CARLISLE COMPANIES INC
Form 10-Q
April 27, 2016

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016

OR

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	31-1168055

(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11605 North Community House Road, Suite 600, Charlotte, North Carolina 28277	(704) 501-1100
(Address of principal executive office, including zip code)	(Telephone Number)

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 No

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 No

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	Accelerated filer
Non-accelerated filer	Smaller reporting company

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

Shares of common stock outstanding at April 22, 2016: 64,190,869

Item 1. Financial Statements

Carlisle Companies Incorporated

Unaudited Condensed Consolidated Statements of Earnings and Comprehensive Income

(in millions except share and per share amounts)	Three Months Ended March 31, 2016	2015
Net sales	$ 794.0	$ 709.3
Cost of goods sold	548.6	536.3
Selling and administrative expenses	124.1	98.1
Research and development expenses	11.3	8.8
Other income, net	(0.6)	(0.3)
Earnings before interest and income taxes	110.6	66.4
Interest expense, net	8.4	8.4
Earnings before income taxes from continuing operations	102.2	58.0
Income tax expense (Note 6)	33.7	18.5
Income from continuing operations	68.5	39.5
Discontinued operations		
Loss before income taxes	-	(0.2)
Income tax benefit	-	(0.1)
Loss from discontinued operations	-	(0.1)
Net income	$ 68.5	$ 39.4
Basic earnings per share attributable to common shares		
Income from continuing operations	$ 1.06	$ 0.60
Income from discontinued operations	-	-
Basic earnings per share	$ 1.06	$ 0.60
Diluted earnings per share attributable to common shares		
Income from continuing operations	$ 1.05	$ 0.59
Income from discontinued operations	-	-
Diluted earnings per share	$ 1.05	$ 0.59
Average shares outstanding - in thousands		
Basic	64,018	64,876
Diluted	64,876	65,896
Dividends declared and paid	$ 19.5	$ 16.7

Dividends declared and paid per share	$ 0.30	$ 0.25
Comprehensive Income		
Net income	$ 68.5	$ 39.4
Other comprehensive income (loss)		
Change in foreign currency translation	10.2	(20.7)
Change in accrued post-retirement benefit liability, net of tax	0.4	0.8
Loss on hedging activities, net of tax	(0.2)	(0.1)
Other comprehensive income (loss)	10.4	(20.0)
Comprehensive income	$ 78.9	$ 19.4

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

Carlisle Companies Incorporated

Condensed Consolidated Balance Sheets

(in millions except share and per share amounts)	March 31, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 450.5	$ 410.7
Receivables, net of allowance of $4.6 in 2016 and $4.7 in 2015	507.7	502.5
Inventories (Note 8)	380.9	356.0
Prepaid expenses and other current assets	43.6	50.3
Total current assets	1,382.7	1,319.5
Property, plant, and equipment, net of accumulated depreciation of $583.1 in 2016 and $568.7 in 2015 (Note 9)	592.3	585.8
Other assets:		
Goodwill, net (Note 10)	1,138.8	1,134.4
Other intangible assets, net (Note 10)	888.1	887.8
Other long-term assets	23.9	23.4
Total other assets	2,050.8	2,045.6
TOTAL ASSETS	$ 4,025.8	$ 3,950.9
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt, including current maturities (Note 12)	$ 149.9	$ 149.8
Accounts payable	248.4	212.6
Accrued expenses	202.4	219.4
Deferred revenue (Note 14)	28.1	24.0
Total current liabilities	628.8	605.8
Long-term liabilities:		
Long-term debt (Note 12)	595.8	595.6
Deferred revenue (Note 14)	161.3	159.7
Other long-term liabilities (Note 16)	252.4	242.4
Total long-term liabilities	1,009.5	997.7
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; 78,661,248 issued; 63,961,112 outstanding in 2016 and 64,051,600 in 2015	78.7	78.7
Additional paid-in capital	298.2	293.4
Deferred compensation equity (Note 5)	10.4	8.0
Cost of shares in treasury - 14,472,806 shares in 2016 and 14,383,241 shares in 2015	(353.9)	(327.4)

Accumulated other comprehensive loss (Note 17)	(76.7)	(87.1)
Retained earnings	2,430.8	2,381.8
Total shareholders' equity	2,387.5	2,347.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 4,025.8	$ 3,950.9

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

Carlisle Companies Incorporated

Unaudited Condensed Consolidated Statements of Cash Flows

(in millions)	Three Months Ended March 31, 2016		2015	
Operating activities				
Net income	$	68.5	$	39.4
Reconciliation of net income to cash flows provided by operating activities:				
Depreciation		18.4		17.6
Amortization		15.1		10.7
Non-cash compensation, net of tax benefit		2.8		2.5
Loss on sale of property and equipment, net		0.1		-
Deferred taxes		0.6		(0.8)
Foreign exchange gain		-		(0.2)
Changes in assets and liabilities, excluding effects of acquisitions and divestitures:				
Receivables		(1.3)		(12.2)
Inventories		(20.0)		(21.4)
Prepaid expenses and other assets		6.2		8.2
Accounts payable		27.1		33.1
Accrued expenses and deferred revenues		(12.0)		(26.5)
Long-term liabilities		3.0		0.7
Other operating activities		0.5		(1.6)
Net cash provided by operating activities		109.0		49.5
Investing activities				
Capital expenditures		(18.7)		(19.1)
Acquisitions, net of cash		(8.1)		-
Proceeds from sale of property and equipment		-		0.1
Net cash used in investing activities		(26.8)		(19.0)

Financing activities				
Dividends paid		(19.5)		(16.7)
Proceeds from issuance of treasury shares and stock options		4.5		9.1
Repurchases of common stock		(28.5)		(8.8)
Net cash used in financing activities		(43.5)		(16.4)
Effect of foreign currency exchange rate changes on cash and cash equivalents		1.1		(0.5)
Change in cash and cash equivalents		39.8		13.6
Cash and cash equivalents				
Beginning of period		410.7		730.8
End of period	$	450.5	$	744.4

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

Carlisle Companies Incorporated

Unaudited Consolidated Statement of Shareholders' Equity

(In millions, except share and per share amounts)

	Common Stock Shares	Amount	Additional Paid-In Capital	Deferred Compensation Equity	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Shares in Treasury Shares	Cost	Total Shareholders' Equity
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 - $0.94 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
Net income		-	-	-	-	68.5		-	68.5
Other comprehensive income, net of tax		-	-	-	10.4	-		-	10.4
Cash dividends - $0.30 per share		-	-	-	-	(19.5)		-	(19.5)
Common stock repurchase	(331,747)	-	-	-	-	-	331,747	(28.5)	(28.5)
Stock based compensation (1)	241,259	-	4.8	2.4	-	-	(242,182)	2.0	9.2
Balance at March 31, 2016	63,961,112	$ 78.7	$ 298.2	$ 10.4	$ (76.7)	$ 2,430.8	14,472,806	$ (353.9)	$ 2,387.5

(1) Issuances for stock based compensation includes shares issued from treasury to cover stock option exercises, restricted and performance share releases, net of shares repurchased to cover employee taxes.

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

Notes to the Unaudited Condensed Consolidated Financial Statements

Note 1—Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by Carlisle Companies Incorporated (the "Company" or "Carlisle") in accordance and consistent with the accounting policies stated in the Company's Annual Report on Form 10-K and should be read in conjunction with the consolidated financial statements therein. The unaudited condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States and, of necessity, include some amounts that are based upon management estimates and judgments. The unaudited condensed consolidated financial statements include assets, liabilities, net sales, and expenses of all majority-owned subsidiaries. Carlisle accounts for investments in minority-owned companies where it exercises significant influence, but does not have control, on the equity basis. Intercompany transactions and balances are eliminated in consolidation.

Note 2—New Accounting Pronouncements

New Accounting Standards Adopted

In November 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“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, and as such, we early adopted as of December 31, 2015 on a prospective basis and prior periods were not restated. As this standard relates to presentation only, the adoption of ASU 2015-17 did not have an impact on the Company’s consolidated results of operations, financial position, or cash flows.

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. In August 2015 this guidance was clarified in ASU 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements (“ASU 2015-15”). ASU 2015-15 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. As a result of adopting ASU 2015-03, $3.0 million and $3.1 million was reclassified from Other long-term assets to Long-term debt at March 31, 2016 and December 31, 2015, respectively. Unamortized costs related to securing our revolving line of credit will continue to be presented in Other long-term assets. As this standard relates to presentation only, the adoption of the ASUs had no impact on the Company’s results of operations, financial position, or cash flows.

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 adoption of this ASU had no impact on the Company’s results of operations, financial position, 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. The adoption of this ASU had no impact on the Company’s results of operations, financial position, or cash flows.

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 in 2016. The adoption of this ASU had no impact on the Company's results of operations, financial position, or cash flows.

New Accounting Standards Issued But Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). 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 February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02") which requires lessees to recognize a lease liability for the obligation to make lease payments, measured at the present value on a discounted basis, and a right-of-use ("ROU") asset for the right to use the underlying asset for the duration of the lease term, measured at the lease liability amount adjusted for lease prepayments, lease incentives received and initial direct costs. The lease liability and ROU asset are recognized in the balance sheet at the commencement of the lease. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern. Classification will be based on criteria that are largely similar to those applied in current lease accounting.

The ASU is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2018, and requires the use of a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period presented in the financial statements. Early application of the ASU is permitted. We have not yet determined the impact of adopting the standard on our financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"). The ASU simplifies several aspects of the accounting for stock compensation.

· On a prospective basis, all income tax effects of awards should be recognized in the income statement as tax expense or benefit at the time that the awards vest or are settled, rather than recording excess tax benefit and certain deficiencies in additional paid in capital, and eliminates the requirement that excess tax benefits be realized through a reduction in income taxes payable before they can be recognized.

- Awards may be classified as equity when an employer withholds the maximum amount of taxes on behalf of the employee. This aspect is to be adopted using a modified retrospective transition method, with a cumulative effect adjustment to retained earnings. The cash paid to a tax authority when shares are withheld to satisfy the tax withholding obligation should be classified as a financing activity on the statement of cash flows on a retrospective basis.

- Companies are required to elect the method of accounting for forfeitures of share-based payments, either by recognizing such forfeitures as they occur or estimating the number of awards expected to be forfeited and adjusting such estimate when it is deemed likely to change. This aspect is to be adopted using a modified retrospective transition method, with a cumulative effect adjustment to retained earnings.

ASU 2016-09 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2016. Early application of the ASU is permitted. We have not yet determined the impact of adopting the standard on our financial statements.

Note 3—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 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, auto refinishing, general industrial, wood, protective coating, and specialty 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 reflects other unallocated costs, primarily general corporate expenses. Corporate assets consist primarily of cash and cash equivalents, deferred taxes, corporate aircraft, and other assets associated with employee compensation programs.

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

Three Months Ended March 31,	2016			2015		
(in millions)	Net Sales	EBIT	Assets	Net Sales	EBIT	Assets
Carlisle Construction Materials	$ 403.7	$ 72.3	$ 905.2	$ 371.3	$ 36.7	$ 912.4
Carlisle Interconnect Technologies	196.7	36.6	1,267.9	194.4	34.5	1,298.1
Carlisle Fluid Technologies	61.2	6.9	678.5	-	-	-
Carlisle Brake & Friction	72.0	3.7	554.1	86.4	8.2	589.6
Carlisle FoodService Products	60.4	7.1	201.2	57.2	5.4	200.5
Corporate	-	(16.0)	418.9	-	(18.4)	746.7
Total	$ 794.0	$ 110.6	$ 4,025.8	$ 709.3	$ 66.4	$ 3,747.3

Note 4— Acquisitions

2016 Acquisition

In February 2016, the Company acquired 100% of the equity of MS Oberflächentechnik AG (“MS”), a Swiss-based developer and manufacturer of powder coating systems and related components, for total consideration of CHF 12.3 million, or $12.4 million, including the fair value of contingent consideration of CHF 4.3 million, or $4.3 million. MS operates within the Fluid Technologies segment. See Note 3 for information about the CFT segment.

Consideration has been preliminarily allocated $8.1 million to definite-lived intangible assets, $3.5 million to indefinite-lived intangible assets, and $2.2 million to deferred tax liabilities, with $2.2 million allocated to goodwill. Definite-lived intangible assets consist of $6.9 million of technology with a useful life of seven years and customer relationships of $1.2 million with a useful life of ten years.

2015 Acquisition

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, inclusive of the working capital settlement. The Company funded the acquisition with cash on hand. The Company reports the results of the acquired business as the CFT segment.

The Finishing Brands amounts included in the pro forma financial information below for the three months ended March 31, 2015 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.

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 purchase price allocation presented below:

(in millions)	Pro Forma Three Months Ended March 31, 2015
Net sales	$ 770.5
Income from continuing operations	44.9

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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 final fair value adjustments of the acquired net assets, together with the associated tax effects. Also, the pro forma financial information reflects the non-recurring acquisition-related costs described above as if they occurred in the first quarter of 2014.

The following table summarizes the consideration transferred to acquire Finishing Brands and the preliminary allocation and measurement period adjustments to arrive at the final allocation of the purchase price 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 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. The measurement period adjustments resulted primarily from finalizing valuations of inventory with corresponding measurement period adjustment to deferred taxes.

(in millions)	Preliminary Allocation As of 4/1/2015	Measurement Period Adjustments	Final Allocation As of 3/31/2016
Total cash consideration transferred	$ 610.6	$ 0.5	$ 611.1
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Cash and cash equivalents	$ 12.2	$ -	$ 12.2
Receivables	57.3	1.2	58.5
Inventories	40.9	2.2	43.1
Prepaid expenses and other current assets	6.4	(0.2)	6.2
Property, plant, and equipment	41.0	(0.2)	40.8
Definite-lived intangible assets	216.0	-	216.0
Indefinite-lived intangible assets	125.0	-	125.0
Deferred income tax assets	1.9	(1.2)	0.7
Other long-term assets	3.8	(0.3)	3.5
Line of credit	(1.4)	-	(1.4)
Accounts payable	(16.3)	-	(16.3)
Income tax payable	(1.9)	(0.1)	(2.0)
Accrued expenses	(15.6)	-	(15.6)
Deferred income tax liabilities	(28.8)	0.6	(28.2)
Other long-term liabilities	(5.6)	(0.7)	(6.3)
Total identifiable net assets	434.9	1.3	436.2
Goodwill	$ 175.7	$ (0.8)	$ 174.9

The goodwill recognized in the acquisition of Finishing Brands is attributable to its experienced workforce, the expected operational improvements through implementation of the Carlisle Operating System, opportunities for geographic and product line expansions in addition to supply chain efficiencies and other administrative opportunities, and the significant strategic value of the business to Carlisle. The Company acquired $60.0 million of gross contractual accounts receivable, of which $1.5 million was not expected to be collected at the date of acquisition. Goodwill of $132.9 million is tax deductible, primarily in the United States. All of the goodwill was assigned to the CFT reporting unit which aligns with the reportable segment. Indefinite-lived intangible assets of $125.0 million represent acquired trade names. The $216.0 million value allocated to definite-lived intangible assets consists of $186.0 million of customer relationships with a useful life of 15 years and various acquired technologies of $30.0 million with useful lives ranging from five to eight years. The Company recorded an indemnification asset of $3.0 million in Other long-term assets relating to the indemnification of Carlisle for a pre-acquisition income tax liability in accordance with the purchase agreement. The indemnification asset had not been settled at March 31, 2016. The Company has also recorded deferred tax liabilities related to intangible assets of $28.2 million.

2014 Acquisition

On October 1, 2014, the Company acquired 100% of the equity of LHi Technology (“LHi”) for total cash consideration of $194.0 million, net of $6.7 million cash acquired, inclusive of the working capital settlement. LHi is a leading designer, manufacturer, and provider of cable assemblies and related interconnect components to the medical equipment and device industry. In conjunction with the acquisition, the Company recorded an indemnification asset of $8.7 million in Other long-term assets relating to the indemnification of Carlisle for certain pre-acquisition liabilities, principally related to direct and indirect tax uncertainties. The Company reports the results of the business acquired in the acquisition of LHi within the Interconnect Technologies segment.

Note 5—Stock-Based Compensation

Stock-based compensation cost is recognized over the requisite service period, which generally equals the stated vesting period, unless the stated vesting period exceeds the date upon which an employee reaches retirement eligibility. Pre-tax stock-based compensation expense was $3.5 million and $7.4 million for the three month periods ended March 31, 2016 and 2015, respectively.

Incentive Compensation Program

The Company maintains an Incentive Compensation Program (the “Program”) for executives, certain other employees of the Company and its operating segments and subsidiaries, and the Company’s non-employee directors. Members of the Board of Directors that receive stock-based compensation are treated as employees for accounting purposes. The Program was approved by shareholders on May 6, 2015. The Program allows for awards to eligible employees of stock options, restricted stock, stock appreciation rights, performance shares and units or other awards based on Company common stock. At March 31, 2016, 3,921,976 shares were available for grant under this plan, of which 1,433,059 shares were available for the issuance of stock awards.

Grants

For the three months ended March 31, 2016, the Company awarded 371,623 stock options, 69,583 restricted stock awards, 61,127 performance share awards and 13,466 restricted stock units with an aggregate grant-date fair value of approximately $21.5 million to be expensed over the requisite service period for each award.

Stock Option Awards

Options issued under the Program generally vest one-third on the first anniversary of grant, one-third on the second anniversary of grant, and the remaining one-third on the third anniversary of grant. All options have a maximum term life of 10 years. Shares issued to cover options under the Program and the Plan may be issued from shares held in treasury, from new issuances of shares, or a combination of the two.

Pre-tax share-based compensation expense related to stock options was $1.6 million and $1.3 million for the three month periods ended March 31, 2016 and 2015, respectively.

The Company utilizes the Black-Scholes-Merton ("BSM") option pricing model to determine the fair value of its stock option awards. The BSM relies on certain assumptions to estimate an option's fair value. The weighted-average assumptions used in the determination of fair value for stock option awards in 2016 and 2015 were as follows:

	2016	2015
Expected dividend yield	1.4 %	1.1 %
Expected life in years	5.61	5.71
Expected volatility	27.5 %	27.3 %
Risk-free interest rate	1.4 %	1.4 %
Weighted-average fair value	$ 19.30	$ 21.19

The expected life of options is based on the assumption that all outstanding options will be exercised at the midpoint of the vesting dates (if unvested) and the options' expiration date. The expected volatility is based on historical volatility as well as implied volatility of the Company's options. The risk-free interest rate is based on rates of U.S. Treasury issues with a remaining life equal to the expected life of the option. The expected dividend yield is based on the projected annual dividend payment per share, divided by the stock price at the date of grant.

Restricted Stock Awards

Restricted stock awarded under the Program is generally released to the recipient after a period of approximately three years. The grant date fair value of the 2016 restricted stock awards, which are released to the recipient after a period of three years, is based on the closing market price of the stock on the date of grant.

Performance Share Awards

The performance shares awarded vest based on the employee rendering three years of service to the Company, and the attainment of a market condition over the performance period, which is based on the Company's relative total shareholder return versus the S&P Midcap 400 Index® over a pre-determined time period as determined by the Compensation Committee of the Board of Directors. The grant date fair value of the 2016 performance shares was estimated using a Monte-Carlo simulation approach based on a three year measurement period. Such approach entails the use of assumptions regarding the future performance of the Company's stock and those of the S&P Midcap 400 Index®. Those assumptions include expected volatility, risk-free interest rates, correlation coefficients, and dividend reinvestment. Dividends accrue on the performance shares during the performance period and are to be paid in cash based upon the number of awards ultimately earned. The Company expenses the compensation cost associated with the performance awards on a straight-line basis over the vesting period of approximately three years.

Restricted Stock Units

The restricted stock units awarded to eligible directors are fully vested and will be paid in shares of Company common stock after the director ceases to serve as a member of the Board, or if earlier, upon a change in control of the Company. The grant date fair value of the 2016 restricted stock units is based on the closing market price of the stock on February 3, 2016, the date of the grant.

Deferred Compensation - Equity

Certain employees are eligible to participate in the Company's Non-qualified Deferred Compensation Plan (the "Deferred Compensation Plan"). Participants may elect to defer all or part of their stock-based compensation. Participants have elected to defer 276,115 shares of Company common stock as of March 31, 2016, and 253,520 shares as of December 31, 2015.

Note 6—Income Taxes

The effective income tax rate on continuing operations for the three months ended March 31, 2016 was 33.0%. The year to date provision for income taxes includes taxes on earnings at an anticipated rate of approximately 33% and year-to-date discrete tax expense of $0.2 million.

The effective tax rate on continuing operations for the three months ended March 31, 2015 was 31.9% and included a year-to-date discrete benefit of $0.8 million.

Note 7—Earnings Per Share

The Company's restricted shares and restricted stock units contain non-forfeitable rights to dividends and, therefore, are considered participating securities for purposes of computing earnings per share pursuant to the two-class method. The computation below of earnings per share excludes the income attributable to the unvested restricted shares and restricted stock units from the numerator and excludes the dilutive impact of those underlying shares from the denominator. Stock options are included in the calculation of diluted earnings per share utilizing the treasury stock method and performance share awards are included in the calculation of diluted earnings per share considering those that are contingently issuable. Neither is considered to be a participating security as they do not contain non-forfeitable dividend rights.

The following reflects the Income from continuing operations and share data used in the basic and diluted earnings per share computations using the two-class method:

(in millions except share and per share amounts)	Three Months Ended March 31, 2016	2015
Numerator:		
Income from continuing operations	$ 68.5	$ 39.5
Less: dividends declared - common stock outstanding, restricted shares and restricted share units	(19.5)	(16.7)
Undistributed earnings	49.0	22.8
Percent allocated to common shareholders (1)	99.3 %	99.5 %
	48.6	22.7
Add: dividends declared - common stock	19.2	16.2
Numerator for basic and diluted EPS	$ 67.8	$ 38.9
Denominator (in thousands):		
Denominator for basic EPS: weighted-average common shares outstanding	64,018	64,876
Effect of dilutive securities:		
Performance awards	325	220
Stock options	533	800
Denominator for diluted EPS: adjusted weighted-average common shares outstanding and assumed conversion	64,876	65,896
Per share income from continuing operations:		
Basic	$ 1.06	$ 0.60

Diluted	$ 1.05	$ 0.59
(1)Basic weighted-average common shares outstanding	64,018	64,876
Basic weighted-average common shares outstanding, unvested restricted shares expected to vest and restricted share units	64,491	65,210
Percent allocated to common shareholders	99.3 %	99.5 %

To calculate earnings per share for Income from discontinued operations and for Net income, the denominator for both basic and diluted earnings per share is the same as used in the above table. Income (loss) from discontinued operations and Net income were as follows:

(in millions except share amounts presented in thousands)	Three Months Ended March 31, 2016	2015
Income (loss) from discontinued operations attributable to common shareholders for basic and diluted earnings per share	$ -	$ (0.1)
Net income attributable to common shareholders for basic and diluted earnings per share	$ 67.8	$ 38.8
Antidilutive stock options excluded from EPS calculation (1)	544	-

(1) Represents stock options excluded from the calculation of diluted earnings per share as such options' assumed proceeds upon exercise would result in the repurchase of more shares than the underlying award.

Note 8—Inventories

The components of Inventories at March 31, 2016 and December 31, 2015 were as follows:

(in millions)	March 31, 2016	December 31, 2015
Finished goods	$ 220.7	$ 205.1
Work-in-process	54.1	48.8
Raw materials	137.7	133.9
Reserves	(31.6)	(31.8)
Inventories	$ 380.9	$ 356.0

Note 9—Property, Plant and Equipment

The components of Property, plant and equipment at March 31, 2016 and December 31, 2015 were as follows:

(in millions)	March 31, 2016	December 31, 2015
Land	$ 60.7	$ 59.9
Buildings and leasehold improvements	325.7	324.6
Machinery and equipment	747.2	735.4
Projects in progress	41.8	34.6
	1,175.4	1,154.5
Accumulated depreciation	(583.1)	(568.7)
Property, plant, and equipment, net	$ 592.3	$ 585.8

Note 10—Goodwill and Other Intangible Assets

The changes in the carrying amount of Goodwill, net for the three months ended March 31, 2016 were as follows:

(in millions)	Construction Materials	Interconnect Technologies	Fluid Technologies	Brake and Friction	FoodService Products	Total
Gross balance at January 1, 2016	$ 118.7	$ 555.4	$ 173.4	$ 226.6	$ 60.3	$ 1,134.4
Goodwill acquired during year (1)	-	-	2.2	-	-	2.2
Measurement period adjustments	-	-	(0.3)	-	-	(0.3)
Currency translation	1.9	-	0.6	-	-	2.5
Net balance at March 31, 2016	$ 120.6	$ 555.4	$ 175.9	$ 226.6	$ 60.3	$ 1,138.8

(1) See Note 3 for further information on goodwill resulting from recent acquisitions.

The Company’s Other intangible assets, net at March 31, 2016, were as follows:

(in millions)	Acquired Cost	Accumulated Amortization	Net Book Value
Assets subject to amortization:			
Intellectual property	$ 189.2	$ (59.7)	$ 129.5
Customer relationships	677.4	(171.6)	505.8
Other	13.6	(10.8)	2.8
Assets not subject to amortization:			
Trade names	250.0	-	250.0
Other intangible assets, net	$ 1,130.2	$ (242.1)	$ 888.1

The Company’s Other intangible assets, net at December 31, 2015, were as follows:

(in millions)	Acquired Cost	Accumulated Amortization	Net Book Value
Assets subject to amortization:			

Intellectual property	$ 180.7	$ (55.0)	$ 125.7
Customer relationships	673.9	(160.5)	513.4
Other	13.5	(10.6)	2.9
Assets not subject to amortization:			
Trade names	245.8	-	245.8
Other intangible assets, net	$ 1,113.9	$ (226.1)	$ 887.8

Estimated amortization expense for the remainder of 2016 and the next four years is as follows: $45.0 million remaining in 2016, $59.3 million in 2017, $59.2 million in 2018, $59.2 million in 2019, and $56.0 million in 2020.

The net carrying values of the Company's Other intangible assets by reportable segment were as follows:

(in millions)	March 31, 2016	December 31, 2015
Carlisle Construction Materials	$ 62.0	$ 60.9
Carlisle Interconnect Technologies	350.0	357.3
Carlisle Fluid Technologies	334.0	325.3
Carlisle Brake & Friction	115.6	117.2
Carlisle FoodService Products	26.5	27.1
Total	$ 888.1	$ 887.8

Note 11—Commitments and Contingencies

Leases

The Company currently leases a portion of its manufacturing facilities, distribution centers, and equipment, some of which include scheduled rent increases stated in the lease agreement generally expressed as a stated percentage increase of the minimum lease payment over the lease term. The Company currently has no leases that require rent to be paid based on contingent events nor has it received any lease incentive payments. Rent expense was $6.7 million and $6.1 million for the three months ended March 31, 2016 and 2015, respectively, inclusive of rent based on scheduled rent increases and rent holidays recognized on a straight-line basis. Future minimum payments under the Company's various non-cancelable operating leases are approximately $14.6 million for the remainder of 2016, $17.2 million in 2017, $16.0 million in 2018, $13.5 million in 2019, $9.2 million in 2020, $6.8 million in 2021, and $20.3 million thereafter.

Workers' Compensation Claims and Related Losses

The Company has accrued approximately $19.7 million and $19.4 million related to workers' compensation claims at March 31, 2016 and December 31, 2015, respectively. At March 31, 2016, $5.9 million and $13.8 million are included in Accrued expenses and Other long-term liabilities, respectively, and at December 31, 2015, $6.0 million and $13.4 million were included in Accrued expenses and Other long-term liabilities, respectively, in the Condensed Consolidated Balance Sheet. The liability related to workers' compensation claims, both those reported to the Company and those incurred but not yet reported, is estimated based on actuarial estimates and loss development factors and the Company's historical loss experience.

The Company maintains occurrence-based insurance coverage with certain insurance carriers in accordance with its risk management practices that provides for reimbursement of workers' compensation claims in excess of $0.5 million. The Company records a recovery receivable from the insurance carriers when such recovery is deemed probable based on the nature of the claim and history of recoveries. At March 31, 2016 and December 31, 2015, the Company did not have any recovery receivables recorded for workers' compensation claims.

Litigation

Over the years, the Company has been named as a defendant, along with numerous other defendants, in lawsuits in various state courts in which plaintiffs have alleged injury due to exposure to asbestos-containing brakes, which Carlisle manufactured in limited amounts between the late-1940s and the mid-1980s. In addition to compensatory awards, these lawsuits may also seek punitive damages.

Generally, the Company has obtained dismissals or settlements of its asbestos-related lawsuits with no material effect on its financial condition, results of operations or cash flows. The Company maintains insurance coverage that applies to the Company's defense costs and payments of settlements or judgments in connection with asbestos-related lawsuits.

At this time, the amount of reasonably possible additional asbestos claims, if any, is not material to the Company's financial position, results of operations or operating cash flows although these matters could result in the Company being subject to monetary damages, costs or expenses, and charges against earnings in particular periods.

The Company may occasionally be involved in various other legal actions arising in the normal course of business. In the opinion of management, the ultimate outcome of such actions, either individually or in the aggregate, will not have a material adverse effect on the consolidated financial position, results of operations for a particular period or annual operating cash flows of the Company.

Environmental Matters

The Company is 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 or businesses 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 of and compliance with environmental permits. To date, costs of complying with environmental, health, and safety requirements have not been material and we did not have any significant accruals related to potential future costs of environmental remediation as of March 31, 2016 and December 31, 2015, nor do we have an asset retirement obligation recorded as of that date. However, the nature of the Company's operations and its long history of industrial activities at certain of its current or former facilities, as well as those acquired, could potentially result in material environmental liabilities or asset retirement obligations.

While the Company 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 its business, capital expenditures or financial position. Future events, including those relating to climate change or greenhouse gas regulation, could require the Company to incur expenses related to the modification or curtailment of operations, installation of pollution control equipment, or investigation and cleanup of contaminated sites.

Note 12—Borrowings

As of March 31, 2016 the Company's borrowings were as follows:

(in millions)	3.75% notes due 2022	5.125% notes due 2020	6.125% notes due 2016	Total
Par Value	$ 350.0	$ 250.0	$ 150.0	$ 750.0
Unamortized discount	(0.8)	(0.5)	-	(1.3)
Unamortized debt issuance costs	(1.9)	(1.0)	(0.1)	(3.0)
Total long-term debt	347.3	248.5	149.9	745.7
Less current portion of long-term debt	-	-	(149.9)	(149.9)
Total long-term debt, net of current portion	$ 347.3	$ 248.5	$ -	$ 595.8

As of December 31, 2015 the Company's borrowings were as follows:

(in millions)	3.75% notes due 2022	5.125% notes due 2020	6.125% notes due 2016	Total
Par Value	$ 350.0	$ 250.0	$ 150.0	$ 750.0
Unamortized discount	(0.8)	(0.6)	(0.1)	(1.5)
Unamortized debt issuance costs	(2.0)	(1.0)	(0.1)	(3.1)
Total long-term debt	347.2	248.4	149.8	745.4
Less current portion of long-term debt	-	-	(149.8)	(149.8)
Total long-term debt, net of current portion	$ 347.2	$ 248.4	$ -	$ 595.6

Revolving Credit Facilities

As of March 31, 2016, the Company had $600.0 million available under its Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”) administered by JPMorgan Chase Bank, N.A. At March 31, 2016 and December 31, 2015, there were no borrowings under the revolving credit facility.

Uncommitted Line of Credit

The Company also maintains an uncommitted line of credit of which $45.0 million was available for borrowing as of March 31, 2016 and December 31, 2015 and therefore, there were no borrowings under the uncommitted line of credit.

Covenants and Limitations

Under the Company's debt and credit facilities, the Company is required to meet various restrictive covenants and limitations, including limitations on certain leverage ratios, interest coverage and limits on outstanding debt balances held by certain subsidiaries. The Company was in compliance with all covenants and limitations as of March 31, 2016 and December 31, 2015.

Other Matters

At March 31, 2016, the fair value of the Company's par value $350 million, 3.75% senior notes due 2022, par value $250 million, 5.125% senior notes due 2020, and par value $150 million, 6.125% senior notes due 2016, using Level 2 inputs in the fair value hierarchy, was approximately $356.4 million, $275.5 million and $152.8 million, respectively. Fair value is estimated based on current yield rates plus the Company's estimated credit spread available for financings with similar terms and maturities.

Note 13—Retirement Plans

Defined Benefit Plans

The Company recognizes net periodic pension cost based on the actuarial analysis performed at the previous year end, adjusted if certain significant events occur during the year.

Beginning in 2016, the Company moved from utilizing a weighted-average discount rate, which was derived from the yield curve used to measure the pension 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 did not have a material effect on net periodic benefit costs for the three months ended March 31, 2016.

Components of net periodic benefit cost were as follows:

(in millions)	Three Months Ended March 31, 2016	2015
Service cost	$ 0.8	$ 0.9
Interest cost	1.3	1.8
Expected return on plan assets	(2.5)	(2.6)
Amortization of unrecognized loss	0.6	1.3
Net periodic benefit cost	$ 0.2	$ 1.4

Defined Contribution Plans

The Company maintains defined contribution plans covering a significant portion of its employees. Expenses for the plans were $4.1 million and $3.6 million for the three months ended March 31, 2016 and 2015, respectively.

Employee Stock Ownership Plan

The Company sponsors an employee stock ownership plan (“ESOP”) as part of one of its existing savings plans. Costs for the ESOP are included in the defined contribution plans noted above. The ESOP is available to eligible domestic employees and includes a match of contributions made by plan participants to the savings plan up to a maximum of 4.0% of a participant’s eligible compensation, divided between cash and an employee-directed election of the Company’s common stock, not to exceed 50% of the total match. Participants are not allowed to direct savings plan contributions to an investment in the Company's common stock. Total shares held by the ESOP were 1.3 million at March 31, 2016 and 1.3 million at December 31, 2015.

Note 14—Deferred Revenue and Extended Product Warranties

Deferred revenue consists primarily of unearned revenue related to separately priced extended warranty contracts on sales of certain products, the most significant being those offered on its installed roofing systems within the Construction Materials segment.

Roofing Systems Deferred Revenue

The amount of revenue recognized related to extended product warranties covering roofing systems was $4.7 million and $4.5 million for the three month periods ended March 31, 2016 and 2015, respectively. Deferred revenue recognized in the Condensed Consolidated Balance Sheets includes the following related to roofing systems extended product warranty contracts:

(in millions)	March 31, 2016	December 31, 2015
Deferred revenue		
Current	$ 18.1	$ 18.1
Long-term	161.3	159.7
Deferred revenue liability	$ 179.4	$ 177.8

Expected costs of services to be performed under extended product warranty contracts are actuarially determined. Any expected costs in excess of deferred revenue are recognized within Accrued expenses.

Other Deferred Revenue

Other deferred revenue recognized in the Condensed Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015, primarily related to contracts on systems sales within the Fluid Technologies segment, was as follows:

(in millions)	March 31, 2016	December 31, 2015
Deferred revenue		
Current	$ 10.0	$ 5.9
Long-term	-	-
Deferred revenue liability	$ 10.0	$ 5.9

Note 15—Standard Product Warranties

The Company offers various warranty programs on its products included in the price of its products, primarily for certain installed roofing systems as well as high-performance cables and assemblies, fluid technologies, braking products, and foodservice equipment. The Company's liability for such warranty programs is included in Accrued expenses. The change in the Company's product warranty liabilities for the three months ended March 31, is as follows:

(in millions)	2016	2015
Balance at January 1	$ 28.9	$ 15.2
Current year provision	6.1	4.0
Current year claims	(4.4)	(4.5)
Balance at March 31	$ 30.6	$ 14.7

Note 16—Other Long-Term Liabilities

The components of Other long-term liabilities were as follows:

(in millions)	March 31, 2016	December 31, 2015
Deferred taxes and other tax liabilities	$ 179.7	$ 176.5
Pension and other post-retirement obligations	26.5	26.3
Long-term workers' compensation	13.8	13.4
Deferred compensation	19.7	16.8
Other	12.7	9.4
Other long-term liabilities	$ 252.4	$ 242.4

Note 17—Accumulated Other Comprehensive Income (Loss)

The changes in Accumulated other comprehensive income (loss) by component for the three months ended March 31, 2016 were as follows:

(in millions)	Accrued post-retirement benefit liability(1)	Foreign currency translation	Hedging activities(2)	Total
Balance at December 31, 2015	$ (27.4)	$ (60.0)	$ 0.3	$ (87.1)
Other comprehensive gain before reclassifications	-	10.2	-	10.2
Amounts reclassified from accumulated other comprehensive loss	0.6	-	(0.3)	0.3
Income tax benefit (expense)	(0.2)	-	0.1	(0.1)
Net other comprehensive income (loss)	0.4	10.2	(0.2)	10.4
Balance at March 31, 2016	$ (27.0)	$ (49.8)	$ 0.1	$ (76.7)

The changes in Accumulated other comprehensive income (loss) by component for the three months ended March 31, 2015 were as follows:

(in millions)	Accrued post-retirement benefit liability(1)	Foreign currency translation	Hedging activities(2)	Total
Balance at December 31, 2014	$ (32.0)	$ (30.4)	$ 0.6	$ (61.8)
Other comprehensive loss before reclassifications	-	(20.7)	-	(20.7)
Amounts reclassified from accumulated other comprehensive loss	1.3	-	(0.2)	1.1
Income tax benefit (expense)	(0.5)	-	0.1	(0.4)
Net other comprehensive income (loss)	0.8	(20.7)	(0.1)	(20.0)
Balance at March 31, 2015	$ (31.2)	$ (51.1)	$ 0.5	$ (81.8)

(1) Current period amounts related to accrued post-retirement benefit liability are related to amortization of unrecognized actuarial gains and losses which is included in net periodic benefit cost for pension and other post-retirement welfare plans. See Note 13.
(2) Current period amounts related to hedging activities are a reduction to interest expense.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Overview

Carlisle Companies Incorporated ("Carlisle", the "Company", "we", "us" or "our") is a multi-national company that designs, manufactures and sells a wide range of products throughout North America, Western Europe, and the Asia Pacific region. We are focused on achieving profitable growth 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 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. We manage our businesses under 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");

·