fixed and variable interest rate debt effectively, we may enter into interest rate swaps. As of December 31, 2015 and 2014 there were no interest rate swaps in place and, at both dates, all of our long-term debt (including the current portion) was fixed-rate and U.S. dollar denominated. We have a $600 million revolving credit facility that allows for borrowings at a variable interest rate. We had no outstanding borrowings under this facility as of December 31, 2015 and 2014.

The nature and amount of our long-term debt may vary from time to time as a result of business requirements, market conditions, and other factors. We consider the risk to our results of operations from changes in market rates of interest to be minimal as such instruments are fixed-rate. However, for purposes of calculating the market risks associated with the fair value of our long-term debt, we use a one hundred basis point change in market interest rates. As of December 31, 2015 and 2014, the market risk associated with the fair value of our long-term debt, assuming a one hundred basis point change in interest rates was approximately $35 million and $40 million, respectively.

As a multi-national company, a portion of our operating cash flows are denominated in foreign currencies, and as such we are exposed to market risk from changes in foreign currency exchange rates. We are primarily exposed to the exchange rates of currencies including the Canadian Dollar, Chinese Renminbi, Euro, British Pound, and Japanese Yen. We continually evaluate our foreign currency exposure based on current market conditions and the locations in which we conduct our business. We manage most of our foreign currency exposure on a consolidated basis, which allows us to net certain exposures and take advantage of natural offsets. In order to mitigate foreign currency risk, we may, from time to time, enter into derivative financial instruments, generally foreign currency forward contracts, to hedge the cash flows related to certain foreign currency denominated sales and purchase transactions expected within one year and the related recognized trade receivable or payable. The gains and losses on these contracts offset changes in the value of the related exposures. It is our policy to enter into foreign currency derivative financial instruments only to the extent considered necessary to meet the objectives set forth above. We generally do not hedge the risk from translation of sales and earnings into U.S. dollars for financial reporting.

We had foreign exchange forward contracts with an aggregate notional amount of $7.1 million outstanding as of December 31, 2015. The fair value of these contracts for the reporting period is minimal as they were entered into at or near December 31, 2015. The near term sensitivity of these contracts to changes in foreign currency exchange rates is also minimal as they are scheduled to mature in the first quarter of 2016. Further, changes in the fair value of these contracts will be offset by changes in the cash flows of the underlying foreign currency denominated assets and liabilities which the contracts are intended to mitigate.

We continually address the impact of changes in commodity prices on our results of operations and cash flow. Our exposure to changes in commodity prices is principally indirect as we do not directly purchase exchange-traded commodities, but rather purchase raw materials that are a result of further downstream processing (as noted in Item 1 of this Form 10-K), primarily those inputs resulting from processing crude oil, natural gas, iron ore, gold, silver, and copper. We generally manage the risk of changes in commodity prices that impact our raw material costs by seeking to (1) offset increased costs through increases in prices, (2) alter the nature and mix of raw materials used to manufacture our finished goods or (3) enter into commodity-linked sales or purchase contracts, all to the extent possible based on competitive and other economic factors. We may also from time to time enter into derivative financial instruments to mitigate such impact however, at December 31, 2015 and 2014 we had no derivative financial instruments in place.

Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Carlisle Companies Incorporated

We have audited the accompanying consolidated balance sheets of Carlisle Companies Incorporated as of December 31, 2015 and 2014, and the related consolidated statements of earnings and comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Carlisle Companies Incorporated at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Carlisle Companies Incorporated's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 8, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Charlotte, North Carolina
February 8, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Carlisle Companies Incorporated

We have audited Carlisle Companies Incorporated's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Carlisle Companies Incorporated's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the Finishing Brands business which was acquired on April 1, 2015 and is reported as new reporting segment named Carlisle Fluid Technologies ("CFT"). The results of CFT are included in the 2015 consolidated financial statements of Carlisle Companies Incorporated and constitute $659.5 million and $620.8 million of total and net assets, respectively, as of December 31, 2015 and $203.2 million and $20.8 million of net sales and earnings before interest and income taxes, respectively, for the year then ended. Our audit of internal control over financial reporting of Carlisle Companies Incorporated also did not include an evaluation of the internal control over financial reporting of CFT.

In our opinion, Carlisle Companies Incorporated maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Carlisle Companies Incorporated as of December 31, 2015 and 2014 and the related consolidated statements of earnings and comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2015 of Carlisle Companies Incorporated and our report dated February 8, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Charlotte, North Carolina
February 8, 2016

Carlisle Companies Incorporated

Consolidated Statements of Earnings and Comprehensive Income

(in millions except share and per share amounts)	For the Years Ended December 31, 2015	2014	2013
Net sales	**$ 3,543.2**	$ 3,204.0	$ 2,943.0
Cost of goods sold	**2,536.5**	2,384.5	2,197.4
Selling and administrative expenses	**461.9**	379.0	353.7
Research and development expenses	**42.8**	33.8	29.3
Other (income) expense, net	**0.1**	(1.6)	(4.2)
Earnings before interest and income taxes	**501.9**	408.3	366.8
Interest expense, net	**34.0**	32.2	33.8
Earnings before income taxes from continuing operations	**467.9**	376.1	333.0
Income tax expense (Note 6)	**148.3**	124.4	97.8
Income from continuing operations	**319.6**	251.7	235.2
Discontinued operations (Note 4)			
Income (loss) before income taxes	**0.1**	(2.1)	(60.5)
Income tax benefit		(1.7)	(35.0)
Income (loss) from discontinued operations	**0.1**	(0.4)	(25.5)
Net income	**$ 319.7**	$ 251.3	$ 209.7
Basic earnings (loss) per share attributable to common shares(1)			
Income from continuing operations	**$ 4.89**	$ 3.89	$ 3.69
Loss from discontinued operations			(0.40)
Basic earnings per share	**$ 4.89**	$ 3.89	$ 3.29
Diluted earnings (loss) per share attributable to common shares(1)			
Income from continuing operations	**$ 4.82**	$ 3.83	$ 3.61
Loss from discontinued operations		(0.01)	(0.39)
Diluted earnings per share	**$ 4.82**	$ 3.82	$ 3.22
Comprehensive Income			
Net income	**$ 319.7**	$ 251.3	$ 209.7
Other comprehensive income (loss) (Note 18)			
Change in foreign currency translation	**(29.6)**	(26.1)	(1.6)
Change in accrued post-retirement benefit liability, net of tax	**4.6**	(3.8)	5.9
Loss on hedging activities, net of tax	**(0.3)**	(0.4)	(0.3)

Other comprehensive income (loss)	**(25.3)**	(30.3)	4.0
Comprehensive income	**$ 294.4**	$ 221.0	$ 213.7

(1) Earning per share calculated based on the two-class method. See Note 7 for detailed calculations.

See accompanying notes to Consolidated Financial Statements

Carlisle Companies Incorporated

Consolidated Balance Sheets

(in millions except share and per share amounts)	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	**$ 410.7**	$ 730.8
Receivables, net of allowance of $4.7 in 2015 and $4.8 in 2014	**502.5**	439.2
Inventories (Note 8)	**356.0**	339.1
Deferred income taxes (Note 6)		35.4
Prepaid expenses and other current assets	**50.3**	67.0
Total current assets	**1,319.5**	1,611.5
Property, plant, and equipment, net of accumulated depreciation of $568.7 in 2015 and $513.7 in 2014 (Note 9)	**585.8**	547.3
Other assets:		
Goodwill, net (Note 10)	**1,134.4**	964.5
Other intangible assets, net (Note 10)	**887.8**	611.7
Other long-term assets	**26.6**	23.7
Total other assets	**2,048.8**	1,599.9
TOTAL ASSETS	**$ 3,954.1**	$ 3,758.7

	December 31, 2015	December 31, 2014
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt, including current maturities (Note 12)	**$ 149.9**	$
Accounts payable	**212.6**	198.0
Accrued expenses	**219.4**	176.3
Deferred revenue (Note 14)	**24.0**	17.9
Total current liabilities	**605.9**	392.2
Long-term liabilities:		
Long-term debt (Note 12)	**598.7**	749.8
Deferred revenue (Note 14)	**159.7**	151.1
Other long-term liabilities (Note 16)	**242.4**	260.6
Total long-term liabilities	**1,000.8**	1,161.5
Shareholders' equity:		
Preferred stock, $1 par value per share. Authorized and unissued 5,000,000 shares		
Common stock, $1 par value per share. Authorized 200,000,000 shares; 78,661,248 shares issued; 64,051,600 outstanding in 2015 and 64,691,059 outstanding in 2014	**78.7**	78.7
Additional paid-in capital	**293.4**	247.8
Deferred compensation equity (Note 5)	**8.0**	6.0
Cost of shares in treasury 14,383,241 shares in 2015 and 13,723,201 shares in 2014	**(327.4)**	(200.1)
Accumulated other comprehensive loss (Note 18)	**(87.1)**	(61.8)
Retained earnings	**2,381.8**	2,134.4
Total shareholders' equity	**2,347.4**	2,205.0

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**3,954.1**	$	3,758.7

See accompanying notes to Consolidated Financial Statements

Carlisle Companies Incorporated

Consolidated Statements of Cash Flows

(in millions)	For the Years Ended December 31, 2015	2014	2013
Operating activities			
Net income	**$ 319.7**	$ 251.3	$ 209.7
Reconciliation of net income to cash flows provided by operating activities:			
Depreciation	**73.5**	64.7	75.4
Amortization	**55.8**	39.3	38.5
Non-cash compensation, net of tax benefit	**2.7**	3.3	11.9
Gain on sale of businesses			(6.2)
(Gain) loss on sale of property and equipment, net	**1.0**	(0.9)	(1.3)
Impairment of assets			100.3
Deferred taxes	**(15.8)**	(9.9)	(61.7)
Foreign exchange (gain) loss		(2.0)	0.1
Changes in assets and liabilities, excluding effects of acquisitions and divestitures:			
Receivables	**(11.8)**	(18.1)	8.4
Inventories	**23.0**	(27.7)	35.6
Prepaid expenses and other assets	**6.7**	(5.5)	11.1
Accounts payable	**(2.9)**	(5.1)	(20.6)
Accrued expenses and deferred revenues	**78.4**	14.5	12.6
Long-term liabilities	**1.2**	(8.5)	0.9
Other operating activities	**(2.3)**	0.5	
Net cash provided by operating activities	**529.2**	295.9	414.7
Investing activities			
Capital expenditures	**(72.1)**	(118.8)	(110.8)
Acquisitions, net of cash	**(598.9)**	(194.0)	
Proceeds from sale of property and equipment	**0.2**	5.3	11.9
Proceeds from sale of business		9.7	369.0
Net cash provided by (used in) investing activities	**(670.8)**	(297.8)	270.1
Financing activities			
Net change in short-term borrowings and revolving credit lines	**(1.4)**		
Repayments of long-term debt	**(1.5)**	(1.5)	(1.5)
Debt issuance costs			(0.6)
Acquistion date value of contingent consideration settled			(5.2)
Dividends paid	**(72.3)**	(61.2)	(53.7)
Proceeds from issuance of treasury shares and stock options	**39.4**	42.5	19.5
Repurchases of common stock	**(137.2)**		
Net cash used in financing activities	**(173.0)**	(20.2)	(41.5)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**(5.5)**	(1.6)	(1.3)
Change in cash and cash equivalents	**(320.1)**	(23.7)	642.0
Cash and cash equivalents			
Beginning of period	**730.8**	754.5	112.5
End of period	**$ 410.7**	$ 730.8	$ 754.5

See acompanying notes to Consolidated Financial Statements

Carlisle Companies Incorporated

Consolidated Statements of Shareholders' Equity

(In millions, except share and per share amounts)

	Common Stock				**Accumulated Other Comprehensive**		**Shares in Treasury**		
	Shares	**Amount**	**Additional Paid-In Capital**	**Deferred Compensation Equity**	**Income (loss)**	**Retained Earnings**	**Shares**	**Cost**	**Total Shareholders' Equity**
Balance at December 31, 2012	63,127,299	$ 78.7	$ 171.4	$ 0.6	$ (35.5)	$ 1,788.3	15,249,714	$ (215.4)	$ 1,788.1
Net income						209.7			209.7
Other comprehensive income, net of tax					4.0				4.0
Cash dividends $0.84 per share						(53.7)			(53.7)
Stock based compensation other(1)	531,478		29.7	2.4			(488,233)	5.9	38.0
Balance at December 31, 2013	63,658,777	78.7	201.1	3.0	(31.5)	1,944.3	14,761,481	(209.5)	1,986.1
Net income						251.3			251.3
Other comprehensive loss, net of tax					(30.3)				(30.3)
Cash dividends $0.94 per share						(61.2)			(61.2)
Stock based compensation(1)	1,032,282		46.7	3.0			(1,038,280)	9.4	59.1
Balance at December 31, 2014	64,691,059	78.7	247.8	6.0	(61.8)	2,134.4	13,723,201	(200.1)	2,205.0
Net income						319.7			319.7
Other comprehensive loss, net of tax					(25.3)				(25.3)
Cash dividends $1.10 per share						(72.3)			(72.3)
Common stock repurchase	(1,496,411)						1,496,411	(137.2)	(137.2)
Stock based compensation(1)	856,952		45.6	2.0			(836,371)	9.9	57.5
Balance at December 31, 2015	**64,051,600**	**$ 78.7**	**$ 293.4**	**$ 8.0**	**$ (87.1)**	**$ 2,381.8**	**14,383,241**	**$ (327.4)**	**$ 2,347.4**

(1) Stock based compensation includes stock option activity, net of tax, and restricted share activity

See accompanying notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

Note 1 Summary of Accounting Policies

Nature of Business

Carlisle Companies Incorporated, its wholly owned subsidiaries and their divisions or subsidiaries, referred to herein as the "Company" or "Carlisle," is a global diversified company that designs, manufactures, and markets a wide range of products that serve a broad range of niche markets including commercial roofing, energy, agriculture, mining, construction, aerospace and defense electronics, medical technology, transportation, general industrial, protective coating, wood, auto refinishing, foodservice, and healthcare and sanitary maintenance. The Company markets its products as a component supplier to original equipment manufacturers, distributors, as well as directly to end-users.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and accounts have been eliminated. The Company's fiscal year-end is December 31.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("United States" or "U.S.") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Debt securities with a maturity of three months or less when acquired are considered cash equivalents.

Revenue Recognition

Revenues are recognized when persuasive evidence of an arrangement exists, goods have been shipped (or services have been rendered), the customer takes ownership and assumes risk of loss, collection is probable, and the sales price is fixed or determinable.

Provisions for rights of return, discounts, and rebates to customers and other adjustments are provided for at the time of sale as a deduction to revenue. Costs related to standard warranties are estimated at the time of sale and recorded as a component of Cost of goods sold.

Shipping and Handling Costs

Costs incurred to physically transfer product to customer locations are recorded as a component of cost of goods sold. Charges passed on to customers are recorded into net sales.

Receivables and Allowance for Doubtful Accounts

Receivables are stated at net realizable value. The Company performs ongoing evaluations of its customers' current creditworthiness, as determined by the review of their credit information to determine if events have occurred subsequent to the recognition of the revenue and related receivable

Notes to Consolidated Financial Statements (Continued)

Note 1 Summary of Accounting Policies (Continued)

that provides evidence that such receivable will be realized at an amount less than that recognized at the time of sale. Estimates of net realizable value are based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. The allowance for doubtful accounts was $4.7 million at December 31, 2015, $4.8 million at December 31, 2014, and $3.3 million at December 31, 2013. Changes in economic conditions in specific markets in which the Company operates could have an effect on reserve balances required and on the ability to recognize revenue until cash is collected or collectability is probable. The following is activity in the Company's allowance for doubtful accounts for the years ended December 31:

(in millions)	2015	2014	2013
Balance at January 1	**$ 4.8**	$ 3.3	$ 5.2
Provision charged to expense	**0.3**	1.2	0.1
Provision charged to other accounts	**0.1**	1.1	(1.4)
Amounts written off, net of recoveries	**(0.5)**	(0.8)	(0.6)
Balance at December 31	**$ 4.7**	$ 4.8	$ 3.3

Inventories

Inventories are valued at the lower of cost or market with cost determined primarily on an average cost basis. Cost of inventories includes direct as well as certain indirect costs associated with the acquisition and production process. These costs include raw materials, direct and indirect labor, and manufacturing overhead. Manufacturing overhead includes materials, depreciation and amortization related to property, plant, and equipment and other intangible assets used directly and indirectly in the acquisition and production of inventory, and costs related to the Company's distribution network such as inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs, internal transfer costs, and other such costs associated with preparing the Company's products for sale.

Deferred Revenue and Extended Product Warranty

The Company offers extended warranty contracts on sales of certain products; the most significant being those offered on its installed roofing systems within the Construction Materials segment. The lives of these warranties range from five to thirty years. All revenue for the sale of these contracts is deferred and amortized on a straight-line basis over the life of the contracts. Current costs of services performed under these contracts are expensed as incurred and included in Cost of good sold. The Company also records a reserve within Accrued expenses if the total expected costs of providing services at a product line level exceed unearned revenues. Total expected costs of providing extended product warranty services are actuarially determined using standard quantitative measures based on historical claims experience and management judgment. See Note 14 for additional information regarding deferred revenue and extended product warranties.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost including interest costs associated with qualifying capital additions. Costs allocated to property, plant, and equipment of acquired companies are based on estimated fair value at the date of acquisition. Depreciation is principally computed on the straight-line basis over the estimated useful lives of the assets. Depreciation includes the amortization

Notes to Consolidated Financial Statements (Continued)

Note 1 Summary of Accounting Policies (Continued)

of capital leases. Asset lives are 20 to 40 years for buildings, five to 15 years for machinery and equipment, and three to ten years for leasehold improvements.

Valuation of Long-Lived Assets

Long-lived assets or asset groups, including amortizable intangible assets, are tested for impairment whenever events or circumstances indicate that the carrying amount of the asset or asset group may not be recoverable. For purposes of testing for impairment, the Company groups its long-lived assets classified as held and used at the lowest level for which identifiable cash flows are largely independent of the cash flows from other assets and liabilities. The Company's asset groupings vary based on the related business in which the long-lived asset is employed and the interrelationship between those long-lived assets in producing net cash flows; for example, multiple manufacturing facilities may work in concert with one another or may work on a stand-alone basis to produce net cash flows. The Company utilizes its long-lived assets in multiple industries and economic environments and its asset groupings reflect these various factors.

The Company monitors the operating and cash flow results of its long-lived assets or asset groups classified as held and used to identify whether events and circumstances indicate the remaining useful lives of those assets should be adjusted, or if the carrying value of those assets or asset groups may not be recoverable. In the event indicators of impairment are identified, undiscounted estimated future cash flows are compared to the carrying value of the long-lived asset or asset group. If the undiscounted estimated future cash flows are less than the carrying amount, the Company determines the fair value of the asset or asset group and records an impairment charge in current earnings to the extent carrying value exceeds fair value. Fair values may be determined based on estimated discounted cash flows, by prices for like or similar assets in similar markets, or a combination of both.

Long-lived assets or asset groups that are part of a disposal group that meets the criteria to be classified as held for sale are not assessed for impairment but rather if fair value, less cost to sell, of the disposal group is less than its carrying value a loss is recorded against the disposal group.

Goodwill and Other Intangible Assets

Intangible assets are recognized and recorded at their acquisition-date fair values. Intangible assets that are subject to amortization are amortized on a straight-line basis over their useful lives. Definite-lived intangible assets consist primarily of acquired customer relationships and patents, non-compete agreements and intellectual property. The Company determines the useful life of its customer relationship intangible assets based on multiple factors including the size and make-up of the acquired customer base, the expected dissipation of those customers over time, the Company's own experience in the particular industry, the impact of known trends such as technological obsolescence, product demand, or other factors, and the period over which expected cash flows are used to measure the fair value of the intangible asset at acquisition. The Company periodically re-assesses the useful lives of its customer relationship intangible assets when events or circumstances indicate that useful lives have significantly changed from the previous estimate.

Intangible assets with indefinite useful lives are not amortized but are tested annually, or more often if impairment indicators are present, for impairment via a one-step process by comparing the fair value of the intangible asset with its carrying value. If the intangible asset's carrying value exceeds its fair value, an impairment charge is recorded in current earnings for the difference. The Company estimates the fair value of its indefinite-lived intangible assets based on the income approach utilizing

Notes to Consolidated Financial Statements (Continued)

Note 1 Summary of Accounting Policies (Continued)

the discounted cash flow method. The Company's annual testing date for indefinite-lived intangible assets is October 1. The Company periodically re-assesses indefinite-lived intangible assets as to whether their useful lives can be determined and if so, begins amortizing any applicable intangible asset.

Goodwill is not amortized but is tested annually, or more often if impairment indicators are present, for impairment at a reporting unit level. The Company's annual testing date for goodwill is October 1. The Company has determined that its operating segments are its reporting units.

See Note 10 for additional information regarding goodwill and other intangible assets.

Lease Arrangements

The Company is a party to various lease arrangements that include scheduled rent increases, rent holidays, or may provide for contingent rentals or incentive payments to be made to the Company as part of the terms of the lease. Scheduled rent increases and rent holidays are included in the determination of minimum lease payments when assessing lease classification and, along with any lease incentives, are included in rent expense on a straight-line basis over the lease term. Scheduled rent increases that are dependent upon a change in an index or rate such as the consumer price index or prime rate are included in the determination of rental expense at the time the rate or index changes. Contingent rentals are excluded from the determination of minimum lease payments when assessing lease classification and are included in the determination of rent expense when the event that will require additional rents is considered probable. See Note 11 for additional information regarding rent expense.

Contingencies and Insurance Recoveries

The Company is exposed to losses related to various potential claims related to its employee obligations and other matters in the normal course of business, including litigation. The Company records a liability related to such potential claims, both those reported to the Company and incurred but not yet reported, when probable and reasonably estimable and with respect to workers' compensation obligations. The Company utilizes actuarial models to estimate the ultimate total cost of such claims, primarily based on historical loss experience and expectations about future costs of providing workers compensation benefits.

As part of its risk management strategy, the Company maintains occurrence-based insurance contracts related to certain contingent losses primarily workers' compensation, medical and dental, general liability, property, and product liability claims up to applicable retention limits. The Company records a recovery under these insurance contracts when such recovery is deemed probable. See Note 11 for additional information regarding contingencies and insurance recoveries.

Pension and Other Post Retirement Benefits

The Company maintains defined benefit pension plans for certain employees. Additionally, the Company has a limited number of post-retirement benefit programs that provide certain retirees with life insurance, medical and prescription drug coverage. The annual net periodic expense and benefit obligations related to these plans are determined on an actuarial basis annually on December 31, unless a remeasurement event occurs in an interim period. This determination requires assumptions to be made concerning general economic conditions (particularly interest rates), expected return on plan

Notes to Consolidated Financial Statements (Continued)

Note 1 Summary of Accounting Policies (Continued)

assets, increases to compensation levels, and health care cost trends. These assumptions are reviewed periodically by management in consultation with its independent actuary. Changes in the assumptions to reflect actual experience can result in a change in the net periodic expense and accrued benefit obligations.

The defined benefit pension plans' assets are measured at fair value annually on December 31, unless a remeasurement event occurs in an interim period. The Company uses the market related valuation method to determine the value of plan assets for purposes of determining the expected return on plan assets component of net periodic benefit cost. The market related valuation method recognizes the change of the fair value of the plan assets over five years. If actual experience differs from these long-term assumptions, the difference is recorded as an unrecognized actuarial gain (loss) and then amortized into earnings over a period of time based on the average future service period, which may cause the expense related to providing these benefits to increase or decrease. See Note 13 for additional information regarding these plans and the associated plan assets.

Income Taxes

Income taxes are recorded in accordance with ASC 740, *Income Taxes*, which includes an estimate of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Deferred tax assets and liabilities reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. See Note 6 for additional information regarding income taxes.

Stock-Based Compensation

The Company accounts for stock-based compensation under the fair-value method. Accordingly, equity classified stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period, which generally matches the stated vesting period of the award, but may also be shorter if the employee is retirement-eligible and under the award's terms may fully-vest upon retirement from the Company. The Company recognizes expense for awards that have graded vesting features under the graded vesting method, which considers each separately vesting tranche as though they were, in substance, multiple awards. See Note 5 for additional information regarding stock-based compensation.

Foreign Currency Matters

The functional currency of the Company's subsidiaries outside the United States is the currency of the primary economic environment in which the subsidiary operates. Assets and liabilities of these operations are translated at the exchange rate in effect at each balance sheet date. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments arising from the use of differing exchange rates from period to period are included as a component of shareholders' equity in Accumulated other comprehensive income (loss). Gains and losses from foreign currency transactions and from the remeasurement of monetary assets and liabilities and associated income statement activity of foreign subsidiaries where the functional currency is the U.S. Dollar and the records are maintained in the local currency are included in Other (income) expense, net.

Notes to Consolidated Financial Statements (Continued)

Note 1 Summary of Accounting Policies (Continued)

New Accounting Standards Adopted

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"). ASU 2015-17 requires entities to present deferred tax assets and liabilities as noncurrent in a classified balance sheet instead of separating into current and noncurrent amounts. ASU 2105-17 is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods, on a prospective or retrospective basis. Early adoption is permitted for all companies in any interim or annual period. ASU 2015-17 was early adopted as of December 31, 2015 on a prospective basis and prior periods have not been restated. The adoption of ASU 2015-17 did not have an impact on the Company's consolidated results of operations, net assets, or cash flows. See Note 6 for additional information regarding deferred tax assets and liabilities.

New Accounting Standards Not Yet Effective

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance issued by the FASB, including industry specific guidance. ASU 2014-09 provides accounting guidance for all revenue arising from contracts with customers and affects all entities that enter into contracts with customers to provide goods and services. The guidance also provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property and equipment, including real estate.

ASU 2014-09 is effective for annual reporting periods, including interim reporting periods within those periods, beginning after December 15, 2017. The new standard must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach.

ASU 2014-09 also requires entities to disclose both quantitative and qualitative information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

We have not yet determined the impact of adopting the standard on our financial statements nor have we determined whether we will utilize the full retrospective or the modified retrospective approach.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for annual reporting periods, including interim reporting periods within those periods, beginning after December 15, 2015, and early adoption is permitted. The provisions of ASU 2015-03 are not expected to have a material effect on the Company's financial condition.

In August 2015, the FASB issued ASU 2015-15, *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements* ("ASU 2015-15"). ASU 2015-15 expands guidance provided in ASU 2015-03 and states that presentation of costs associated with securing a revolving line of credit as an asset is permitted, regardless of whether a balance is outstanding. ASU 2015-15 is effective for annual reporting periods, including interim reporting periods within those

Notes to Consolidated Financial Statements (Continued)

Note 1 Summary of Accounting Policies (Continued)

periods, beginning after December 15, 2015, and early adoption is permitted. The provisions of ASU 2015-15 are not expected to have a material effect on the Company's financial condition.

In April 2015, the FASB issued ASU 2015-05, *Customer's Accounting For Fees Paid In A Cloud Computing Arrangement* ("ASU 2015-05"), which provides guidance for a customer's accounting for cloud computing costs. ASU 2015-05 is effective for annual reporting periods, including interim reporting periods within those periods, beginning after December 15, 2015. The provisions of ASU 2015-05 are not expected to have a material effect on the Company's financial condition, results of operations, or cash flows.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory* ("ASU 2015-11"), which applies to inventory valued at first-in, first-out ("FIFO") or average cost. ASU 2015-11 requires inventory to be measured at the lower of cost and net realizable value, rather than at the lower of cost or market. ASU 2015-11 is effective on a prospective basis for annual periods, including interim reporting periods within those periods, beginning after December 15, 2016, with early adoption permitted as of the beginning of an interim or annual reporting period. The Company reports inventory on an average-cost basis and thus will be required to adopt the standard; however, the provisions of ASU 2015-11 are not expected to have a material effect on the Company's financial condition or results of operations.

In September 2015, the FASB issued ASU 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments* ("ASU 2015-16"). ASU 2015-16 eliminates the requirement to restate prior period financial statements for measurement period adjustments. The new guidance requires that the cumulative impact of a measurement period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified. In addition, separate presentation on the face of the income statement or disclosure in the notes is required regarding the portion of the adjustment recorded in the current period earnings, by line item, that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. ASU 2015-16 is to be applied prospectively for measurement period adjustments that occur after the effective date. ASU 2015-16 is effective for annual reporting periods, including interim reporting periods within those periods, beginning after December 15, 2015, and early adoption is permitted. Since it is prospective, the impact of ASU 2015-16 on the Company's financial condition and earnings will depend upon the nature of any measurement period adjustments identified in future periods.

Note 2 Segment Information

The Company's operations are reported in the following segments:

Carlisle Construction Materials ("CCM" or the "Construction Materials segment") the principal products of this segment are insulation materials, rubber (EPDM), thermoplastic polyolefin (TPO), and polyvinyl chloride (PVC) roofing membranes used predominantly on non-residential low-sloped roofs, related roofing accessories, including flashings, fasteners, sealing tapes, and coatings and waterproofing products. The markets served include new construction, re-roofing and maintenance of low-sloped roofs, water containment, HVAC sealants, and coatings and waterproofing.

Carlisle Interconnect Technologies ("CIT" or the "Interconnect Technologies segment") the principal products of this segment are high-performance wire, cable, connectors, contacts, and cable

Notes to Consolidated Financial Statements (Continued)

Note 2 Segment Information (Continued)

assemblies for the transfer of power and data primarily for the aerospace, medical, defense electronics, test and measurement equipment, and select industrial markets.

Carlisle Fluid Technologies ("CFT" or the "Fluid Technologies segment") the principal products of this segment are industrial finishing equipment and integrated system solutions for spraying, pumping, mixing, metering, and curing of a variety of coatings used in the transportation, general industrial, protective coating, wood, specialty, and auto refinishing markets.

Carlisle Brake & Friction ("CBF" or the "Brake & Friction segment") the principal products of this segment include high-performance brakes and friction material, and clutch and transmission friction material for the construction, agriculture, mining, aerospace, and motor sports markets.

Carlisle FoodService Products ("CFSP" or the "FoodService Products segment") the principal products of this segment include commercial and institutional foodservice permanentware, table coverings, cookware, catering equipment, fiberglass and composite material trays and dishes, industrial brooms, brushes, mops, and rotary brushes for commercial and non-commercial foodservice operators and sanitary maintenance professionals.

Corporate EBIT includes other unallocated costs, primarily general corporate expenses. Corporate assets consist primarily of cash and cash equivalents, deferred taxes, corporate aircraft, and other invested assets.

Geographic Area Information Net sales are based on the country to which the product was delivered. Net sales by region for the years ended December 31 are as follows (in millions):

Country	2015	2014	2013
United States	**$ 2,659.4**	$ 2,441.7	$ 2,260.8
International:			
Europe	**384.4**	357.4	330.4
Asia	**225.5**	136.0	126.3
Canada	**114.9**	117.1	90.1
Mexico and Latin America	**81.6**	82.0	69.7
Middle East and Africa	**55.7**	48.7	47.4
Other	**21.7**	21.1	18.3
Net sales	**$ 3,543.2**	$ 3,204.0	$ 2,943.0

Long-lived assets, comprised of net property, plant, and equipment, are as follows (in millions):

Country	2015	2014	2013
Long-lived assets held and used:			
United States	**$ 461.3**	$ 452.1	$ 420.7
Europe	**47.9**	48.4	48.1
Asia	**29.0**	22.5	19.8
United Kingdom	**19.2**	7.2	7.4
Mexico	**27.8**	17.0	1.0
Other	**0.6**	0.1	0.2
Total long-lived assets	**$ 585.8**	$ 547.3	$ 497.2

Notes to Consolidated Financial Statements (Continued)

Note 2 Segment Information (Continued)

Financial information for operations by reportable business segment is included in the following summary:

(in millions)	Net Sales	EBIT	Assets	Depreciation and Amortization	Capital Spending
2015					
Carlisle Construction Materials	**$ 2,002.6**	**$ 351.1**	**$ 899.2**	**$ 37.3**	**$ 21.0**
Carlisle Interconnect Technologies	**784.6**	**141.6**	**1,264.0**	**44.3**	**31.6**
Carlisle Fluid Technologies	**203.2**	**20.8**	**659.5**	**15.0**	**1.9**
Carlisle Brake & Friction	**310.2**	**17.3**	**553.0**	**21.4**	**11.1**
Carlisle FoodService Products	**242.6**	**27.3**	**199.0**	**9.7**	**6.3**
Corporate(1)		**(56.2)**	**379.4**	**1.6**	**0.2**
Total	**$ 3,543.2**	**$ 501.9**	**$ 3,954.1**	**$ 129.3**	**$ 72.1**
2014					
Carlisle Construction Materials	$ 1,935.4	$ 268.8	$ 915.1	$ 34.6	$ 51.4
Carlisle Interconnect Technologies	669.1	132.2	1,296.3	37.6	32.2
Carlisle Fluid Technologies					
Carlisle Brake & Friction	355.3	26.8	591.3	21.9	11.2
Carlisle FoodService Products	244.2	29.6	198.4	8.8	17.5
Corporate(1)		(49.1)	757.6	1.1	6.5
Total	$ 3,204.0	$ 408.3	$ 3,758.7	$ 104.0	$ 118.8
2013					
Carlisle Construction Materials	$ 1,776.5	$ 264.0	$ 886.9	$ 31.0	$ 64.5
Carlisle Interconnect Technologies	577.7	89.4	1,017.5	34.4	12.2
Carlisle Fluid Technologies					
Carlisle Brake & Friction	350.0	33.5	603.7	21.3	10.4
Carlisle FoodService Products	238.8	27.0	193.2	7.7	10.8
Corporate(1)		(47.1)	791.4	1.7	
Total	$ 2,943.0	$ 366.8	$ 3,492.7	$ 96.1	$ 97.9

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(1) EBIT includes general corporate expenses and Assets consist primarily of cash and cash equivalents and other invested assets, and includes assets of discontinued operations not classified as held for sale.

A reconciliation of assets, depreciation and amortization, and capital spending reported above to the amounts presented on the Consolidated Statement of Cash Flows is as follows:

(in millions)	2015	2014	2013
Depreciation and amortization per table above	**$ 129.3**	$ 104.0	$ 96.1
Depreciation and amortization of discontinued operations			17.8

Total depreciation and amortization	**$ 129.3**	$ 104.0	$ 113.9

Notes to Consolidated Financial Statements (Continued)

Note 2 Segment Information (Continued)

(in millions)	2015	2014	2013
Capital spending per table above	**$ 72.1**	$ 118.8	$ 97.9
Capital spending of discontinued operations			12.9
Total capital spending	**$ 72.1**	$ 118.8	$ 110.8

Customer Information Net sales to Beacon Roofing Supply, Inc. accounted for 10% of the Company's consolidated net sales during the year ended December 31, 2015. Sales to this customer originate in the Construction segment. No other customer accounted for 10% or more of the Company's total net sales.

Note 3 Acquisitions

2015 Acquisition

Finishing Brands

On April 1, 2015, the Company acquired 100% of the Finishing Brands business from Graco Inc. ("Graco") for total cash consideration of $598.9 million, net of $12.2 million cash acquired. The Company funded the acquisition with cash on hand. As of the acquisition date, the Company recorded a payable to Graco for $20.6 million representing the estimated working capital settlement. In the third quarter of 2015, the Company finalized the working capital settlement with Graco for $21.1 million in cash. The additional cash consideration paid has been allocated to goodwill. The Company has reported the results of the acquired business as a new reportable segment named Carlisle Fluid Technologies ("CFT"). CFT is a global manufacturer and supplier of finishing equipment and systems serving diverse end markets for paints and coatings, including original equipment ("OE") automotive, automotive refinishing, aerospace, agriculture, construction, marine, rail, and other industrial applications.

CFT contributed net sales of $203.2 million and earnings before interest and taxes of $20.8 million for the period from April 1, 2015 to December 31, 2015. Earnings before interest and taxes for the period from April 1, 2015 to December 31, 2015 includes $8.6 million of non-recurring incremental cost of goods sold related to measuring inventory at fair value and $0.7 million of non-recurring acquisition-related costs related primarily to professional fees, as well as $9.3 million and $3.9 million of amortization expense of customer relationships and acquired technology, respectively.

The Finishing Brands amounts included in the pro forma financial information below are based on the Finishing Brands' historical results and, therefore, may not be indicative of the actual results if operated by Carlisle. The pro forma adjustments represent management's best estimates based on information available at the time the pro forma information was prepared and may differ from the adjustments that may actually have been required. Accordingly, pro forma information should not be relied upon as being indicative of the historical results that would have been realized had the acquisition occurred as of the date indicated or that may be achieved in the future.

Notes to Consolidated Financial Statements (Continued)

Note 3 Acquisitions (Continued)

The unaudited combined pro forma financial information presented below includes Net sales and Income from continuing operations, net of tax, of the Company as if the business combination had occurred on January 1, 2014 based on the preliminary purchase price allocation presented below:

	Pro Forma Twelve Months Ended December 31,	
(in millions)	**2015**	**2014**
Net sales	**$ 3,604.4**	$ 3,482.3
Income from continuing operations	**332.2**	271.4

The pro forma financial information reflects adjustments to Finishing Brands' historical financial information to apply the Company's accounting policies and to reflect the additional depreciation and amortization related to the preliminary fair value adjustments of the acquired net assets, together with the associated tax effects. Also, the pro forma financial information reflects the non-recurring costs of goods sold related to the fair valuation of inventory and acquisition-related costs described above as if they occurred in 2014.

The following table summarizes the consideration transferred to acquire Finishing Brands and the preliminary allocation among the assets acquired and liabilities assumed. The acquisition has been accounted for using the acquisition method of accounting in accordance with ASC 805, *Business*

Notes to Consolidated Financial Statements (Continued)

Note 3 Acquisitions (Continued)

Combinations, which requires that consideration be allocated to the acquired assets and liabilities based upon their acquisition date fair values with the remainder allocated to goodwill.

(in millions)	Preliminary Allocation As of 4/1/2015	Measurement Period Adjustments Nine Months Ended 12/31/2015	Preliminary Allocation As of 12/31/2015
Total cash consideration transferred and payable	$ 610.6	$ 0.5	$ 611.1