

CARLISLE COMPANIES INC
Form 10-K
February 16, 2011

[QuickLinks](#) -- Click here to rapidly navigate through this document

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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

(State or other jurisdiction of incorporation or organization)

31-1168055

(I.R.S. Employer Identification No.)

**13925 Ballantyne Corporate Place, Suite 400,
Charlotte, North Carolina 28277**

(704) 501-1100
(Telephone Number)

(Address of principal executive office, including zip code)

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

Title of each class

Common stock, \$1 par value

Preferred Stock Purchase Rights

Name of each exchange on which registered

New York Stock Exchange

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 No

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 No

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 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.

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

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

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

As of January 31, 2011, 61,029,643 shares of common stock of the registrant were outstanding; the aggregate market value of the shares of common stock of the registrant held by non-affiliates was approximately \$2,203,170,258 based upon the closing price of the common stock on the New York Stock Exchange on June 30, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 13, 2011 are incorporated by reference in Part III.

Part I

Item 1. Business

Overview

Carlisle Companies Incorporated ("Carlisle" or the "Company") 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 13925 Ballantyne Corporate Place, Suite 400, 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 in the various niche markets we serve. 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 our 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.

During 2008, the Company began the implementation of the Carlisle Operating System ("COS"), a manufacturing structure and strategy deployment system based on lean enterprise and six sigma principles. COS is a continuous improvement process and is redefining the way we do business. Waste is being eliminated and efficiencies improved enterprise wide, allowing us to increase our 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 is creating a culture of continuous improvement across all aspects of our business operations.

Acquisitions and Divestitures

The Company has a long-standing acquisition strategy. Traditionally, we have 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 us in making an acquisition include consolidation opportunities, technology, customer dispersion, operating capabilities and growth potential.

For more details regarding the consolidation and divestiture of the Company's businesses during the past three years, see Notes 18 and 19 to the Consolidated Financial Statements in Item 8 and "Discontinued Operations," also in Item 1 below.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

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 (amounts in millions):

Financial Information about Industry Segments*

	2010	2009*	2008*
Sales to Unaffiliated Customers(1)			
Carlisle Construction Materials	\$ 1,223.6	\$ 1,125.9	1,472.3
Carlisle Transportation Products	684.8	633.5	803.3
Carlisle Brake & Friction	129.4	74.6	124.9
Carlisle Interconnect Technologies	251.1	180.5	197.9
Carlisle FoodService Products	238.8	243.6	266.2
Total	\$ 2,527.7	\$ 2,258.1	\$ 2,864.6

Earnings Before Interest and Income

Taxes

Carlisle Construction Materials	\$ 159.2	\$ 155.2	\$ 151.1
Carlisle Transportation Products	21.7	53.4	(40.8)
Carlisle Brake & Friction	(0.9)	0.8	27.9
Carlisle Interconnect Technologies	30.9	14.3	25.2
Carlisle FoodService Products	24.3	24.7	20.7
Corporate(2)	(39.1)	(36.5)	(31.0)
Total	\$ 196.1	\$ 211.9	\$ 153.1

Identifiable Assets

Carlisle Construction Materials	\$ 594.6	\$ 572.4	\$ 667.8
Carlisle Transportation Products	554.5	489.4	552.3
Carlisle Brake & Friction	662.0	82.5	87.2
Carlisle Interconnect Technologies	398.8	391.9	330.0
Carlisle FoodService Products	212.4	218.4	234.5
Corporate(3)	105.6	122.7	109.0
Total	\$ 2,527.9	\$ 1,877.3	\$ 1,980.8

*

All periods presented have been adjusted to reflect the segregation of Carlisle Transportation Products and Carlisle Brake & Friction, previously reported together as Engineered Transportation Solutions

(1)

Intersegment sales or transfers are not material

(2)

Includes general corporate expenses

(3)

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

A reconciliation of assets reported above to total assets as presented on the Company's Consolidated Balance Sheets in Item 8 is as follows:

	2010	2009
Total Identifiable Assets by segment per table above	\$ 2,527.9	\$ 1,877.3
Assets held for sale of discontinued operations*	1.6	36.8

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

Total assets per Consolidated Balance Sheets in Item 8	\$	2,529.5	\$	1,914.1
--	----	----------------	----	---------

*

See Note 19 to the Consolidated Financial Statements in Item 8.

2

Description of Businesses by Segment

Carlisle Construction Materials ("CCM")

The construction materials segment includes the construction materials business, which manufactures and sells rubber, or EPDM, and thermoplastic polyolefin, or TPO, roofing systems. In addition, the construction materials business markets and sells polyvinyl chloride membrane and 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 the construction materials products are sold through a network of authorized sales representatives and distributors.

CCM operates manufacturing facilities located throughout the United States, its primary market. Insulation facilities are located in Kingston, New York, Franklin Park, Illinois, Lake City, Florida, Terrell, Texas, Tooele, Utah and Smithfield, Pennsylvania. EPDM manufacturing operations are located in Carlisle, Pennsylvania and Greenville, Illinois. TPO facilities are located in Senatobia, Mississippi and Tooele, Utah. Block molded expanded polystyrene, or EPS, operations include eleven production and fabrication facilities across the United States.

Raw materials for this segment include EPDM polymer, TPO polymer, carbon black, processing oils, solvents, asphalt, methylene diphenyl diisocyanate, 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 CCM's working capital practices include the following:

- (i) Standard accounts receivable payment terms of 45 days to 90 days.
- (ii) Standard accounts payable payment terms of 30 days to 45 days.
- (iii) Inventories are maintained in sufficient quantities to meet forecasted demand.

CCM serves a large and diverse customer base; however, in 2010 one customer represented approximately 12% of this segment's revenues, but did not represent 10% of our consolidated revenues. The loss of this customer could have a material adverse effect on this segment's revenues.

This business 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 two leading manufacturers in the niche single-ply industry, the construction materials business competes through pricing, innovative products, long-term warranties and customer service. This business offers extended warranty programs on its installed roofing systems, ranging from five years to 30 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 authorized roofing applicator an independent roofing contractor trained by us to install our roofing systems.

Carlisle Transportation Products ("CTP")

The transportation products segment is comprised of the tire and wheel and power transmission belt product lines. The tire and wheel product line includes bias-ply, steel-belted radial trailer tires, stamped or roll-formed steel wheels, non-automotive rubber tires, and tire and wheel assemblies. The power transmission product line includes industrial belts and related components.

The products in the transportation products segment are manufactured and sold by direct sales personnel to original equipment manufacturers, or OEMs, mass merchandisers and various wholesale and industrial distributors primarily in North America, Europe and Asia. A majority of sales are generated in the United States and Canada. Key markets served include outdoor power equipment, agriculture, construction, power sports, home appliance, high speed trailer, automotive styled wheels, recreational vehicles, industrial power transmission and related aftermarket distributors. Manufacturing facilities are located in the United States and China. In addition, the business has various distribution centers in the United States, Canada, Europe and China that provide local sales and service.

Raw materials for this segment include steel, rubber, fabric and other oil-based commodities required for tire, wheel and belt production. Raw materials are sourced worldwide to better assure adequate supply, and critical raw materials generally have at least two vendor sources.

Sales and earnings tend to be somewhat higher in the first six months of the year due to peak sales in the outdoor power equipment and replacement markets.

With respect to working capital, practices for this business include the following:

- (i) Standard accounts receivable payment terms of 30 days to 120 days.
- (ii) Standard accounts payable payment terms of 30 days to 120 days.
- (iii) Inventories are maintained in sufficient quantities to meet forecasted demand. For the tire and wheel business, inventories are generally higher in the fourth and first quarters to meet seasonal demand. Inventories tend to build late in the year in advance of the busy season and then steadily fall throughout the first half of the subsequent year.

CTP serves a large and diverse customer base; however, in 2010 one customer represented approximately 13% of this segment's revenues, but did not represent 10% of our consolidated revenues. The loss of this customer could have a material adverse effect on this segment's revenues.

This business competes globally against regional and international manufacturers. Few competitors participate in all served markets. A majority participate in only a few of the business'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.

CTP has undertaken several consolidation projects within this segment in our efforts to reduce costs and streamline our operations. In 2009, CTP completed the consolidation of 19 distribution centers in the United States and Canada into nine existing facilities. In 2009, it also completed the consolidation of three wheel manufacturing plants located in California into one facility in Ontario, California and completed the consolidation of our pneumatic tire manufacturing operations in Buji, China into its manufacturing operation in Meizhou, China. In the third quarter of 2009, CTP began the process of consolidating its tire manufacturing operations in Heflin, Alabama, Carlisle, Pennsylvania and portions of Buji, China into a new facility in Jackson, Tennessee that was purchased in the third quarter of 2009. The consolidation of tire manufacturing operations into Jackson, Tennessee is expected to be completed by the first quarter of 2011.

Carlisle Brake & Friction ("CBF")

The brake and friction products segment consists of off-highway braking systems and friction products for off-highway, on-highway, aircraft and other industrial applications. The products in the brake and friction products segment are manufactured and sold by direct sales personnel to original equipment manufacturers, or 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 agriculture, construction, aircraft, mining, heavy truck, wind and alternative energy, performance racing and related aftermarket distributors. Manufacturing facilities are located in the United States, the United Kingdom, Italy, China, Canada and Japan.

On December 1, 2010, the Company completed the acquisition of all of the outstanding equity of Hawk Corporation ("Hawk") for a total cash purchase price of approximately \$414.1 million. See Note 9 in Item 8 for further information regarding the acquisition and the related purchase price allocation. Hawk is a leading worldwide supplier of friction materials for brakes, clutches and transmissions. With this acquisition, we created a comprehensive global braking solutions platform enabling us to provide a broader line of attractive products and increasing presence within key emerging markets such as China, Brazil and India. Upon completion of the acquisition, Hawk combined with Carlisle Industrial Brake & Friction to form CBF.

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.

Sales and earnings tend to be marginally stronger in the second and third quarters.

With respect to working capital, practices for this business include the following:

- (i) Standard accounts receivable payment terms of 30 days to 120 days.
- (ii) Standard accounts payable payment terms of 30 days to 120 days.
- (iii) Inventories are maintained in sufficient quantities to meet forecasted demand.

CBF serves a large and diverse customer base; however, in 2010 two customers together represented approximately 28% of this segment's revenues, but neither customer represented 10% of our consolidated revenues. The loss of one of these customers could have a material adverse effect on this segment's revenues. On a proforma basis reflecting the combination of Hawk and Carlisle Industrial Brake and Friction, in 2010 one customer represented approximately 22% of this segment's proforma revenues but did not represent 10% of our consolidated proforma revenues.

This business competes globally against regional and international manufacturers. Few competitors participate in all served markets. A majority participate in only a few of the business'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.

To reduce costs and streamline our operations, in the fourth quarter of 2009, CBF announced plans to close our friction product manufacturing facility in Logansport, Indiana and to consolidate operations into our locations in Hangzhou, China and Bloomington, Indiana. This consolidation was completed in the fourth quarter of 2010.

Carlisle Interconnect Technologies ("CIT")

The interconnect technologies segment includes the interconnect technologies business, which designs and manufactures high performance wire, cable, fiber optic, RF/microwave and specialty filtered connectors, specialty cable assemblies, integrated wired racks, trays and fully integrated airframe subsystem solutions primarily for the aerospace, defense electronics and test and measurement industries. This business operates manufacturing facilities in the United States and China with the United States, Europe and China being the primary target markets for sales. Sales are made by direct sales personnel.

Raw materials for this segment include copper conductors that are plated with tin, nickel or silver, polyimide tapes, polytetrafluoroethylene, or PTFE, tapes, PTFE fine powder resin, thermoplastic resins, stainless steel, beryllium copper rod, machined metals and 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.

The operations of the interconnect technologies business are generally not seasonal in nature.

The working capital practices for this business include:

- (i) Standard accounts receivable payment terms of 30 days to 60 days.
- (ii) Standard accounts payable payment terms of 30 days.
- (iii) Inventories are maintained in sufficient quantities to meet forecasted demand. The majority of the interconnect technologies business' sales are from made-to-order products, resulting in inventories purchased on demand.

The interconnect technologies business serves a large and diverse customer base; however, in 2010 two customers together represented 33% of this segment's revenues, but neither customer represented 10% of our consolidated revenues. The loss of one of these customers could have a material adverse effect on this segment's revenues.

The interconnect technologies business is known for its engineering and product quality. Product performance, either mechanical or electrical in nature, is a principal competitive criterion, with pricing, delivery and service also being key buying criteria for the customer. In most product lines in the interconnect technologies business, there are only one or two companies capable of producing a competing product.

In the fourth quarter of 2009, in an effort to reduce costs and streamline operations, we announced that we would consolidate our Vancouver, Washington facility into facilities in Long Beach, California, Tukwila, Washington and Dongguan, China and close our Vancouver facility. This consolidation was completed in the third quarter of 2010.

Carlisle FoodService Products ("CFSP")

The foodservice products segment includes the foodservice products business, which manufactures and distributes i) commercial and institutional foodservice permanentware, table coverings, cookware, display pieces, lighting equipment and supplies to restaurants, hotels, hospitals, nursing homes, schools and correctional facilities, and (ii) industrial brooms, brushes, mops and rotary brushes for industrial, commercial and institutional facilities. Our product line is distributed from four primary distribution centers located in Charlotte, North Carolina, Oklahoma City, Oklahoma, Reno, Nevada and Zevenaar, The Netherlands to wholesalers, distributors and dealers. These distributor and dealer customers, in turn, sell to commercial and non-commercial foodservice operators and sanitary maintenance professionals. Distributors and dealers are solicited through subcontracted manufacturer representatives and direct sales personnel. The foodservice business operates manufacturing facilities in the United States, China and Mexico, and sales are made primarily in North America and Europe.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

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

Sales in the foodservice business are marginally stronger in the second and third quarters.

The working capital practices for this business include:

- (i) Standard accounts receivable payment terms of 30 days to 60 days.
- (ii) Standard accounts payable payment terms of 30 days.
- (iii) Inventories are maintained in sufficient quantities to meet forecasted demand.

The foodservice products business serves a large and diverse customer base; however, in 2010 two customers together represented 26% of this segment's revenues, but neither of these customers individually represented 10% of our consolidated revenues. The loss of one of these customers could have a material adverse effect on this segment's revenues.

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

Discontinued Operations

On October 4, 2010, as part of its commitment to concentrate on its core businesses, the Company sold its specialty trailer business for cash proceeds of \$35 million. The final purchase price is subject to a working capital adjustment and the potential to receive an additional \$5 million in proceeds based on future earnings. The Company recorded a pre-tax gain on sale of \$6.3 million in the fourth quarter of 2010. Additional gains or losses on sale may be recorded in future periods based upon proceeds received from the Company's share of any future earnings and the result of the final working capital adjustment. The Company also recorded after-tax, currency related gains of \$4.3 million and \$1.8 million in the fourth quarter of 2010 related to the final dissolution of its on-highway friction and brake shoe, and systems and equipment businesses, respectively.

On February 2, 2010, the Company sold all of the interest in its refrigerated truck bodies business for \$20.3 million. In July, 2010, additional proceeds of \$0.3 million were received representing a working capital adjustment. Including the working capital adjustment, the sale resulted in a pre-tax gain of \$1.9 million, which is reported in discontinued operations. The final purchase price is subject to certain indemnifications made to the buyer, which could reduce the gain in subsequent periods. The Company does not believe any such adjustments will result in a material change to the purchase price.

In the second quarter of 2008, the Company announced its decision to pursue disposition of its on-highway brake ("on-highway brake business") business. On March 31, 2009, the Company decided to dispose of the assets used in the business as part of a planned dissolution.

The results of operations for these businesses, and any gains or losses recognized from their sale, are reported as "discontinued operations" for all periods presented.

Principal Products

The Company's products are discussed above and in additional detail in Note 21 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. While the Company's intellectual property is important to its success, the loss or expiration of any particular intellectual property right would not materially affect the Company or any of its segments.

Backlog

Backlog of orders from continuing operations 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 from continuing operations was \$360.8 million at December 31, 2010 and \$259.0 million at December 31, 2009; however, the majority of these orders are not firm in nature.

Government Contracts

At December 31, 2010, 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 in continuing operations were \$23.2 million in 2010 compared to \$16.4 million in 2009 and \$16.2 million in 2008.

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 and compliance with environmental permits. To date, costs of complying with environmental, health and safety requirements have not been material. 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.

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.

Employees

The Company had approximately 11,000 employees in its continuing operations at December 31, 2010.

International

For foreign sales and an allocation of the assets of the Company's continuing operations, see Note 21 to the Consolidated Financial Statements in Item 8.

NYSE Affirmation

On June 4, 2010, 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 our actual results to vary materially from recent results or from our anticipated future results.

Raw Material costs are a significant component of the Company's cost structure. The Company utilizes petroleum based products, steel, natural rubber and other commodities in its manufacturing processes. Raw materials, including inbound freight, account for approximately 66% of the Company's cost of goods sold. Significant increases in the price of these materials may not be recovered through sale price and could adversely affect operating results. The Company also relies on global sources of raw materials, which could be adversely impacted by slow or unfavorable shipping or trade arrangements, and global economic conditions.

The Company is subject to risks arising from uncertainty in worldwide economic conditions. Current uncertainty regarding global economic conditions and the existence and rate of any economic recovery 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, results of operations, and financial condition could be materially adversely affected.

Access to cost-effective sources of capital may be affected by volatility in the global capital markets. The ability of the Company, its customers and suppliers to obtain capital with reasonable terms to support business activities including developing lines of credit, refinancing existing debt, funding capital projects, and financing acquisitions is likely to be negatively affected by the volatility in the global capital markets.

A downgrade in the Company's debt ratings could restrict the ability to access the debt capital markets and could increase interest expense on existing financing agreements. The inability to maintain or to expand credit facilities on similar terms may have a material adverse affect on the Company's financial position, results of operations and free cash flow. The Company's reliance on customers and vendors to meet their obligations could be reduced because of their potential difficulty in accessing outside financing.

Extended difficulties by owners and developers to secure financing for new residential and commercial construction projects will likely reduce the demand for roofing products from the Company's construction materials operations. A further slowdown resulting from restricted credit availability in the commercial construction industry would likely reduce the demand for both new roofing products and reroofing products.

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, increasing dependency on the markets served by certain businesses, and increased debt to finance the acquisitions. The Company also considers the acquisition of businesses which can operate independently of existing operations, which has an increased possibility of diverting management's attention from its core operations.

Benefits from the present restructuring activities are expected to include an improvement in customer service, cost reductions, higher productivity and lower working capital. The steps being taken to consolidate manufacturing and distribution centers could cause disruptions to customers and the potential loss of a portion of their business. Major projects in the Transportation Products segment have been substantially completed as of December 31, 2010. See Note 18 in the Notes to the Consolidated Financial Statements in Item 8 for further information.

If the realignment and resizing does not meet the projected operational and market requirements, the objectives of the restructuring will not be achieved, resulting in potential further restructuring actions and employee and customer dissatisfaction.

The products manufactured may become obsolete due to design or technology changes. The Company's future operating success may depend upon its ability to redesign or find new applications for its current products or develop new products.

The Company faces increased international competition. The tire and wheel product line within the Transportation Products segment competes against companies that leverage low cost manufacturing through facilities located outside the United States. While the Company has been price competitive, it may need to adjust its operating strategies to remain competitive against the off-shore competition.

The Company is expanding its operations into China. To compete globally against low-cost manufacturers with operations located outside the United States, the Company has expanded many of its operations into China. Conducting operations within China may cause the Company to be impacted by the political environment within China and trade relations between the United States and Chinese governments. Many of the products manufactured in China are sold in the North American market. Therefore, the Company may be impacted by the cost and availability of shipping channels and amount of time required to ship the goods to the intended market. Revenues for sales of products manufactured in China for the North American market are generated predominately in U.S. Dollars. Many of the obligations incurred by these operations are settled in Chinese Renminbi or Hong Kong Dollars. Should the U.S. Dollar weaken significantly against the Renminbi or Hong Kong Dollar, the Company's results of operations could be adversely affected. The Company continues to monitor developments in China that may affect its strategy and will hedge its currency risk exposure when deemed effective and prudent. Recent tax law changes in China to reduce value added tax refunds on exported products and to conform income tax laws for both domestic and foreign owned companies may increase tax burdens for Carlisle's in-country operations.

The Company plans to grow through expansion of international sales. As the Company strives to reach this strategic goal, it is expanding its sales force internationally. The Company may be impacted by the political environment in various countries and government trade relations with the U.S., as well as local country market factors. International sales expansion may also require an additional commitment to the Company's level of working capital.

The Company and the markets it serves can be negatively impacted by significant changes in interest rates. The Company may utilize interest rate swaps or other derivative instruments to mitigate its interest rate, currency and investment risk. Many of the markets served by Carlisle are impacted by interest rates. A significant rise in interest rates may curtail construction activities and other capital spending, as well as consumer spending, all of which could have an adverse impact on operating results.

The Company has significant concentrations in the general construction market. For the year ended December 31, 2010, approximately 48% of the Company's revenues, and 68% 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, as well as certain other operations of the Company, could adversely affect the Company's performance.

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

The commercial construction market can be affected by weather. 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 Company also serves many specialty niche markets and as such, may be negatively impacted by softening in those markets. In addition to having concentrations in the construction materials market, many of the markets served by Carlisle, including the outdoor power equipment, aerospace, brake and food service markets, are smaller, niche markets that may experience cyclicality. These market cycles can span a number of years, and while the Company benefits from the upside of these cycles, downturns can negatively affect performance.

Changes in business conditions could cause goodwill to become impaired. The Company has a long-standing strategy to acquire interests in other businesses. These investments are made after careful analysis and the completion of due diligence procedures. The analysis and procedures often include assumptions and judgments in the determination of the acquisition price. After acquisition, unforeseen issues could arise that adversely affect the expected returns and the unfavorable financial impact may not be recoverable through an adjustment to the acquisition price. In addition, unexpected difficulties encountered during integration could cause actual operating results to vary from initial estimates.

The amount of goodwill is a significant portion of the Company's total assets. An evaluation of impairment of goodwill is made annually or when evidence of a potential impairment exists. The impairment evaluation is based on several factors involving assumptions and judgment regarding expected cash flows. If the assumptions and judgment indicate that goodwill impairment exists for an operating unit, the result could be a substantial asset charge that reduces the Company's operating income and could cause a default in the covenants covered by the Company's debt and credit facility agreements.

The Company is impacted by the cost of providing pension benefits. Pension expense associated with the Company's retirement benefit 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 pension and post-employment plans.

To help mitigate the fluctuation in future cash contributions to the pension plan, the Company implemented a liability driven investment approach in 2009. 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 large capitalization 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.

Item 1B Unresolved Staff Comments

None.

Item 2. Properties

The number, type, location and size of the Company's properties as of December 31, 2010 are shown on the following charts, by segment.

Segment	Number and Nature of Facilities			Square Footage (000's)	
	Manufacturing(1)	Warehouse(2)	Office	Owned	Leased
Construction Materials	31	2	8	3,310	1,245
Carlisle Transportation Products	16	12	8	3,850	2,231
Carlisle Brake & Friction	13	3	0	1,005	461
Carlisle Interconnect Technologies	10	2	2	167	548
Carlisle FoodService Products	7	9	2	383	1,135
Discontinued Operations	2	0	0	447	0
Corporate	0	0	3	0	33

Segment	Locations		
	North America	Europe	Asia
Construction Materials	40	1	0
Carlisle Transportation Products	27	1	8
Carlisle Brake & Friction	7	2	7
Carlisle Interconnect Technologies	13	0	1
Carlisle FoodService Products	16	1	1
Discontinued Operations	2	0	0
Corporate	2	0	1

(1) Also includes facilities which are combined manufacturing, warehouse and office space.

(2) Also includes facilities which are combined warehouse and office space.

Item 3. Legal Proceedings

The Company received written correspondence from the U.S. Immigration and Customs Enforcement Office of Investigations ("ICE") dated March 11, 2010 indicating that it initiated an investigation relating to the classification of certain rubber tires imported by its tire and wheel operation within the Carlisle Transportation Products segment since 2004. The Company responded to ICE's inquiry and, on August 19, 2010, ICE informed the Company that it had terminated its investigation. The Company continues to work separately with U.S. Customs and Border Protection to properly classify its products.

At this time, the Company cannot predict or determine the amount of additional duties and/or civil fines or penalties, if any, owed as a result of this classification effort. In the opinion of management, the ultimate outcome of such actions will not have a material adverse effect on the consolidated financial position of the Company.

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-1940's and the mid-1980's. In addition to compensatory awards, these lawsuits may also seek punitive damages.

Other than the matter described below, to date, 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 has maintained insurance coverage that applies to a portion of certain of the Company's defense costs and payments of settlements or judgments in connection with asbestos-related lawsuits.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

In the fourth quarter of 2010, the Company settled two cases involving alleged asbestos-related injury. The total amount of the settlement and related loss, inclusive of insurance recoveries, was approximately \$5.9 million, which was recorded in discontinued operations in the fourth quarter of 2010, as the related alleged asbestos-containing product was manufactured by the Company's former on-highway brake business.

Based on an ongoing evaluation, including the above matter, the Company believes that the resolution of its remaining pending asbestos claims will not have a material impact on the Company's financial condition, results of operations, or 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.

In addition, from time-to-time the Company may 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 will not have a material adverse effect on the consolidated financial position of the Company, but may have a material impact on the Company's results of operations for a particular period.

Item 4. Submission of Matters to a Vote of Security Holders.

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, 2010, there were 1,758 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 2010 and 2009 were as follows:

2010	First	Second	Third	Fourth
Dividends per share	\$ 0.160	\$ 0.160	\$ 0.170	\$ 0.170
Stock Price				
High	\$ 39.22	\$ 41.74	\$ 39.49	\$ 41.07
Low	\$ 33.43	\$ 35.03	\$ 27.97	\$ 29.83

2009	First	Second	Third	Fourth
Dividends per share	\$ 0.155	\$ 0.155	\$ 0.160	\$ 0.160
Stock Price				
High	\$ 22.68	\$ 26.29	\$ 35.00	\$ 36.65
Low	\$ 17.76	\$ 18.88	\$ 22.23	\$ 30.56

The Company did not repurchase any of its equity securities during the period January 1, 2010 through December 31, 2010. The stock repurchase program was originally approved on November 3, 1999, and was reactivated on August 17, 2004. At the time of the authorization, 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. At this time, the Company has authority to repurchase 2,981,766 shares of its common stock.

Item 6. Selected Financial Data.

	2010	2009	2008	2007	2006
Summary of Operations					
Net sales	\$ 2,527.7	\$ 2,258.1	\$ 2,864.6	\$ 2,582.6	\$ 2,253.5
Gross margin	\$ 528.7	\$ 490.3	\$ 541.6	\$ 542.1	\$ 474.0
Selling & administrative expenses	\$ 310.5	\$ 274.3	\$ 298.0	\$ 259.6	\$ 216.8
Research & development	\$ 23.2	\$ 16.4	\$ 16.2	\$ 15.6	\$ 13.9
Other (income) expense, net	\$ (1.1)	\$ 14.7	\$ 18.8	\$ (46.5)	\$ (10.0)
Earnings before interest and income taxes	\$ 196.1	\$ 211.9	\$ 153.1	\$ 313.4	\$ 253.3
Interest expense, net	\$ 8.3	\$ 9.0	\$ 27.7	\$ 9.7	\$ 20.6
Income from continuing operations, net of tax	\$ 130.6	\$ 155.3	\$ 91.8	\$ 201.7	\$ 161.5
Basic earnings per share	\$ 2.12	\$ 2.53	\$ 1.50	\$ 3.25	\$ 2.63
Diluted earnings per share	\$ 2.10	\$ 2.51	\$ 1.50	\$ 3.22	\$ 2.60
(Loss) income from discontinued operations, net of tax	\$ 15.0	\$ (10.7)	\$ (36.0)	\$ 13.9	\$ 55.6
Basic (loss) earnings per share	\$ 0.24	\$ (0.17)	\$ (0.59)	\$ 0.23	\$ 0.90
Diluted (loss) earnings per share	\$ 0.24	\$ (0.17)	\$ (0.59)	\$ 0.22	\$ 0.89
Net income	\$ 145.6	\$ 144.6	\$ 55.8	\$ 215.6	\$ 217.1
Basic earnings per share	\$ 2.36	\$ 2.36	\$ 0.91	\$ 3.48	\$ 3.53
Diluted earnings per share	\$ 2.34	\$ 2.34	\$ 0.91	\$ 3.44	\$ 3.49
Financial Position					
Net working capital(1)	\$ 560.5	\$ 498.7	\$ 525.6	\$ 634.9	\$ 536.7
Property, plant and equipment, net (continuing operations)	\$ 533.4	\$ 460.9	\$ 485.2	\$ 489.1	\$ 419.5
Total assets	\$ 2,529.5	\$ 1,914.1	\$ 2,075.9	\$ 1,988.8	\$ 1,907.1
Long-term debt	\$ 405.1	\$ 156.1	\$ 273.3	\$ 262.8	\$ 274.7
% of total capitalization(2)	23.2	11.4	20.0	19.0	22.1
Shareholders' equity	\$ 1,340.7	\$ 1,218.6	\$ 1,094.1	\$ 1,118.9	\$ 967.3
Other Data					
Average shares outstanding basic (in thousands)	60,901	60,601	60,541	61,692	61,240
Average shares outstanding diluted (in thousands)	61,592	61,234	60,848	62,338	61,957
Dividends paid	\$ 40.6	\$ 38.6	\$ 36.6	\$ 34.7	\$ 32.0
Per share	\$ 0.66	\$ 0.63	\$ 0.60	\$ 0.56	\$ 0.52
Capital expenditures	\$ 64.6	\$ 48.2	\$ 68.0	\$ 82.5	\$ 95.5
Depreciation & amortization	\$ 71.9	\$ 67.5	\$ 69.0	\$ 65.9	\$ 59.8
Shareholders of record	1,758	1,861	1,515	1,933	1,725

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

(2) Percent of total capitalization 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

Carlisle Companies Incorporated ("Carlisle", the "Company", "we" or "our") is a diversified manufacturing company focused on achieving profitable growth internally through new product development, product line extensions, entering new markets and externally through acquisitions that complement our existing technologies, products and market channels. The Company has approximately 11,000 employees in its continuing operations. In the fourth quarter of 2010, the Company realigned its reportable segments to segregate the brake and friction business, including the Hawk acquisition, from the tire and wheel, and power transmission belt businesses. These businesses were previously reported in the Engineered Transportation Solutions segment. Carlisle currently manages its businesses under the following segments:

Carlisle Construction Materials: the "construction materials" business;

Carlisle Transportation Products: the "transportation products" business, consisting of the "tire and wheel" product line and the "power transmission belt" product line;

Carlisle Brake & Friction: the "brake and friction products" business

Carlisle Interconnect Technologies: the "interconnect technologies" business, and

Carlisle FoodService Products: the "foodservice products" business.

Carlisle is a diverse multi-national company with several manufacturing operations located throughout North America, Western Europe and the Asia Pacific region. Management focuses on maintaining a strong and flexible balance sheet, year-over-year improvement in sales, earnings before interest and income taxes ("EBIT") margins and earnings, globalization, and reducing working capital (defined as Receivables, Inventories, net of Accounts payable) as a percentage of Net Sales. 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.

During 2008, the Company began the implementation of the Carlisle Operating System, a manufacturing structure and strategy deployment system based on lean enterprise and six sigma principles. The purpose of the Carlisle Operating System is to eliminate waste in all production and business processes, improve manufacturing efficiencies to increase productivity, and to increase EBIT margins and improve cash conversion.

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".

Net sales of \$2.53 billion for the year ended December 31, 2010 were 12% higher than net sales of \$2.26 billion for the year ended December 31, 2009. Organic sales (defined as net sales excluding sales from acquisitions and divestitures within the last twelve months, as well as the impact of changes in foreign exchange rates), increased 8.7% for the year ended December 31, 2010 as compared to the prior year reflecting higher demand in all segments with the exception of Carlisle Foodservice Products. Acquisitions in the Carlisle Interconnect Technologies and Carlisle Brake & Friction segments contributed \$67.5 million of additional sales in the current year as compared to the year ended December 31, 2009. The impact of foreign exchange rates had less than a 1% impact on the year-over-year change in sales.

Income from continuing operations was \$130.6 million, or \$2.10 per diluted share, for the year ended December 31, 2010, a 16% decrease compared to \$155.3 million, or \$2.51 per diluted share, for the year ended December 31, 2009. Income in 2009 includes an after-tax \$16.8 million, or \$0.27 per diluted share, gain from a fire insurance settlement and the release of a \$19.6 million, or \$0.32 per diluted share, deferred tax liability, previously provided with respect to un-repatriated earnings. 2010 income was

negatively impacted by higher raw material costs and acquisition charges of \$9.9 million, or \$0.16 per diluted share. Partially offsetting this was the positive impact of higher sales volume, reduction in plant restructuring costs and savings from the Carlisle Operating System. For more information regarding the change in income from continuing operations from 2009 to 2010, refer to the discussion below on "2010 Compared to 2009".

Net sales of \$2.26 billion for the year ended December 31, 2009 were 21% lower than net sales of \$2.86 billion for the year ended December 31, 2008. Organic sales across all segments declined 22% for the year ended December 31, 2009 as compared to the prior year, primarily as a result of depressed economic activity due to a severe recession. Acquisitions in the Interconnect Technologies, FoodService Products and Brake & Friction segments contributed \$52.0 million of additional sales in 2009 as compared to the year ended December 31, 2008. The impact of foreign exchange rates had less than a 1% impact on the year-over-year change in sales.

Income from continuing operations was \$155.3 million, or \$2.51 per diluted share, for the year ended December 31, 2009, a 69% increase compared to \$91.8 million, or \$1.50 per diluted share, for the year ended December 31, 2008. Income for 2009 includes an after-tax \$16.8 million, or \$0.27 per diluted share, gain from a fire insurance settlement and the release of a \$19.6 million, or \$0.32 per diluted share, deferred tax liability, previously provided with respect to un-repatriated earnings. Offsetting these gains were \$23.9 million of after-tax restructuring charges, or \$0.39 per diluted share, for facilities consolidation and closures. 2008 results included: an after-tax impairment charge on the assets of the power transmission belt business of \$44.2 million, or \$0.73 per diluted share. For more detail on these charges, refer to the discussion on "Financial Reporting Segments." For more information regarding the change in income from continuing operations from 2008 to 2009, refer to the discussion below on "2009 Compared to 2008".

2010 Compared to 2009

Net Sales

(in millions)	2010	2009	Change	Acquisition Effect	Volume Effect	Price Effect	Product Mix Effect	Exchange Rate Effect
Net Sales	\$ 2,527.7	\$ 2,258.1	11.9%	3.0%	10.1%	(1.1)%	(0.3)%	0.2%

Net sales increase of 12% for the year ended December 31, 2010 reflected organic sales growth from higher demand experienced in all segments with the exception of Carlisle FoodService Products. The Company experienced organic growth in its Brake & Friction and Interconnect Technologies segments of 36% and 17%, respectively, reflecting economic recovery in construction and mining in overseas markets and continued growth in the global aerospace market. The Construction Materials segment achieved organic growth of 8.7% reflecting higher demand for reroofing products. The Transportation Products segment achieved organic growth of 7.0%, reflecting higher selling prices and improved demand in the outdoor power equipment, ATV and construction and agriculture end markets. Acquisitions in the Interconnect Technologies and Brake & Friction segments contributed \$67.5 million of additional sales in the current year. Refer to the discussion below on "Acquisitions".

Gross Margin

(in millions)	2010	2009	Change
Gross profit	\$ 528.7	\$ 490.3	7.8%
Gross margin	20.9%	21.7%	

The reduction in gross margin (net sales less cost of goods sold expressed as a percent of net sales) during 2010 from 2009 reflected higher raw material costs experienced by all segments but most significantly in the Construction Material and Transportation Products segments. Selling prices in the

Construction Materials segment were lower than prior year levels, negatively impacting gross margin. During 2010, the Company experienced significant increases in the cost of some of its key raw materials, notably natural and synthetic rubber, steel, resin applied in its TPO product line and carbon black. Partially offsetting this impact were organic sales growth and efficiency gains from the Carlisle Operating System.

Selling and Administrative Expenses

(in millions)	2010	2009	Change
Selling & Administrative	\$ 310.5	\$ 274.3	13.2%
As a percentage of net sales	12.3%	12.1%	

Selling and administrative expenses for the year ended December 31, 2010 included \$11.4 million of expenses connected with the Brake & Friction segment's acquisition and initial integration of Hawk in the fourth quarter 2010 as well as \$10.9 million of other selling and administrative expense from recently acquired companies in the Interconnect Technologies and Brake & Friction segments. Results in 2009 include \$3.2 million of corporate restructuring charges. In addition to the impact of acquisitions, selling expenses increased by \$17.3 million due to higher sales volume and expansion efforts in Asia Pacific. As a percentage of net sales, selling expenses remained relatively level from 6.3% of net sales in 2009 to 6.4% of net sales in 2010.

Research and Development Expenses

(in millions)	2010	2009	Change
Research and Development	\$ 23.2	\$ 16.4	41.4%
As a percentage of net sales	0.9%	0.7%	

The 41% increase in research and development expenses in 2010 primarily reflected higher costs associated with the Company's efforts to expand new product development for future growth opportunities as well as \$2.5 million of expenses from acquisitions in the Interconnect Technologies and Brake & Friction segments.

Other (Income) Expense, Net

(in millions)	2010	2009
Gain related to fire settlement	\$ (1.1)	\$ (27.0)
Other (income) expense, net	(1.1)	14.7
	\$ (1.1)	\$ (12.3)

Gain related to fire settlement of \$27.0 million in 2009 reflects insurance recoveries on losses resulting from a fire which destroyed the Company's tire manufacturing facility in Bowden, GA in November of 2008.

Other income, net of \$1.1 million in 2010 consists primarily of net foreign currency exchange rate gains. Other expense, net of \$14.7 million in 2009 included \$16.2 million in asset impairment charges related to plant restructurings in the Transportation Products, Brake & Friction and Interconnect Technologies segments and \$1.6 million asset impairment in the Construction Materials segment. For more detail on these charges, refer to the discussion in "2009 versus 2008" and in "Financial Reporting Segments."

EBIT (Earnings Before Interest and Taxes)

(in millions)	2010	2009	Change
EBIT	\$ 196.1	\$ 211.9	(7.4)%
EBIT Margin	7.8%	9.4%	

The reduction of EBIT from 2009 to 2010 was primarily the result of a gain of \$27.0 million from a fire insurance recovery which occurred in 2009. Also in 2010, the Company recorded a total of \$14.2 million in charges connected with the acquisition of Hawk. These charges include transaction fees primarily for professional expenses incurred as part of the bidding and share tender process of \$3.1 million, severance charges related to the change in control and reorganization to form the Brake & Friction segment of \$8.3 million, \$2.8 million in cost of goods sold related to amortization of the adjustment to Hawk's finished goods inventory to reflect net realizable value that was subsequently sold during December 2010. In addition, \$1.0 million in incremental depreciation and amortization expense was incurred in the fourth quarter of 2010 associated with the fair value adjustments to fixed assets and other intangible assets. EBIT was also negatively impacted in 2010 by higher raw materials costs and selling prices that were lower than the prior year, primarily during the first quarter of 2010. Significantly offsetting these impacts were higher sales volumes, improvements in operating costs attributable to efficiencies gained through the Carlisle Operating System and a year-over-year decrease in plant and corporate restructuring charges from \$31.3 million during 2009 to \$14.2 million during 2010.

Interest Expense

(in millions)	2010	2009	Change
Gross interest expense	\$ 8.6	\$ 9.5	
Interest Income	(0.3)	(0.5)	
Interest Expense, net	\$ 8.3	\$ 9.0	(7.8)%

Interest expense, net for the twelve months ended December 31, 2010 was lower than interest expense in 2009 due to a lower average debt balance in 2010 versus 2009. In December 2010, the Company assumed Hawk's 8.75% senior unsecured notes with a principal amount of approximately \$57 million and, effective December 9, 2010, issued \$250 million in 5.125% senior unsecured notes due 2020 to partially fund the Hawk acquisition and, as a result, incurred interest expense related to both of these debt obligations.

Income Taxes

(in millions)	2010	2009	Change
Income tax expense	\$ 57.2	\$ 47.6	20.2%
Effective tax rate	30.5%	23.5%	

The Company's effective tax rate varies from the statutory rate within the United States of 35% due primarily to the deduction attributable to U.S. production activities, state tax requirements, earnings in foreign jurisdictions taxed at rates different from the statutory U.S. federal rate, and tax credits. During 2010, the Company has been subject to higher tax requirements for certain of its operations in China. 2009 income tax expense benefitted from the release of a \$19.6 million deferred tax liability, previously provided with respect to un-repatriated earnings. During 2009, the Company identified appropriate long-term uses for these earnings outside the United States.

The Company participated in the U.S. Internal Revenue Service's real time audit program, Compliance Assurance Process ("CAP"), during 2010 and 2009. Under the CAP program, material tax issues and initiatives were disclosed to the IRS throughout the year with the objective of reaching

agreement as to the proper reporting treatment. The examination of the 2008 and 2009 returns have been completed. The Company believes that this approach reduces tax-related uncertainties, enhances transparency and reduces administrative costs. The Company expects to continue participating in the CAP program in 2011.

Income from Continuing Operations

(in millions)	2010	2009	Change
Income from continuing operations, net of tax	\$ 130.6	\$ 155.3	(15.9)%
EPS			
Basic	\$ 2.12	\$ 2.53	
Diluted	2.10	2.51	

Income in 2010 was lower than the prior year period despite the improvement in net sales, primarily due to after-tax charges of \$9.9 million, or \$0.16 per diluted share, connected with the Hawk acquisition during the fourth quarter of 2010, recognition in 2009 of an after-tax gain of \$16.8 million, or \$0.27 per diluted share, related to insurance recoveries, the release of a \$19.6 million, or \$0.32 per diluted share, deferred tax liability in 2009, and higher raw material costs in 2010. Partially offsetting this negative impact was a reduction in after-tax asset impairment and restructuring charges, from \$23.9 million, or \$0.39 per diluted share, in 2009, to after-tax restructuring expense of \$9.0 million, or \$0.15 per diluted share, in 2010.

Income (Loss) from Discontinued Operations

(in millions)	2010	2009
Income (loss) from discontinued operations	\$ 16.3	\$ (17.4)
Tax expense (benefit)	1.3	(6.7)
	\$ 15.0	\$ (10.7)

EPS

Basic	\$ 0.24	\$ (0.17)
Diluted	0.24	(0.17)

Results for the year ended December 31, 2010 included pre-tax gains on the sales of the specialty trailer and refrigerated truck bodies businesses of \$6.3 million and \$1.9 million, respectively. In addition, the Company recorded pre-tax currency-related gains of \$4.3 million and \$1.8 million in the fourth quarter of 2010 related to the final dissolution of its on-highway friction and brake shoe, and systems and equipment businesses, respectively. Also impacting results for the on-highway friction and brake shoe business was a pre-tax charge of \$5.9 million related to the settlement of certain cases involving alleged asbestos-related injury. Results for the year ended December 31, 2009 included \$6.8 million of pretax expenses related to the disposition of the on-highway friction and brake shoe business, including an inventory write-down of \$3.4 million, property, plant and equipment impairment costs of \$0.8 million, severance costs of \$1.8 million and \$0.8 million of contract termination costs. Results for the year ended December 31, 2009 also included \$5.0 million of expenses related to the exit of a facility in the specialty trailer business, consisting of \$3.8 million in fixed asset impairment charges, \$0.2 million in employee termination costs and \$1.0 million in other costs associated with the relocation of employees and equipment.

Net Income

(in millions)	2010	2009	Change
Net Income	\$ 145.6	\$ 144.6	0.7%
EPS			
Basic	\$ 2.36	\$ 2.36	
Diluted	2.34	2.34	

Net income of \$145.6 million, or \$2.34 per diluted share, for the year ended December 31, 2010 compared to net income of \$144.6 million, or \$2.34 per diluted share, for the year ended December 31, 2009.

*2009 Compared to 2008***Net Sales**

(in millions)	2009	2008	Change	Acquisition Effect	Volume Effect	Price Effect	Product Mix Effect	Exchange Rate Effect
Net Sales	\$ 2,258.1	\$ 2,864.6	(21.2)%	1.8%	(24.5)%	1.8%	0.2%	(0.5)%

Net sales decline of 21% in 2009 versus 2008 primarily reflected lower sales volumes in all segments stemming from the economic downturn and decline in the domestic and global construction market. Acquisitions in the Interconnect Technologies, FoodService Products and Brake & Friction segments contributed \$52.0 million of additional sales in 2009 as compared to the year ended December 31, 2008. Refer to the discussion below on "Acquisitions".

Gross Margin

(in millions)	2009	2008	Change
Gross profit	\$ 490.3	\$ 541.6	(9.5)%
Gross margin	21.7%	18.9%	

The increase in gross margin from 2008 to 2009 was attributable to lower raw material costs reflecting the general decrease in commodities prices during this period, higher selling prices primarily in the Transportation Products segment and efficiency gains from the Carlisle Operating System.

Selling and Administrative Expenses

(in millions)	2009	2008	Change
Selling & Administrative	\$ 274.3	\$ 298.0	(8.0)%
As a percentage of net sales	12.1%	10.4%	

The decrease in selling and administrative expense from 2008 to 2009 was due primarily to a combination of lower commission costs and reduced discretionary spending in 2009. The increase in selling and administrative expenses as a percent of net sales year-over-year is primarily attributable to management restructuring expenses in 2009 and lower net sales.

Other (Income) Expense, Net

(in millions)	2009	2008
Goodwill impairment charges	\$	\$ 55.5
Gain related to fire settlement	(27.0)	
Other (income) expense, net	14.7	18.8
	\$ (12.3)	\$ 74.3

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

Goodwill impairment of \$55.5 million in 2008 reflects the impairment of goodwill associated with the power transmission belt business.

Gain related to fire settlement of \$27.0 million in 2009 reflects insurance recoveries on losses resulting from a fire which destroyed the Company's tire manufacturing facility in Bowden, GA in November of 2008.

Other expense, net for the twelve months ended December 31, 2009 included: asset-impairment charges of \$12.3 million in the Transportation Products segment for the integration of the power transmission belt business and the closure of the facilities in Buji, China, Carlisle, PA; \$2.1 million in the Interconnect Technologies segment for the closure of the facility in Vancouver and Kent, WA; and \$1.8 million in the Brake & Friction segment for the plant closure in Logansport, IN. The 2008 expense included \$13.1 million of long-lived asset write-downs in the Transportation Products segment on the impairment at the power transmission belt business, \$4.3 million of long-lived asset write-downs in the Construction Materials segment on the closure of the insulation facilities in Anderson, SC and Marlin, TX, and \$1.5 million in long-lived asset charges for the FoodService Products segment on the restructuring of the janitorial/sanitation facilities in Atlanta, GA and Sparta, WI.

EBIT (Earnings Before Interest and Taxes)

(in millions)	2009	2008	Change
EBIT	\$ 211.9	\$ 153.1	38.4%
EBIT Margin	9.4%	5.3%	

Increase in EBIT for the year ended December 31, 2009 of 38% was positively impacted by selling price increases, favorable raw material pricing, efficiencies gained through the Carlisle Operating System and a \$27.0 million gain from a fire insurance settlement. These positive impacts were offset by lower sales volume and restructuring expenses. 2008 results included an impairment charge on goodwill and certain assets of the power transmission belt business of \$68.6 million, of which \$55.5 million was attributed to goodwill.

Interest Expense

(in millions)	2009	2008	Change
Gross interest expense	\$ 9.5	\$ 28.9	
Interest Income	(0.5)	(1.2)	
Interest Expense, net	\$ 9.0	\$ 27.7	(67.5)%

Interest expense, net for the twelve months ended December 31, 2009 was lower than interest expense in 2008 due to the reduction of outstanding debt during 2009, as well as the inclusion in 2008 of a \$7.7 million pre-tax charge for the termination of a treasury lock. The Company elected not to issue bonds in 2008 and, as a result, incurred the expenses related to the treasury lock.

Income Taxes

(in millions)	2009	2008	Change
Income tax expense	\$ 47.6	\$ 33.6	41.7%
Effective tax rate	23.5%	26.8%	

2009 income tax expense benefitted from the release of a \$19.6 million deferred tax liability, previously provided with respect to un-repatriated earnings. During 2009, the Company has identified appropriate long-term uses for these earnings outside the United States.

Income from Continuing Operations

(in millions)	2009	2008	Change
Income from continuing operations, net of tax	\$ 155.3	\$ 91.8	69.2%
EPS			
Basic	\$ 2.53	\$ 1.50	
Diluted	2.51	1.50	

Income from continuing operations during 2009 included an after-tax \$16.8 million, or \$0.27 per diluted share, gain from a fire insurance settlement and the release of a \$19.6 million, or \$0.32 per diluted share, deferred tax accrual, previously provided with respect to un-repatriated earnings. Offsetting these gains were \$23.9 million of after-tax restructuring charges, or \$0.39 per diluted share, for facilities consolidation and closures. 2008 results included: an after-tax impairment charge on the assets of the power transmission belt business of \$44.2 million, or \$0.73 per diluted share; \$5.8 million of after-tax restructuring charges, or \$0.09 per diluted share, for facilities consolidations and closures; and, a \$4.8 million after-tax charge, or \$0.08 per diluted share, for the termination of a treasury lock that was entered into in 2006 in anticipation of a 2008 bond offering.

Income (Loss) from Discontinued Operations

(in millions)	2009	2008
Income (loss) from discontinued operations	\$ (17.4)	\$ (36.2)
Tax expense (benefit)	(6.7)	(0.2)
	\$ (10.7)	\$ (36.0)

EPS

Basic	\$ (0.17)	\$ (0.59)
Diluted	(0.17)	(0.59)

2009 loss from discontinued operations includes the costs associated with the liquidation of the on-highway brake business. 2008 includes \$45.3 million of after-tax impairment charges related to the planned divestiture of the on-highway brake business.

Net Income

(in millions)	2009	2008	Change
Net Income	\$ 144.6	\$ 55.8	159.1%
EPS			
Basic	\$ 2.36	\$ 0.91	
Diluted	2.34	0.91	

Net income of \$144.6 million, or \$2.34 per diluted share, for the year ended December 31, 2009 compared to net income of \$55.8 million, or \$0.91 per diluted share, for the year ended December 31, 2008.

Acquisitions

As previously stated, the Company has a long standing acquisition strategy that has traditionally focused on bolt-on acquisitions. Factors considered by the Company in making an acquisition include consolidation opportunities, technology, customer dispersion, operating capabilities and growth potential.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

On December 1, 2010, the Company completed the acquisition of all of the outstanding equity of Hawk for a total cash purchase price of approximately \$414.1 million. Hawk is a leading worldwide supplier of friction materials for brakes, clutches and transmissions. With this acquisition, the Company will create a comprehensive global braking solutions platform enabling it to provide a broader line of attractive products and increasing presence within key emerging markets such as China, Brazil and India. Hawk has manufacturing locations in the United States, Canada, Italy and China and is under the management direction of the Carlisle Brake & Friction segment,

On October 1, 2009, the Company acquired the remaining 51% interest in Japan Power Brake, Inc. ("JPB"), a leading provider of high performance braking solutions for off-highway equipment, primarily in the mining and construction industries in Japan, for a purchase price of approximately \$4.2 million. JPB is located in Atsugi, Japan and is under the management direction of the off-highway braking business that is included in the Brake & Friction segment.

On October 1, 2009, the Company acquired 100% of the equity of ECS, a leading provider of electrical and structural products and services for the aviation, medical and industrial markets, for a purchase price of approximately \$42.4 million. The acquisition of ECS expands Carlisle's product and system reach into additional avionics applications and strengthens Carlisle's engineering and design capabilities. ECS is located in Franklin, WI and is under the management direction of the Interconnect Technologies segment.

On September 18, 2009, the Company acquired the assets of Jerrik, a recognized leader in the design and manufacture of highly engineered military and aerospace filter connections, for approximately \$33 million. The acquisition expands the Company's range of products serving the defense and aerospace markets. Jerrik is located in Tempe, AZ and is under the management direction of the Interconnect Technologies segment.

On April 28, 2008, the Company acquired 100% of the equity of Carlyle Incorporated ("Carlyle"), a leading provider of sophisticated aerospace and network interconnection solutions, for a purchase price of approximately \$194 million. Carlyle is located in Tukwila, WA and is under the management direction of the Interconnect Technologies segment. Carlyle added design and assembly capabilities in specialty in-flight entertainment systems and other interconnect solutions for the aerospace industry.

On January 25, 2008, the Company acquired 100% of the equity of both Dinex International, Inc. and Proex, Inc. (collectively "Dinex"), leading suppliers of foodservice products to the healthcare and other institutional industries, for approximately \$96 million. Dinex has facilities in Glastonbury, CT and Batavia, IL, and is under the management direction of the FoodService Products segment. The acquisition has enhanced Carlisle's position in the healthcare sector.

Financial Reporting Segments

Carlisle Construction Materials ("CCM")

(in millions)	2010	2009	Change		2009	2008	Change	
			\$	%			\$	%
Net Sales	\$ 1,223.6	\$ 1,125.9	\$ 97.7	8.7%	\$ 1,125.9	\$ 1,472.3	\$ (346.4)	(23.5)%
EBIT	\$ 159.2	\$ 155.2	\$ 4.0	2.6%	\$ 155.2	\$ 151.1	\$ 4.1	2.7%
EBIT Margin	13.0%	13.8%			13.8%	10.3%		

2010 Compared to 2009

Net sales for CCM during 2010 increased by 8.7%, primarily reflecting higher demand for the Company's reroofing applications. For the year, CCM's growth in sales was higher in the second half of 2010 versus the first half of 2010, with sales growth during the fourth quarter of 2010 of 16%. During 2010, CCM experienced sales volume increases on higher demand for re-roofing in all its major product lines,

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

with the exception of its Insulfoam product line. The sales volume decline in CCM's Insulfoam product line reflected continued lower demand for new residential construction. Selling prices for CCM's product lines were 3.5% lower in comparison to the prior year, with most of the lower selling prices impacting sales in the first and second quarter of 2010.

EBIT margin of 13.0% in 2010 declined slightly from 2009 primarily reflecting the impact of higher raw material costs and 3.5% lower selling prices. These negative impacts were significantly offset by higher sales volume, improved overhead absorption resulting from higher production levels and efficiency gains from the Carlisle Operating System. During 2010, costs for CCM's raw materials that were primarily crude-oil derivative rose significantly and the Company took various steps in the areas of cost reduction and cost effective sourcing to mitigate the impact of raw material cost increases.

Net sales and EBIT are generally higher for this segment in the second and third quarters of the year due to increased construction activity during these periods. CCM has seen improvement in demand in the reroofing market and reroofing currently constitutes approximately 75% of its commercial roofing activity. In contrast to new construction, the re-roofing market is less cyclical and relatively more stable due to the large base of installed roofs requiring replacement in a given year. However, the commercial roofing market continues to face uncertainties, including those regarding the economic recovery, continued weakness in the new construction market and expected reduction in government stimulus spending. Raw material costs remain at levels higher than the prior year and there is continued uncertainty in the raw material environment. CCM's ability to recover additional raw material costs through price increases or surcharges is subject to significant price competition.

2009 Compared to 2008

CCM's decrease in net sales from 2008 to 2009 of 24% was primarily attributable to a reduction in the volume of products sold across all major product lines and was consistent with declines in the overall non-residential construction industry. Year-over-year changes in selling prices had less than a 1% impact on sales in 2009.

The improvement in margins from 10.3% in 2008 to 13.8% in 2009 was primarily due to favorable raw material costs, reduction in selling and administration expenses and efficiency gains from the Carlisle Operating System. These improvements substantially offset the impact from the sales volume decrease that occurred in 2009 as compared to 2008. 2008 operating results included a \$5.9 million restructuring charge related to the closure of two block molded expanded polystyrene manufacturing operations at the plants located in Anderson, SC and Marlin, TX.

Carlisle Transportation Products ("CTP")

(in millions)	2010	2009	Change		2009	2008	Change	
			\$	%			\$	%
Sales	\$ 684.8	\$ 633.5	\$ 51.3	8.1%	\$ 633.5	\$ 803.3	\$ (169.8)	(21.1)%
EBIT	\$ 21.7	\$ 53.4	\$ (31.7)	(59.4)%	\$ 53.4	\$ (40.8)	\$ 94.2	230.9%
EBIT Margin	3.2%	8.4%			8.4%	(5.1)%		

2010 Compared to 2009

During 2010, CTP achieved organic sales growth of 7.0% reflecting an increase in sales volumes and higher selling prices, which were raised throughout 2010 in response to higher raw material costs. CTP's sales growth during 2010 was led by growth of 19% within its power transmission product line and 13% growth in its ATV product line. Demand for CTP's tires in the outdoor power equipment, agricultural and construction market also rose during 2010. The impact of foreign exchange rates accounted for approximately 1.1% growth on the year-over-year change in sales.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

The reduction in EBIT from 2009 to 2010 was primarily due to a gain of \$27.0 million from a fire insurance recovery which occurred in 2009 as well as higher raw material costs experienced in 2010. During 2010, CTP experienced significant cost increases on its purchases of natural rubber, synthetic rubber and steel. The impact of higher raw material costs was partially offset by higher selling prices, sales volume increases and a reduction in plant restructuring expenses from \$22.1 million during 2009 to \$10.7 million during 2010.

During 2010, the Company recorded \$10.7 million of restructuring expense and \$5.0 million of start-up costs primarily related to the tire manufacturing consolidation in Jackson, TN. In the third quarter of 2009, the Company announced plans to consolidate its tire manufacturing operations in Heflin, AL, Carlisle, PA, and portions of Buji, China into a new facility in Jackson, TN purchased in the third quarter of 2009. Restructuring expense recorded in 2010 consisted of \$8.0 million of costs to relocate equipment and employees and \$2.7 million in employee termination costs. The consolidation of tire manufacturing operations into Jackson, TN is expected to be completed by March 2011.

Since the fourth quarter of 2008, CTP has undergone several plant and distribution center restructuring actions in efforts to improve efficiency and reduce operating costs. In addition to the aforementioned tire manufacturing consolidation in Jackson, TN, other recent restructurings have included:

Consolidation of nineteen of its distribution centers located throughout the United States and Canada into nine existing facilities. These consolidations started in the fourth quarter of 2008 and were completed in the second quarter of 2009.

Consolidation of three wheel manufacturing plants located in California into one facility in Ontario, CA and closure of its wheel manufacturing operation in Mexico. These consolidations were started in the first quarter of 2009 and completed by the end of 2009.

Consolidation of its pneumatic tire manufacturing operations in Buji, China into its manufacturing operation in Meizhou, China. This consolidation was announced in the first quarter of 2009 and completed by the end of 2009.

Consolidation of the Company's power transmission belt business into its tire and wheel business. The power transmission belt business was placed in Discontinued Operations in April 2008. The consolidation of its operations was completed during 2010.

The total cost of the above consolidation projects, including the Jackson, TN consolidation, was \$33.6 million through December 31, 2010. An additional \$2.0 million is expected to be incurred in 2011 for the completion of the Jackson, TN consolidation. Savings from the above projects are estimated to be \$30.2 million on an annualized basis, of which \$9.7 million has been realized through 2010, an estimated \$12.0 million is expected to be realized in 2011 and the remaining \$8.5 million reflecting cost savings from the Jackson, TN consolidation is expected to be realized in 2012.

Net sales and EBIT are generally higher in the first six months of the year due to peak sales volumes in the outdoor power equipment product lines. Raw material costs remain at levels higher than the prior year and there is continued uncertainty in the raw material environment. Furthermore, attempts to recover additional raw material costs through price increases or surcharges are subject to significant price competition.

The current restructuring activities to consolidate tire manufacturing facilities into a start-up manufacturing facility in Jackson, TN could cause additional disruptions to customers. CTP could also be negatively impacted by cost and availability of shipping channels and the amount of time required to ship product manufactured in China.

In addition, CTP could be negatively impacted by the U.S Customs Matter described in Note 17 of the Notes to the Consolidated Financial Statements in Item 8.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

2009 Compared to 2008

Net sales for the year ended December 31, 2009 decreased by 21%, primarily reflecting a decrease in volume and demand for the Company's products resulting from the economic recession. This negative impact was partially offset by a 4.8% increase in selling price. Sales were down in all markets in this segment, with the more significant declines in the recreational vehicle, agriculture, construction and mining markets.

EBIT improvement from 2008 to 2009 was largely attributable to a pre-tax fire insurance gain of \$27.0 million recorded during 2009 as well as a reduction in plant restructuring and asset impairment charges from \$69.4 million in 2008 to \$22.1 million during 2009. Results for 2008 included impairment charges on goodwill and certain assets of the power transmission belt business of \$68.6 million. During 2009, the positive impact of lower raw material costs, higher selling price and savings realized from the Carlisle Operating System offset the negative impact of lower sales volumes.

Carlisle Brake & Friction ("CBF")

(in millions)	2010	2009	Change		2009	2008	Change	
			\$	%			\$	%
Sales	\$ 129.4	\$ 74.6	\$ 54.8	73.4%	\$ 74.6	\$ 124.9	\$ (50.3)	(40.3)%
EBIT	\$ (0.9)	\$ 0.8	\$ (1.7)	(212.5)%	\$ 0.8	\$ 27.9	\$ (27.1)	(97.1)%
EBIT Margin	(0.7)%	1.1%			1.1%	22.3%		

2010 Compared to 2009

On December 1, 2010, the Company completed the acquisition of Hawk Corporation, a leading global supplier of friction materials for industrial applications. Hawk's results of operations from December 1 through December 31, 2010 are included in the results of the CBF segment. In 2010, the acquisitions of Japan Power Brake and Hawk contributed \$28.1 million, or 38%, in net sales. Organic sales growth increased in 2010 by 36%, reflecting an increase in sales volumes of CBF's off highway braking systems products primarily due to economic growth in the global markets in which CBF competes. In 2010, CBF achieved a 73% and 64% increase in sales for its products used in the construction and mining markets, respectively. Approximately 49% of CBF's sales during 2010 were to customers outside the United States, concentrated primarily in Western Europe and the Asia-Pacific region. The impact of foreign exchange rates had less than 1% impact on CBF's change in net sales from 2009 to 2010.

Upon the acquisition of Hawk, the Company combined the off-highway braking business of Carlisle Industrial Brake & Friction and the friction materials business of Hawk into the Carlisle Brake & Friction segment. With manufacturing facilities located in the U.S., UK, Italy, China, and Japan, and over 1,800 employees, Carlisle Brake & Friction is a leading provider of high performance braking solutions to the off-highway, high performance racing, aerospace, and alternative energy markets, serving over 100 leading original equipment manufacturers in 55 countries. As part of this acquisition and integration, the Company recognized \$14.2 million in related charges consisting of \$3.1 million of transaction fees for professional expenses incurred as part of the bidding and share tender process, \$8.3 million of severance charges related to the change in control and reorganization to form the Brake & Friction segment and \$2.8 million in cost of goods sold related to amortization of the adjustment to Hawk's finished goods inventory to reflect net realizable value that was subsequently sold during December 2010. In addition, \$1.0 million of incremental depreciation and amortization expense was incurred in the fourth quarter of 2010 associated with the fair value adjustments to fixed assets and other intangible assets.

In the fourth quarter of 2009, within its off-highway braking business, the Company announced plans to close its friction product manufacturing facility in Logansport, IN and to consolidate operations into its locations in Hangzhou, China and Bloomington, IN. This consolidation was completed during the fourth quarter of 2010. The total cost for this consolidation project was \$4.7 million. Costs incurred in 2010

related to this consolidation were \$2.4 million and reflected \$0.3 million in employee and \$2.1 million of other costs to transfer equipment and relocate employees. Total costs incurred in 2009 related to this consolidation were \$2.3 million consisting of fixed asset impairment charges and write-down of inventory. Cost savings related to the Logansport, IN plant consolidation, primarily resulting from the reduction of operating costs, are expected to approximate \$3.1 million per year by 2011, of which an estimated \$2.4 million was realized in 2010.

Net sales and EBIT are higher in the second and third quarters of the year for the CBF segment. The outlooks for the markets in which the CBF serve are favorable due to the expected growth rates in the off-highway construction, mining and agriculture markets particularly in key emerging markets such as Brazil, China and India. Sales and EBIT in future periods could be impacted if there is a downturn in global economic conditions or curtailment in non-US government spending programs. The Company may have difficulty integrating the operations of the former Hawk Corporation with the off-highway braking business, impacting the extent to which synergy savings are realized during 2011.

2009 Compared to 2008

The decrease in net sales of 40% from 2008 to 2009 primarily reflected a decrease in the volume of products sold as a result of the significant decline in activity in the construction, agricultural and mining markets due to the global economic recession and credit crisis.

Segment EBIT declined by 97% from 2008 to 2009 primarily due to the decline in sales volume as well as \$2.3 million in restructuring charges. During 2009, CBF announced that it would be closing its friction materials facility in Logansport, IN and consolidating operations into its facilities in Bloomington, IN and Hangzhou, China.

Carlisle Interconnect Technologies ("CIT")

(in millions)	2010	2009	Change		2009	2008	Change	
			\$	%			\$	%
Sales	\$ 251.1	\$ 180.5	\$ 70.6	39.1%	\$ 180.5	\$ 197.9	\$ (17.4)	(8.8)%
EBIT	\$ 30.9	\$ 14.3	\$ 16.6	116.1%	\$ 14.3	\$ 25.2	\$ (10.9)	(43.3)%
EBIT Margin	12.3%	7.9%			7.9%	12.7%		

2010 Compared to 2009

During 2010, the acquisitions of Jerrick and ECS contributed \$39.4 million, or 22%, to CIT's net sales. CIT achieved organic sales increase of 17% in 2010 as compared to 2009, primarily on growth in the aerospace and RF microwave markets. The Company experienced strong demand for its aerospace product applications including increased sales related to the Boeing 787 program and higher orders for its interconnect products and rack installation systems used in both airplane retrofit applications and new airplane production. Also contributing to higher growth in CIT's aerospace and RF microwave product lines was increased demand for its products within highly-specialized military applications including unmanned aerial vehicles and jamming devices for improvised explosive devices. In addition, CIT experienced strong increase in orders during the fourth quarter of 2010 for filtered connectors produced by the Jerrick product line. The growth in these product lines was offset slightly by lower sales volume in the test and measurement market, resulting primarily from planned rationalization of low margin products.

CIT's improvement in EBIT margin from 7.9% in 2009 to 12.3% in 2010 was due to higher sales volume and efficiencies gained from the Carlisle Operating System. During 2010, the Company experienced increases in the cost of copper and silver used in its products which were significantly mitigated by other cost savings initiatives.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

In the fourth quarter of 2009, in efforts to reduce costs and streamline operations, CIT announced that it would consolidate its Vancouver, WA facility into its facilities in Long Beach, CA, Tukwila, WA, and Dongguan, China and close its Vancouver facility. This consolidation was completed during the third quarter of 2010. The total cost of this consolidation project was \$4.2 million through December 31, 2010, of which \$1.1 million of expense was incurred during 2010 primarily consisting of employee termination costs and other relocation costs.

With the acquisitions of Jerrik and ECS, the expected ramp-up of the Boeing 787 and Airbus programs, and growth prospects of the markets served by this segment, the long-term outlook for this segment remains favorable. However, potential cancelations in new airplane manufacturing schedules and the impact of potential defense budget cuts could have a negative impact. Boeing recently announced that it expects delivery of the first 787 Dreamliner to be delayed to the third quarter of 2011. This announcement did not have an impact on CIT's current backlog related to this program however the potential impact for the full year 2011 is not known.

2009 Compared to 2008

The reduction in net sales from 2008 to 2009 reflected a 23% decline in organic sales in 2009 from lower sales volumes across all product lines as a result of depressed economic conditions due to the severe recession partially offset by sales of \$42.5 million contributed from the acquisitions of Carlyle, Jerrik and Electronic Cable Specialists.

The decline in EBIT from 2008 to 2009 was due to a combination of the organic sales decline and \$3.7 million in restructuring charges recorded in 2009.

In 2009, CIT undertook two consolidation projects in efforts to reduce costs and streamline operations. In the second quarter of 2009, CIT began the consolidation of its Kent, WA facility into its Tukwila, WA facility and this consolidation was completed in the third quarter of 2009. In the fourth quarter of 2009, CIT commenced the aforementioned consolidation of its Vancouver, WA facility into its facilities in Long Beach, CA and Yichang, China, which was completed during 2010. A total of \$3.7 million was incurred during 2009 for these consolidations reflecting \$0.6 million in employee and contract termination and other disposal costs, \$2.1 million of fixed asset impairment charges and \$1.0 million of inventory write downs.

Carlisle FoodService Products ("CFSP")

(in millions)	2010	2009	Change		2009	2008	Change	
			\$	%			\$	%
Sales	\$ 238.8	\$ 243.6	\$ (4.8)	(2.0)%	\$ 243.6	\$ 266.2	\$ (22.6)	(8.5)%
EBIT	\$ 24.3	\$ 24.7	\$ (0.4)	(1.6)%	\$ 24.7	\$ 20.7	\$ 4.0	19.3%
EBIT Margin	10.2%	10.1%			10.1%	7.8%		

2010 Compared to 2009

Net sales decline of 2% within CFSP was impacted by lower demand and selling prices for its products in the healthcare product line as well weakness in the domestic foodservice industry due to lack of improvement in consumer confidence and continued low demand for casual dining. During the second half of 2010, the domestic foodservice industry experienced some improvement in restaurant traffic and same store sales and CFSP's sales in this market showed improvement during this period as well. The overall decline in the domestic market for CFSP's products for the full year were partially offset by an increase in sales of CFSP's products outside the United States reflecting expansion of distribution channels in these markets.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

During 2010, CFSP experienced cost increases for plastic resin, a key raw material, as well as higher transportation costs. The Company offset some of these increases by operating expense savings from the Carlisle Operating System.

The foodservice products business is generally not subject to seasonal demand. Current economic conditions and high unemployment may continue to affect customer spending and negatively impact demand in this segment. Furthermore, rising food and gasoline costs could also impact a recovery in the casual dining market. The Company continues to face increasing raw material costs. While pricing actions were announced effective January 1, 2011, the ability of the Company to recover raw material cost increases through price increases is unknown.

2009 Compared to 2008

Net sales of \$243.6 million for the year ended December 31, 2009 were \$22.6 million lower than net sales of \$266.2 million in 2008. Year-over-year net sales increased slightly in the healthcare market; however, these increases were more than offset by decreased sales of restaurant market foodservice and janitorial/sanitation products, which were affected by the decline in consumer spending for casual dining.

EBIT of \$24.7 million for the year ended 2009 represented an increase of \$4.0 million, or 19%, over the prior year. As a percent of sales, EBIT margins increased to 10.1% from 7.8% in 2008. The improvement in margins was due to the combination of favorable raw material costs and efficiency gains from the Carlisle Operating System. EBIT in 2008 also included a \$2.2 million restructuring charge related to plant consolidations.

In 2008, CFSP began the consolidation of its Atlanta, GA and Sparta, WI janitorial/sanitation manufacturing facilities into one facility in Sparta, WI. Exit and disposal costs of \$2.2 million incurred in 2008 included the write-down of certain property, plant and equipment of \$1.5 million, inventory write downs of \$0.5 million and employee termination costs of \$0.2 million. This consolidation was completed in the second quarter of 2009 with no material consolidation costs incurred during 2009.

Corporate

(in millions)	2010	2009	Change	2009	2008	Change
Corporate expenses	\$ (39.1)	\$ (36.5)	(7.1)%	\$ (36.5)	\$ (31.0)	(17.7)%
As a percentage of net sales	(1.5)%	(1.6)%		(1.6)%	(1.1)%	

Corporate expenses are largely comprised of compensation, benefits and travel expense for the corporate office staff. Corporate expenses also include certain external audit fees and internal audit expenses as well as certain costs associated with its strategy to expand in the Asia Pacific region.

Corporate expenses for the year ended December 31, 2010 reflected an increase in selling and administrative expenses of \$2.8 related to the strategy to expand the Company's presence in the Asia Pacific region and increases in franchise tax and other operating costs, partially offset by the reduction of \$3.2 million of management restructuring costs which occurred in 2009.

Corporate expenses for the year ended December 31, 2009 increased by \$5.5 from 2008 primarily due to increased management restructuring costs of \$3.2 million and additional selling and administrative expenses attributable to the Company's expansion in the Asia Pacific region.

*Liquidity and Capital Resources***Sources and Uses of Cash**

In millions	2010	2009	2008
Net cash provided by operating activities	\$ 107.4	\$ 417.2	\$ 274.2
Net cash used in investing activities	(339.3)	(89.5)	(354.2)
Net cash provided by (used in) financing activities	223.8	(274.2)	35.2
Effect of exchange rate changes on cash	1.2	0.1	(0.9)
Change in cash and cash equivalents	\$ (6.9)	\$ 53.6	\$ (45.7)

2010 Compared to 2009

As of December 31, 2010, the Company had \$89.4 million of cash on hand, of which \$56.1 million was located in wholly owned subsidiaries of the Company outside the United States. Net cash provided by operating activities was \$107.4 million in the twelve months ended December 31, 2010, compared to net cash provided by operating activities of \$417.2 million in the year ended December 31, 2009. Cash used by working capital and other assets and liabilities was \$109.9 million in 2010, primarily reflecting higher inventory and receivables attributable to higher sales volume as well as production of safety stock inventory within the CTP segment to minimize disruptions to customers during the transfer of tire manufacturing operations from Carlisle, PA to Jackson, TN. Cash provided by working capital and other assets and liabilities was \$189.4 million in 2009, and was net of contributions to the pension fund of \$53.0 million. 2009 cash flow provided from operations includes \$24.5 million of proceeds relating to the insurance settlement from the fire at the tire and wheel facility in Bowdon, GA.

The Company views the ratio of its 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) as an important measure of its ability to effectively manage its cash requirements in relation to changes in sales activity. For the full year 2010, average working capital as a percentage of annualized sales was 22.0%, as compared to a percentage of 24.9% for 2009.

Cash used in investing activities was \$339.3 million in 2010 compared to \$89.5 million in 2009, which was net of \$30.0 million in insurance proceeds related to destroyed property, plant and equipment as a result of the fire at the tire and wheel facility in Bowdon, GA. Cash used in 2010 primarily reflected the acquisition of Hawk for \$343.4 million, net of cash acquired. Also in 2010, the Company received proceeds of \$59.8 million for the sale of the refrigerated truck bodies and specialty trailer businesses. Cash used for acquisitions of \$80.8 million in 2009 included the acquisitions of Jerrik, Electronic Cable Specialists and Japan Power Brake. Capital expenditures of \$64.6 million in 2010 compared with \$48.2 million in 2009. The Transportation Products segment represented approximately 61% of total capital expenditures in 2010 including the equipping of new tire manufacturing operations in Jackson, TN which included replacement of equipment destroyed in the 2008 fire at the Bowdon, GA facility.

Cash provided by financing activities was \$223.8 million in 2010 compared to cash used of \$274.2 million in 2009. On December 9, 2010, to partially fund the acquisition of Hawk, the Company issued \$250 million 5.125% senior unsecured notes due 2020 and received proceeds of \$248.9 million and paid bond issuance costs of \$1.9 million. Partially offsetting this were dividend payments of \$40.6 million in 2010. Cash used by financing activities in 2009 included the reduction of \$235.4 million of outstanding debt and dividend payments of \$38.6 million.

2009 Compared to 2008

Net cash provided by operating activities was \$417.2 million in the twelve months ended December 31, 2009, compared to net cash provided by operating activities of \$274.2 million in the year ended December 31, 2008. Cash provided by working capital and other assets and liabilities was \$189.4 million in 2009, and was net of contributions to the pension fund of \$53.0 million. Cash provided by working capital and other assets and liabilities was \$25.7 million in 2008. 2009 cash flow provided from operations includes \$24.5 million of proceeds relating to the insurance settlement from the fire at the tire and wheel facility in Bowdon, GA.

Cash used in investing activities was \$89.5 million in 2009 compared to \$354.2 million in 2008. Cash used in 2009 was net of \$30.0 million in insurance proceeds relating to destroyed property, plant and equipment as a result of the fire at the Bowdon, GA facility. Cash used for acquisitions of \$80.8 million in 2009 included the acquisitions of Jerrik, Electronic Cable Specialists and Japan Power Brake. Cash used for acquisitions of \$290.7 million in 2008 included the acquisitions of Carlyle and Dinex. Capital expenditures of \$48.2 million in 2009 compared with \$68.0 million in 2008. The Transportation Products segment represented approximately 59% of total capital expenditures in 2009.

Cash used by financing activities was \$274.2 million in 2009 compared to cash provided of \$35.2 million in 2008. Cash used by financing activities in 2009 included the reduction of \$235.4 million of outstanding debt and dividend payments of \$38.6 million. Cash provided by financing activities in 2008 included borrowings under the revolving credit facility and securitization facility to fund acquisitions and capital expenditures, and to redeem the Company's 6.7% \$100.0 million senior notes.

Debt Instruments, Guarantees and Covenants

The following table quantifies certain contractual cash obligations and commercial commitments at December 31, 2010:

In millions	Total	2011	2012	2013	2014	2015	Thereafter
Short-term credit lines and long-term debt	\$ 475.8	\$ 69.0	\$	\$	\$	\$	\$ 406.8
Interest on long-term debt(1)	184.0	22.1	22.1	22.1	22.1	22.1	73.5
Noncancelable operating leases	101.0	20.3	16.4	11.9	9.2	7.7	35.5
Total commitments	\$ 760.8	\$ 111.4	\$ 38.5	\$ 34.0	\$ 31.3	\$ 29.8	\$ 515.8

(1) Future expected interest payments are calculated based on the stated rate for fixed rate debt and the effective interest rate at December 31, 2010 for variable rate debt.

The above table does not include \$204.7 million of other long-term liabilities. Other long-term liabilities consist primarily of deferred income tax liabilities, pension and post-retirement benefit obligations, and warranty obligations. Due to factors such as return on plan assets, disbursements, contributions, and timing of warranty claims, it is not reasonably possible to estimate when these will become due.

Although the Company has entered into long-term purchase agreements for certain key raw materials, there were no take-or-pay contracts exceeding one year in place at December 31, 2010.

On December 9, 2010, the Company 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 to the Company of approximately \$248.9 million. Interest on the 2020 Notes will be paid each June 15 and December 15, commencing on June 15, 2011. The proceeds were utilized to re-pay borrowings under the Company's Revolving Credit Facility that were used to partially finance the acquisition of Hawk.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

In connection with the acquisition of Hawk on December 1, 2010, the Company assumed Hawk's 8.75% senior notes due November 1, 2014 (the "Hawk senior notes"). The Hawk senior notes were recorded at estimated fair value of \$59.0 million on the date of acquisition. See Note 9 in Item 8 for further information regarding the Hawk acquisition. On December 10, 2010, the Company notified the holders of the Hawk senior notes of its intent to redeem such notes under the terms of the related indenture. On January 10, 2011, the Company redeemed all of the outstanding Hawk senior notes for approximately \$59.1 million, of which \$57.1 million related to the outstanding principal amount, \$1.9 million related to an early redemption premium, and \$0.1 million for accrued and unpaid interest. The Company redeemed the Hawk senior notes using borrowings under its revolving credit facility.

At December 31, 2010 the Company had \$458.5 million available under its \$500.0 million revolving credit facility (the "Facility"). Of the amount unavailable for borrowings at December 31, 2010, \$10.0 million was borrowed and outstanding in connection with the financing of the Hawk acquisition. The remainder of the amount unavailable for borrowings relates to issued letters of credit amounting to \$31.5 million. At December 31, 2009, the Company had \$466.0 million available under the Facility, with the reduction in availability attributable to letters of credit of \$34.0 million. Letters of credit are issued primarily to provide security under insurance arrangements and certain borrowings. The revolving credit facility provides for grid-based interest pricing based on the credit rating of the Company's senior unsecured bank debt or other unsecured senior debt and the Company's utilization of the facility. The Company's senior unsecured debt is rated BBB by Standard & Poor's and Baa2 by Moody's. The facility requires the Company to meet various restrictive covenants and limitations including certain net worth, cash flow ratios and limits on outstanding debt balances held by certain subsidiaries. In the event of a substantial goodwill impairment charge, the Company's EBIT would be reduced and could cause a default in the covenants covered by the Company's debt and credit facility agreements. The average interest rate of the revolving credit facility for 2010 and 2009 was 0.65% and 0.85%, respectively.

The Company also maintains a \$55.0 million uncommitted line of credit all of which was available for borrowing as of December 31, 2010 and 2009. The average interest rate on the uncommitted line was 1.87% for 2010 and 2.88% for 2009.

At December 31, 2010, the fair value of the Company's \$250 million 5.125% notes due 2020 and \$150 million 6.125% notes due 2016, using the Level 2 inputs, is approximately \$244.4 million and \$165.4 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. The Company estimates that the fair value of the Hawk senior notes and amounts outstanding under the revolving credit facility approximates their carrying value.

Under the Company's various debt and credit facilities, the Company is required to meet various restrictive covenants and limitations, including certain net worth, cash flow ratios and limits on outstanding debt balances held by certain subsidiaries. The Company was in compliance with all covenants and limitations in 2010 and 2009.

The Company views its 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 its ability to utilize debt in financing acquisitions and capital investments. As of December 31, 2010, the Company's debt to capital ratio was 26%.

Cash Management

As stated above, reducing the level of working capital as a percentage of net sales is a key management focus. The Company's priorities for the use of capital 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.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

Capital expenditures in 2011 are expected to be \$70 to 80 million, including business sustaining projects, cost reduction efforts, new product expansion and continuing manufacturing expansions. There are no minimum contributions required for the company's pension plan in 2011. Cash contributions to the Company's defined benefit pension plans were \$5.0 million in 2010 and are expected to approximate \$4.0 million in 2011.

The Company intends to pay dividends to its shareholders and has increased its dividend rate annually for the past 34 years.

The Company announced the reactivation of its share repurchase program in August 2004. In August 2007, the Board of Directors authorized the repurchase of an additional 2,500,000 shares of the Company's common stock. In February 2008, the Board of Directors authorized the repurchase of an additional 1,400,000 shares of the Company's common stock. At this time, the Company has authority to repurchase an additional 2,981,766 shares. Additional shares may be repurchased at management's direction. The decision to repurchase shares will depend on price, availability and other corporate developments. Purchases may occur from time-to-time and no maximum purchase price has been set.

The Company believes that its operating cash flows, credit facilities, lines of credit, and leasing programs provide adequate liquidity and capital resources to fund ongoing operations, expand existing lines of business and make strategic acquisitions. However, the ability to maintain existing credit facilities and access the capital markets can be impacted by economic conditions outside the Company's control, specifically credit market tightness or sustained market downturns. The Company's 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

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 and compliance with environmental permits. To date, costs of complying with environmental, health and safety requirements have not been material. 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.

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.

Legal Proceedings

The Company received written correspondence from the U.S. Immigration and Customs Enforcement Office of Investigations ("ICE") dated March 11, 2010 indicating that it initiated an investigation relating to the classification of certain rubber tires imported by its tire and wheel operation within the Carlisle Transportation Products segment since 2004. The Company responded to ICE's inquiry and, on August 19, 2010, ICE informed the Company that it had terminated its investigation. The Company continues to work separately with U.S. Customs and Border Protection to properly classify its products.

At this time, the Company cannot predict or determine the amount of additional duties and/or civil fines or penalties, if any, owed as a result of this classification effort. In the opinion of management, the

ultimate outcome of such actions will not have a material adverse effect on the consolidated financial position of the Company.

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-1940's and the mid-1980's. In addition to compensatory awards, these lawsuits may also seek punitive damages.

Other than the matter described below, to date, 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 has maintained insurance coverage that applies to a portion of certain of the Company's defense costs and payments of settlements or judgments in connection with asbestos-related lawsuits.

In the fourth quarter of 2010, the Company settled two cases involving alleged asbestos-related injury. The total amount of the settlement and related loss, inclusive of insurance recoveries, was approximately \$5.9 million, which was recorded in discontinued operations in the fourth quarter of 2010, as the related alleged asbestos-containing product was manufactured by the Company's former on-highway brake business.

Based on an ongoing evaluation, including the above matter, the Company believes that the resolution of its remaining pending asbestos claims will not have a material impact on the Company's financial condition, results of operations, or 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.

In addition, from time-to-time the Company may 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 will not have a material adverse effect on the consolidated financial position of the Company, but may have a material impact on the Company's results of operations for a particular period.

Market Risk

The Company is exposed to risks in currency exchange rates for transactions denominated in foreign currencies. Revenues for sales of products manufactured in China for the North American market are generated predominately in U.S. Dollars. Many of the obligations incurred by these operations are settled in Chinese Renminbi or Hong Kong Dollars. Should the U.S. Dollar weaken significantly against the Renminbi or Hong Kong Dollar, the Company's results of operations could be adversely affected. The Company continues to monitor developments in China that may affect its strategy and will hedge its currency risk exposure or shift production to the U.S. when deemed effective and prudent. While the Company is exposed to the exchange rates of other currencies including the Canadian Dollar, British Pound, Mexican Peso and Euro, their risk is considered minimal. Approximately 15% of the Company's revenues from continuing operations for the year ended December 31, 2010 are from countries other than the U.S.

From time-to-time the Company may manage its interest rate exposure through the use of treasury locks and interest rate swaps to reduce volatility of cash flows, impact on earnings and to lower its cost of capital. On November 14, 2006, the Company entered into treasury lock contracts with a notional amount of \$100.0 million to hedge the cash flow variability on forecasted debt interest payments associated with changes in interest rates. These contracts were designated as cash flow hedges and were deemed effective at the origination date. On September 30, 2008, the Company terminated the treasury lock contracts resulting in a loss of \$7.7 million (\$4.8 million, net of tax), which was to be amortized to interest expense over the term of the debt. During the fourth quarter of 2008, due to positive cash flows and unfavorable capital markets, the Company determined it would not issue the forecasted debt. As a result, the unamortized loss was recorded in Interest expense, net.

There were no treasury locks or interest rate swaps in place as of December 31, 2010.

The Company's operations use certain commodities such as chemicals, resins, carbon black, synthetic and natural rubber and steel. As such, the Company's cost of operations is subject to fluctuations as the markets for these commodities change. The Company monitors these risks, but currently has no derivative contracts in place to hedge these risks.

Critical Accounting Policies

The Company's significant accounting policies are more fully described in the Notes to Consolidated Financial Statements in Item 8. Certain of the Company's 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. The Company considers certain accounting policies related to revenue recognition, estimates of reserves for receivables and inventory, deferred revenue and extended product warranty, valuation of long-lived assets, self-insurance retention, and pensions and other post-retirement plans to be critical policies due to the estimation processes involved.

Revenue Recognition. Revenues are recognized when pervasive 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 discounts and rebates to the customers and other adjustments are provided for at the time of sale as a deduction to revenue.

Allowance for Doubtful Accounts. The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current credit worthiness, as determined by the review of their credit information. Allowances for doubtful accounts are estimated based on the evaluation of potential losses related to customer receivable balances. Estimates are developed by using standard quantitative measures based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. Changes in economic conditions in specific markets in which the Company operates could have an effect on reserve balances required.

Inventories. Inventories for continuing and discontinued operations are valued at the lower of cost or market on the first-in, first-out 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 our products for sale.

The Company regularly reviews inventory quantities on hand for excess and obsolete inventory based on estimated forecasts of product demand and production requirements for the next twelve months and issues related to specific inventory items.

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 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. The Company also records an additional loss and a corresponding reserve if the total expected costs of providing services under the contract exceed unearned revenues equal to such excess. The Company estimates total expected warranty costs using quantitative measures based on historical claims experience and management judgment.

Goodwill and Other Intangible Assets. Other intangible assets are recorded at cost. Intangible assets that are subject to amortization are amortized on a straight-line basis over their useful lives. Goodwill and intangible assets with indefinite useful lives are not subject to amortization, but are tested at least annually for impairment. The Company principally uses discounted cash flow models in evaluating goodwill, but may use other measures when appropriate. Costs allocated to patents and other intangible assets of acquired companies are based on estimated fair value at the date of acquisition.

The Company did not recognize any goodwill impairment in 2010; however, deterioration of the market-related factors used in the evaluation could potentially result in a future material goodwill impairment loss. Any combination of changes to significant assumptions used in the analysis resulting in a 5% reduction in fair value of its reporting units as of the Company's measurement date would still not have resulted in an impairment charge.

Valuation of Long-Lived Assets. Long-lived assets are reviewed for impairment annually, or earlier, if indicators of potential impairment exist. The fair value of the assets, is determined based on discounted estimated future cash flows. The assumptions used to estimate fair value include management's best estimates of future growth rates, capital expenditures, discount rates, and market conditions. If the estimated fair value of a business unit is determined to be less than its book value, the Company is required to estimate the fair value of all identifiable assets and liabilities of that business unit. This requires valuation of certain internally developed and unrecognized assets. Once this process is complete, the amount of impairment, if any, can be determined. These valuations can be significantly affected by estimates of future performance and discount rates over a relatively long period of time, market price valuation multiples and marketplace transactions in related markets. These estimates will likely change over time. Some of our businesses operate in cyclical industries and the valuation of these businesses can be expected to fluctuate as a result of their cyclicity. Any resulting impairment loss could have an adverse impact on our financial condition and results of operations.

Self Insurance Retention. The Company maintains self-retained liabilities for workers' compensation, medical and dental, general liability, property and product liability claims up to applicable retention limits. The Company estimates these retention liabilities utilizing actuarial methods and loss development factors. The Company's historical loss experience is considered in the calculation. The Company is insured for losses in excess of these limits.

Pensions and Other Post-Retirement Plans. The Company maintains 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 its 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. 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. The Company uses 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 7.0% for the 2010 valuation. While the Company believes 7.0% 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 change the Company's estimated 2011 pension

expense by approximately \$0.5 million. The assumed weighted-average discount rate was 5.17% for the 2010 valuation. The effects of a 0.25% increase or decrease in the assumed discount rate would change the Company's projected benefit obligation at December 31, 2010 by approximately \$4.1 million. The Company used a weighted-average assumed rate of compensation increase of 4.29% for the 2010 valuation. This rate is not expected to change in the foreseeable future and is based on the Company's actual rate of compensation increase over the past several years, adjusted to reflect management's expectations regarding future labor costs.

The Company also has a limited number of unfunded post-retirement benefit programs that provide certain retirees with 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 Company adopted a December 31 measurement date in 2008. In prior years a September 30 measurement date was used. The discount rate used for the 2010 valuation was 5.17%. 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 its independent actuary. Changes in the assumptions can result in a change in the net periodic expense and accrued benefit obligations.

New Accounting Standards Not Yet Effective

Accounting Standards issued but not effective until after December 31, 2010 are not expected to have a significant effect on the Company's consolidated financial statements.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 the Company's 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; the Company's 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 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 the Company's strategic acquisitions; the cyclical nature of the Company's 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 the general market conditions and the Company's future performance. The Company undertakes no duty to update forward-looking statements.

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

Information concerning market risk is set forth in Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Market Risk."

Item 8. Financial Statements and Supplementary Data.

Carlisle Companies Incorporated

Consolidated Statements of Earnings and Comprehensive Income

For the Years ended December 31,