

CARLISLE COMPANIES INC

Form 10-Q

July 23, 2013

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2013

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)

31-1168055
(I.R.S. Employer Identification No.)

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incorporation or organization)

11605 North Community House Road, Suite 600, Charlotte, North Carolina 28277
(Address of principal executive office, including zip code)

(704) 501-1100
(Telephone Number)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

Shares of common stock outstanding at July 18, 2013: 63,521,258

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Unaudited Condensed Consolidated Statements of Comprehensive Income

(in millions except share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net sales	\$ 996.1	\$ 984.6	\$ 1,853.1	\$ 1,873.9
Cost and expenses:				
Cost of goods sold	755.9	729.2	1,425.3	1,407.3
Selling and administrative expenses	106.6	106.0	215.4	213.5
Research and development expenses	9.2	8.5	18.6	16.3
Impairment of assets	100.0		100.0	
Other expense, net	1.9	0.6	1.2	0.3
Earnings before interest and income taxes	22.5	140.3	92.6	236.5
Interest expense, net	8.6	6.5	16.9	13.0
Earnings before income taxes from continuing operations	13.9	133.8	75.7	223.5
Income tax expense (Note 8)	5.7	44.4	12.2	74.1
Income from continuing operations	8.2	89.4	63.5	149.4
Discontinued operations (Note 5)				
Income (loss) from discontinued operations		3.6	(0.1)	3.6
Income tax expense		0.2		0.2
Income (loss) from discontinued operations		3.4	(0.1)	3.4
Net income	\$ 8.2	\$ 92.8	\$ 63.4	\$ 152.8
Basic earnings per share attributable to common shares (Note 9)				
Income from continuing operations	\$ 0.13	\$ 1.42	\$ 1.00	\$ 2.39
Income from discontinued operations		0.06		0.05
Basic earnings per share	\$ 0.13	\$ 1.48	\$ 1.00	\$ 2.44
Diluted earnings per share attributable to common shares (Note 9)				
Income from continuing operations	\$ 0.13	\$ 1.39	\$ 0.98	\$ 2.34
Income from discontinued operations		0.06		0.05
Diluted earnings per share	\$ 0.13	\$ 1.45	\$ 0.98	\$ 2.39
Average shares outstanding - in thousands (Note 9)				
Basic	63,409	62,419	63,343	62,166
Diluted	64,695	63,797	64,620	63,483
Dividends declared and paid	\$ 12.8	\$ 11.3	\$ 25.6	\$ 22.5
Dividends declared and paid per share	\$ 0.20	\$ 0.18	\$ 0.40	\$ 0.36

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Comprehensive Income								
Net income	\$	8.2	\$	92.8	\$	63.4	\$	152.8
Other comprehensive income (loss) (Note 19)								
Change in foreign currency translation, net of tax		(0.1)		(8.7)		(10.4)		(4.4)
Change in accrued post-retirement benefit liability, net of tax		1.0		0.8		2.4		1.6
Loss on hedging activities, net of tax		(0.1)		(0.1)		(0.2)		(0.2)
Other comprehensive income (loss)		0.8		(8.0)		(8.2)		(3.0)
Comprehensive income	\$	9.0	\$	84.8	\$	55.2	\$	149.8

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

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Carlisle Companies Incorporated

Condensed Consolidated Balance Sheets

(in millions except share amounts)	June 30, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 168.2	\$ 112.5
Receivables, less allowance of \$5.6 in 2013 and \$6.0 in 2012	597.5	482.7
Inventories (Note 11)	493.0	538.0
Deferred income taxes (Note 8)	42.9	43.1
Prepaid expenses and other current assets	26.7	29.0
Total current assets	1,328.3	1,205.3
Property, plant and equipment, net of accumulated depreciation of \$665.9 in 2013 and \$635.7 in 2012 (Note 12)	634.5	637.1
Other assets:		
Goodwill, net (Note 13)	858.0	958.8
Other intangible assets, net (Note 13)	596.4	617.5
Other long-term assets	34.4	38.6
Non-current assets held for sale (Note 5)	10.8	
Total other assets	1,499.6	1,614.9
TOTAL ASSETS	\$ 3,462.4	\$ 3,457.3
Liabilities and Shareholders Equity		
Current liabilities:		
Short-term debt, including current maturities (Note 15)	\$	\$
Accounts payable	283.5	259.7
Accrued expenses	164.8	193.3
Deferred revenue (Note 17)	16.9	17.6
Total current liabilities	465.2	470.6
Long-term liabilities:		
Long-term debt (Note 15)	752.6	752.5
Deferred revenue (Note 17)	138.3	135.4
Other long-term liabilities (Note 18)	265.1	310.7
Total long-term liabilities	1,156.0	1,198.6
Shareholders equity:		
Preferred stock, \$1 par value per share. Authorized and unissued 5,000,000 shares		
Common stock, \$1 par value per share. Authorized 100,000,000 shares; 78,661,248 shares issued; 63,516,542 outstanding in 2013 and 63,127,299 outstanding in 2012	78.7	78.7
Additional paid-in capital	188.0	171.4
Deferred compensation equity (Note 7)	3.3	0.6
Cost of shares in treasury - 14,901,476 shares in 2013 and 15,249,714 shares in 2012	(211.1)	(215.4)
Accumulated other comprehensive loss (Note 19)	(43.7)	(35.5)
Retained earnings	1,826.0	1,788.3
Total shareholders equity	1,841.2	1,788.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 3,462.4	\$ 3,457.3

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**Carlisle Companies Incorporated**

Unaudited Condensed Consolidated Statements of Cash Flows

(in millions)	Six Months Ended June 30,	
	2013	2012
Operating activities		
Net income	\$ 63.4	\$ 152.8
Reconciliation of net income to cash flows from operating activities:		
Depreciation	39.4	37.0
Amortization	20.5	15.5
Non-cash compensation, net of tax benefit	8.6	4.0
Gain on sale of businesses		(3.7)
Loss on sale of property and equipment, net	0.9	0.8
Impairment of assets	100.0	
Deferred taxes	(46.3)	(4.3)
Foreign exchange gain	(0.1)	
Changes in assets and liabilities, excluding effects of acquisitions and divestitures:		
Receivables	(118.3)	(138.7)
Inventories	42.7	(2.4)
Prepaid expenses and other assets	5.7	23.6
Accounts payable	24.8	49.7
Accrued expenses and deferred revenues	(26.6)	14.0
Long-term liabilities	6.0	5.2
Other operating activities	(1.2)	0.8
Net cash provided by operating activities	119.5	154.3
Investing activities		
Capital expenditures	(49.4)	(60.6)
Acquisitions, net of cash		(49.3)
Proceeds from sale of property and equipment	0.3	
Proceeds from sale of business		25.8
Net cash used in investing activities	(49.1)	(84.1)
Financing activities		
Net change in short-term borrowings and revolving credit lines	(0.1)	(64.3)
Dividends	(25.6)	(22.5)
Stock options and treasury shares, net	11.8	18.5
Net cash used in financing activities	(13.9)	(68.3)
Effect of exchange rate changes on cash	(0.8)	0.2
Change in cash and cash equivalents	55.7	2.1
Cash and cash equivalents		
Beginning of period	112.5	74.7
End of period	\$ 168.2	\$ 76.8

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

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Notes to the Unaudited Condensed Consolidated Financial Statements

Note 1 Basis of Presentation

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

The Company has reclassified certain prior period amounts in the condensed consolidated financial statements to be consistent with the current period presentation. See Note 3 regarding the transition of the Styled Wheels business between Carlisle Transportation Products (CTP) and Carlisle Brake & Friction (CBF).

Note 2 New Accounting Pronouncements

Newly Adopted Accounting Standards

On February 5, 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. ASU 2013-02 requires that companies present either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source (e.g., the release due to cash flow hedges from interest rate contracts) and the income statement line items affected by the reclassification (e.g., interest income or interest expense). If a component is not required to be reclassified to net income in its entirety (e.g., the net periodic pension cost), companies would instead cross reference to the related footnote for additional information (e.g., the pension footnote). ASU 2013-02 is effective for fiscal and interim reporting periods beginning after December 15, 2012. The adoption of this ASU had no material effect on the Company's consolidated financial statements.

In July 2012, FASB issued ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*. ASU 2012-02 amends the guidance on testing indefinite-lived intangible assets, other than goodwill, for impairment. Under the revised guidance, entities have the option of first performing a qualitative assessment to determine whether there are any events or circumstances indicating that it is more likely than not that an indefinite-lived intangible asset is impaired. ASU 2012-02 is effective for fiscal and interim impairment tests performed in fiscal years beginning after September 15, 2012. The adoption of this ASU is not expected to have a material effect on the Company's consolidated financial statements.

New Accounting Standards Issued but not yet adopted

There are currently no new accounting standards that have been issued that will have a significant impact on the Company's financial position, results of operations, and cash flows upon adoption.

Note 3 Segment Information

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

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

Carlisle Transportation Products (CTP or the Transportation Products segment) the principal products of this segment include bias-ply, steel belted radial trailer tires, stamped or roll-formed steel wheels, tires, and tire and wheel assemblies, as well as industrial belts and related components. The markets served include lawn and garden, power sports, high-speed trailer, agriculture, and construction.

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

Carlisle Interconnect Technologies (CIT or the Interconnect Technologies segment) the principal products of this segment are high-performance wire, cable, connectors, contacts, and cable assemblies primarily for the aerospace, defense electronics, industrial, and test and measurement equipment markets.

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

Corporate includes general corporate expenses. Corporate assets consist primarily of cash and cash equivalents, facilities, deferred taxes, and other invested assets. Corporate operations also maintain a captive insurance program for workers compensation costs on behalf of all the Carlisle operating companies.

Effective January 1, 2012, the Company's Styled Wheels business was transitioned from CTP to CBF. Styled wheels continued to be manufactured by CTP, but were marketed and sold by the performance racing group within CBF. Effective December 1, 2012, due to sales, marketing, and administrative inefficiencies, the Styled Wheels business was transitioned from CBF back to CTP. Prior period results have been retrospectively adjusted to reflect the Styled Wheels business in the Transportation Products segment.

Unaudited financial information for operations by reportable segment is included in the following summary:

Three Months Ended June 30, (in millions)	2013		2012	
	Sales(1)	EBIT	Sales(1)	EBIT
Carlisle Construction Materials	\$ 490.5	\$ 78.2	\$ 470.0	\$ 85.5
Carlisle Transportation Products	203.5	(86.8)	211.3	19.3
Carlisle Brake & Friction	93.6	12.4	125.3	23.9
Carlisle Interconnect Technologies	145.7	22.3	114.7	17.4
Carlisle FoodService Products	62.8	7.3	63.3	5.7
Corporate		(10.9)		(11.5)
Total	\$ 996.1	\$ 22.5	\$ 984.6	\$ 140.3

Six Months Ended June 30, (in millions)	2013		2012	
	Sales(1)	EBIT	Assets(2)	Assets(2)
Carlisle Construction Materials	\$ 830.1	\$ 114.0	\$ 823.9	\$ 944.7
Carlisle Transportation Products	430.9	(72.3)	451.3	560.8
Carlisle Brake & Friction	184.4	23.4	250.7	700.4

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Carlisle Interconnect Technologies	286.9	40.7	1,042.3	225.4	34.1	794.7
Carlisle FoodService Products	120.8	12.4	198.0	122.6	11.2	210.8
Corporate		(25.6)	197.2		(24.4)	85.2
Total	\$ 1,853.1	\$ 92.6	\$ 3,462.4	\$ 1,873.9	\$ 236.5	\$ 3,296.6

(1) Excludes intersegment sales

(2) Corporate assets include assets of ceased operations not classified as held for sale

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On December 17, 2012, the Company acquired certain assets and assumed certain liabilities of Thermax (Thermax), an unincorporated North American division of Belden Inc., and acquired all of the outstanding shares of Raydex/CDT Limited (Raydex and together with Thermax, Thermax/Raydex), a company incorporated in England and Wales, for total cash consideration of approximately \$265.5 million, net of \$0.1 million cash acquired. The Company funded the acquisition with proceeds from its 3.75% senior unsecured notes due 2022 issued in November 2012. Thermax/Raydex designs, manufactures, and sells wire and cable products for the commercial and military aerospace markets and certain industrial markets. The acquisition of Thermax/Raydex adds capabilities and technology to strengthen the Company's interconnect products business by expanding its product and service range to its customers. Thermax/Raydex operates within the Interconnect Technologies segment.

The following table summarizes the consideration transferred to acquire Thermax/Raydex and the preliminary allocation among the assets acquired and liabilities assumed. The acquisition has been accounted for using the acquisition method of accounting which requires that the consideration be allocated to the acquired assets and assumed liabilities based on their acquisition date fair values with the remainder allocated to goodwill.

(in millions)	Preliminary Allocation	Measurement Period Adjustments Six Months Ended	Revised Preliminary Allocation
	As of 12/31/2012	6/30/2013	As of 6/30/2013
Total cash consideration transferred	\$ 265.6	\$	\$ 265.6
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Cash & cash equivalents	\$ 0.1	\$	\$ 0.1
Receivables	14.3		14.3
Inventories	15.4		15.4
Prepaid expenses and other current assets	0.9		0.9
Property, plant and equipment	7.2		7.2
Definite-lived intangible assets	135.1		135.1
Indefinite-lived intangible assets	9.1		9.1
Accounts payable	(12.0)		(12.0)
Accrued expenses	(2.6)		(2.6)
Deferred tax liabilities	(2.8)		(2.8)
Total identifiable net assets	164.7		164.7

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Goodwill	\$	100.9	\$	100.9
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The preliminary goodwill recognized in the acquisition of Thermax/Raydex is attributable to the workforce of Thermax/Raydex, the consistent financial performance of this complementary supplier of high-reliability interconnect products to leading aerospace, avionics and electronics companies and the enhanced scale that Thermax/Raydex brings to the Company. Thermax/Raydex brings additional high-end cable products and qualified positions to serve the Company's existing commercial aerospace and industrial customers. Goodwill arising from the acquisition of Thermax is deductible for income tax purposes as the acquisition of Thermax was an asset purchase. All of the preliminary goodwill was assigned to the Interconnect Technologies reporting unit. Preliminary indefinite-lived intangible assets of \$9.1 million represent acquired trade names. The \$135.1 million value preliminarily allocated to definite-lived intangible assets consists of \$111.4 million of customer relationships with preliminary useful lives ranging from 17 to 18 years, \$23.5 million of acquired technology with preliminary useful lives ranging from 9 to 11 years, and a \$0.2 million non-compete agreement with a preliminary useful life of 5 years.

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The fair values of the inventory, property, plant and equipment, and other intangible assets are preliminary and subject to change pending receipt of the final third-party valuations for those assets. The Company has also recorded deferred tax liabilities related to the property, plant and equipment and intangible assets as of the December 17, 2012 closing date.

Hertalan Holding B.V.

On March 9, 2012, the Company acquired 100% of the equity of Hertalan Holding B.V. (Hertalan) for a total cash purchase price of 37.3 million, or \$48.9 million, net of 0.1 million, or \$0.1 million, cash acquired. The Company funded the acquisition with borrowings under its \$600 million senior unsecured revolving credit facility (the Facility) and cash on hand. See Note 15 for further information regarding borrowings. The acquisition of Hertalan strengthens the Company's ability to efficiently serve European customers in the EPDM roofing market in Europe with local manufacturing and established distribution channels. Hertalan operates within the Construction Materials segment.

The following table summarizes the consideration transferred to acquire Hertalan and the allocation among the assets acquired and liabilities assumed. The acquisition has been accounted for using the acquisition method of accounting which requires that the consideration be allocated to the acquired assets and assumed liabilities based on their acquisition date fair values with the remainder allocated to goodwill.

(in millions)	Preliminary Allocation As of 3/31/2012	Measurement Period Adjustments Twelve Months Ended 3/9/2013	Final Allocation As of 3/9/2013
Total cash consideration transferred	\$ 49.3	\$ (0.3)	\$ 49.0
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Cash & cash equivalents	\$ 0.1	\$	\$ 0.1
Receivables	3.7		3.7
Inventories	10.5	(1.0)	9.5
Prepaid expenses and other current assets	0.2		0.2
Property, plant and equipment	13.0	(0.1)	12.9
Definite-lived intangible assets	9.9	4.8	14.7
Indefinite-lived intangible assets	2.6	5.4	8.0
Other long-term assets	0.3		0.3
Accounts payable	(3.3)		(3.3)
Accrued expenses	(2.5)		(2.5)
Long-term debt	(1.3)		(1.3)
Deferred tax liabilities	(4.4)	(2.3)	(6.7)
Other long-term liabilities	(0.1)		(0.1)
Total identifiable net assets	28.7	6.8	35.5
Goodwill	\$ 20.6	\$ (7.1)	\$ 13.5

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The goodwill recognized in the acquisition of Hertalan is attributable to the workforce of Hertalan, the solid financial performance of this leading manufacturer of EPDM roofing and waterproofing systems and the significant strategic value of the business to Carlisle. Hertalan provides Carlisle with a solid manufacturing and knowledge base for EPDM roofing products in Europe and provides an established distribution network throughout Europe, both of which enhance Carlisle's goal of expanding its global presence. The European market shows favorable trends towards EPDM roofing applications and Carlisle can provide additional product development and other growth resources to Hertalan. Goodwill arising from the acquisition of Hertalan is not deductible for income tax purposes. All of the goodwill was assigned to the Construction Materials reporting unit. Indefinite-lived intangible assets

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of \$8.0 million represent acquired trade names. The \$14.7 million value allocated to definite-lived intangible assets represents customer relationships with useful lives of 9 years.

The Company has also recorded deferred tax liabilities related to the property, plant and equipment and intangible assets as of the March 9, 2012 closing date.

*2011 Acquisitions*Tri-Star Electronics International, Inc.

On December 2, 2011, the Company acquired 100% of the equity of TSEI Holdings, Inc. (Tri-Star) for a total cash purchase price of \$284.8 million, net of \$4.5 million cash acquired. The total cash purchase price includes a \$0.4 million purchase price adjustment during the three months ended March 31, 2012. The Company funded the acquisition with borrowings under the Facility. See Note 15 for further information regarding borrowings. The acquisition of Tri-Star adds capabilities and technology to strengthen the Company's interconnect products business by expanding its product and service range to its customers. Tri-Star operates within the Interconnect Technologies segment.

The following table summarizes the consideration transferred to acquire Tri-Star and the preliminary allocation among the assets acquired and liabilities assumed. The acquisition has been accounted for using the acquisition method of accounting which requires that the consideration be allocated to the acquired assets and assumed liabilities based on their acquisition date fair values with the remainder allocated to goodwill.

(in millions)	Preliminary Allocation As of 12/31/2011	Measurement Period Adjustments Twelve Months Ended 12/2/2012	Final Allocation As of 12/2/2012
Total cash consideration transferred	\$ 288.9	\$ 0.4	\$ 289.3
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Cash & cash equivalents	\$ 4.5	\$	\$ 4.5
Receivables	14.0		14.0
Inventories	22.8		22.8
Prepaid expenses and other current assets	5.6		5.6
Property, plant and equipment	15.4	(2.1)	13.3
Definite-lived intangible assets	112.0	9.5	121.5
Indefinite-lived intangible assets	28.0	(8.6)	19.4
Other long-term assets	0.1		0.1
Accounts payable	(6.5)		(6.5)
Accrued expenses	(4.4)		(4.4)

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Deferred tax liabilities	(58.9)	3.4	(55.5)
Other long-term liabilities	(0.4)		(0.4)
Total identifiable net assets	132.2	2.2	134.4
Goodwill	\$ 156.7	\$ (1.8)	\$ 154.9

The goodwill recognized in the acquisition of Tri-Star is attributable to the workforce of Tri-Star, the consistent financial performance of this complementary supplier of high-reliability interconnect products to leading aerospace, avionics and electronics companies and the enhanced scale that Tri-Star brings to the Company. Tri-Star brings additional high-end connector products and qualified positions to serve the Company's existing commercial aerospace and industrial customers. Tri-Star will also supply the Company with efficient machining and plating processes that will lower costs and improve product quality. Favorable trends in the

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commercial aerospace markets and increasing electronic content in several industrial end markets provide a solid growth platform for the Interconnect Technologies segment. Goodwill arising from the acquisition of Tri-Star is not deductible for income tax purposes. All of the goodwill was assigned to the Interconnect Technologies segment. Indefinite-lived intangible assets of \$19.4 million represent acquired trade names. The \$121.5 million value allocated to definite-lived intangible assets consists of \$94.8 million of customer relationships with useful lives ranging from 12 to 21 years, \$23.2 million of acquired technology with useful lives of 16 years, \$2.5 million of non-compete agreements with useful lives ranging from 3 to 5 years, and \$1.0 million of customer certifications and approvals with useful lives of 3 years.

The Company has also recorded deferred tax liabilities related to the property, plant and equipment and intangible assets as of the December 2, 2011 closing date.

PDT Phoenix GmbH

On August 1, 2011, the Company acquired 100% of the equity of PDT Phoenix GmbH (PDT) for 77.0 million, or \$111.0 million, net of 5.3 million, or \$7.6 million, cash acquired. Of the 82.3 million, or \$118.6 million gross purchase price, 78.7 million, or \$113.4 million, was paid in cash initially funded with borrowings under the Facility and cash on hand. PDT is a leading manufacturer of EPDM-based (rubber) roofing membranes and industrial components serving European markets. The acquisition of PDT provides a platform to serve the European market for single-ply roofing systems, and expands the Company's growth internationally. PDT operates within the Construction Materials segment.

The agreement to acquire PDT provided for contingent consideration based on future earnings. The fair value of contingent consideration recognized at the acquisition date was 3.6 million, or \$5.2 million, and was estimated using a discounted cash flow model based on financial projections of the acquired company.

The purchase price of PDT included certain assets of the PDT Profiles business, which the Company sold on January 2, 2012 for 17.1 million, or \$22.1 million. The PDT Profiles business was classified as held for sale at the date of acquisition and on the Company's consolidated balance sheet as of December 31, 2011.

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The following table summarizes the consideration transferred to acquire PDT and the allocation among the assets acquired and liabilities assumed. The acquisition has been accounted for using the acquisition method of accounting which requires that the consideration be allocated to the acquired assets and assumed liabilities based on their acquisition date fair values with the remainder allocated to goodwill.

(in millions)	Preliminary Allocation	Measurement Period Adjustments Twelve Months Ended	Final Allocation
	As of 12/31/2011	8/1/2012	As of 8/1/2012
Consideration transferred:			
Cash consideration	\$ 113.4	\$	\$ 113.4
Contingent consideration	5.2		5.2
Total cash consideration transferred	\$ 118.6	\$	\$ 118.6
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Cash & cash equivalents	\$ 7.6	\$	\$ 7.6
Receivables	12.2		12.2
Inventories	10.5		10.5
Prepaid expenses and other current assets	0.8		0.8
Current assets held for sale	3.6		3.6
Property, plant and equipment	3.4		3.4
Definite-lived intangible assets	57.1		57.1
Indefinite-lived intangible assets	6.9		6.9
Other long-term assets	0.1		0.1
Non-current assets held for sale	21.6	(0.6)	21.0
Accounts payable	(9.0)		(9.0)
Accrued expenses	(1.2)		(1.2)
Deferred tax liabilities	(21.5)		(21.5)
Other long-term liabilities	(3.3)		(3.3)
Total identifiable net assets	88.8	(0.6)	88.2
Goodwill	\$ 29.8	\$ 0.6	\$ 30.4

The purchase price allocation reflects updated fair value estimates for assets acquired and liabilities assumed. The amount of goodwill recognized in the acquisition of PDT is attributable to the workforce of PDT, the solid financial performance of this leading manufacturer of single-ply roofing and waterproofing systems and the significant strategic value of the business to Carlisle. PDT provides Carlisle with a solid manufacturing and knowledge base for single-ply roofing products in Europe and provides an established distribution network throughout Europe, both of which enhance Carlisle's goal of expanding its global presence. The European market shows favorable trends towards single-ply roofing applications and Carlisle can provide additional product development and other growth resources to PDT. Goodwill arising from the acquisition of PDT is not deductible for income tax purposes. All of the goodwill was assigned to the Construction Materials segment. Indefinite-lived intangible assets of \$6.9 million represent acquired trade names. Of the \$57.1 million value allocated to definite-lived intangible assets, approximately \$33.3 million was allocated to patents, with useful lives ranging from 10 to 20 years, and \$23.8 million was allocated to customer relationships, with useful lives of 19 years.

The Company has also recorded deferred tax liabilities related to the property, plant and equipment and intangible assets as of the August 1, 2011 closing date.

Table of Contents**Note 5 Discontinued Operations and Assets Held for Sale**

For the three months ended June 30, 2013, the Company had no income before income taxes from discontinued operations. For the six months ended June 30, 2013, the Company had a loss before income taxes of \$0.1 million pertaining primarily to legacy workers compensation claims.

As of June 30, 2013, the Company classified CCM's Kent, WA facility and related assets as held-for-sale following the relocation of operations to Puyallup, WA. The disposal group includes only long-lived tangible assets with a net book value of \$3.9 million.

In the third quarter of 2012, the Company announced plans to restructure certain of CFS's manufacturing and distribution operations. As of June 30, 2013, assets held for sale includes \$6.9 million of long-lived tangible assets related to the Reno, NV and Zevenaar, The Netherlands distribution centers.

On January 2, 2012, the Company completed the sale of the PDT Profiles business for 17.1 million, or \$22.1 million. The Company had acquired all of the equity of PDT on August 1, 2011 (see Note 4). Included with the acquisition were certain assets associated with the PDT Profiles business, which the Company classified as held for sale at the date of acquisition. No gain or loss was recognized upon the sale of the PDT Profiles business.

Note 6 Exit and Disposal Activities

The following table represents the effect of exit and disposal activities related to continuing operations during the three and six months ended June 30, 2013 and 2012, respectively:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		
	2013	2012	2013	2012	2012
Cost of goods sold	\$	\$	1.8	\$ 0.6	\$ 1.9
Selling and administrative expenses			(0.2)	0.1	(0.2)
Other expense					0.3
Total exit and disposal costs	\$	\$	1.6	\$ 0.7	\$ 2.0

Exit and disposal activities by type of charge were as follows:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		
	2013	2012	2013	2012	2012
Termination benefits	\$	\$	1.7	\$ 0.1	\$ 1.7
Impairments					0.3
Other associated costs			(0.1)	0.6	

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Total exit and disposal costs \$ \$ 1.6 \$ **0.7** \$ 2.0

Exit and disposal accrual activities for the six months ended June 30, 2013 were as follows:

(in millions)	Termination Benefits	Asset Write-downs	Other associated costs	Total
Balance at December 31, 2012	\$ 1.8	\$	\$ 0.6	\$ 2.4
2013 charges to expense and adjustments	0.1		0.6	0.7
2013 usage	(1.9)		(1.0)	(2.9)
Balance at June 30, 2013	\$	\$	\$ 0.2	\$ 0.2

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Exit and disposal activities by segment were as follows:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Total by segment				
Carlisle Construction Materials	\$	\$	0.3	\$ 0.3
Carlisle Transportation Products			1.5	0.3
Carlisle Brake & Friction			(0.2)	0.1
Carlisle FoodService Products			0.4	
Total exit and disposal costs	\$	\$	1.6	\$ 2.0

Carlisle Construction Materials During the second quarter of 2012, the Company announced plans to consolidate its manufacturing operations in Elberton, GA into its locations in Terrell, TX and Carlisle, PA. Costs of \$0.8 million incurred in 2012 consisted of employee termination cost, equipment relocation, and other associated costs. No further costs are expected to be incurred related to this project.

Carlisle Transportation Products During 2012, the Company transferred its remaining manufacturing operations in Buji, China. The tire manufacturing operations were transferred from Buji to Meizhou, China. The belt manufacturing operations were transferred from Buji to existing manufacturing facilities in Fort Scott, KS and Springfield, MO. The total expected cost of the project is \$2.9 million. During the six months ended June 30, 2013, the Company incurred \$0.3 million of exit and disposal costs related to the transfer of its Buji, China tire and belt manufacturing operations, consisting of early lease termination costs. The Company expects no additional costs to be incurred related to this project.

Carlisle Brake & Friction In the third quarter of 2011, the Company decided to close its braking plant in Canada. The total cost of the project was \$1.0 million, including \$0.9 million of expense recognized in 2011 for employee termination costs and other associated costs. Expenses of \$0.1 million were recognized in 2012 reflecting \$0.3 million expense for the write down of assets sold in connection with the plant closure, net of \$0.2 million income to reverse an accrual for pension costs which will not be paid. As of June 30, 2013, a \$0.2 million liability, reported in Accrued expenses, exists for unpaid lease termination costs. The Company expects no additional costs to be incurred related to this project.

Carlisle FoodService Products In the third quarter of 2012, the Company announced plans to close its China manufacturing facility and its Zevenaar, Netherlands and Reno, NV distribution facilities. Manufacturing operations were moved from China to Carlisle's existing Oklahoma City, OK and Chihuahua, Mexico manufacturing facilities. The distribution activities previously conducted at the Zevenaar, Netherlands and Reno, NV facilities were relocated to the Oklahoma City, OK distribution center or to third party distributors throughout Europe. The total expected cost of the project is \$5.7 million, including costs for impairment of long-lived assets, employee termination, contract termination, legal and consulting services, and relocation and retrofitting of plant assets of which \$5.3 was incurred in 2012. During the six months ended June 30, 2013, the Company incurred \$0.4 million of exit and disposal costs for employee termination and equipment relocation. The Company expects no additional costs to be incurred related to this project.

Note 7 Stock-Based Compensation

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Stock-based compensation cost is recognized over the requisite service period, which generally equals the stated vesting period, unless the stated vesting period exceeds the date upon which an employee reaches retirement eligibility. Pre-tax stock-based compensation expense was \$2.9 million and \$4.5 million for the three months ended June 30, 2013 and 2012, respectively and \$10.9 million and \$9.9 million for the six months ended June 30, 2013 and 2012, respectively.

2008 Executive Incentive Program

The Company maintains an Executive Incentive Program (the Program) for executives and certain other employees of the Company and its operating divisions and subsidiaries. The Program was approved by shareholders on April 20, 2004 and was amended and restated effective January 1, 2012. The Program allows for awards to eligible employees of stock options, restricted stock, stock appreciation rights, performance shares and units or other awards based on Company common stock. At June 30, 2013, 3,051,670 shares were available for grant under this plan, of which 686,985 shares were available for the issuance of stock awards.

Table of Contents2005 Nonemployee Director Equity Plan

The Company also maintains the Nonemployee Director Equity Plan (the Plan) for members of its Board of Directors, with the same terms and conditions as the Program. At June 30, 2013, 267,745 shares were available for grant under this plan, of which 37,745 shares were available for the issuance of stock awards. Members of the Board of Directors that receive stock-based compensation are treated as employees for accounting purposes.

Grants

For the six months ended June 30, 2013, the Company awarded 283,975 stock options, 71,255 restricted stock awards, 71,255 performance share awards and 11,313 restricted stock units with an aggregate grant-date fair value of approximately \$16.9 million to be expensed over the requisite service period for each award.

Stock Option Awards

Effective 2008, options issued under these plans vest one-third on the first anniversary of grant, one-third on the second anniversary of grant and the remaining one-third on the third anniversary of grant. All options have a maximum term life of 10 years. Shares issued to cover options under the Program and the Plan may be issued from shares held in treasury, from new issuances of shares, or a combination of the two.

Pre-tax share-based compensation expense related to stock options was \$1.3 million and \$1.6 million for the three months ended June 30, 2013 and 2012, respectively, and \$2.4 million and \$3.5 million for the six months ended June 30, 2013 and 2012, respectively.

The Company utilizes the Black-Scholes-Merton (BSM) option pricing model to determine the fair value of its stock option awards. The BSM relies on certain assumptions to estimate an option's fair value. The weighted average assumptions used in the determination of fair value for stock option awards in 2013 and 2012 were as follows:

	2013	2012
Expected dividend yield	1.2%	1.5%
Expected life in years	5.71	5.78
Expected volatility	32.2%	36.0%
Risk-free interest rate	1.0%	0.9%
Weighted average fair value	\$ 17.58	\$ 14.57

The expected life of options is based on the assumption that all outstanding options will be exercised at the midpoint of the valuation date and the option expiration date. The expected volatility is based on historical volatility as well as implied volatility of the Company's options. The risk-free interest rate is based on rates of U.S. Treasury issues with a remaining life equal to the expected life of the option. The expected dividend

yield is based on the projected annual dividend payment per share, divided by the stock price at the date of grant.

Restricted Stock Awards

Restricted stock awarded under the Program is generally released to the recipient after a period of three years; however, 56,700 shares awarded to executive management in February 2008 vested ratably over five years. The \$64.80 grant date fair value of the 2013 restricted stock awards, which are released to the recipient after a period of three years, is based on the closing market price of the stock on the date of grant.

Performance Share Awards

The performance shares vest based on the employee rendering three years of service to the Company, and the attainment of a market condition over the performance period, which is based on the Company's relative total shareholder return versus the S&P Midcap 400 Index® over a pre-determined time period as determined by the Compensation Committee of the Board of Directors. The grant date fair value of the 2013 performance shares of \$91.33 was estimated using a Monte-Carlo simulation approach based on a three year measurement period. Such approach entails the use of assumptions regarding the future performance of the Company's stock and those of the S&P Midcap 400 Index®. Those assumptions include expected volatility, risk-free interest rates, correlation coefficients and dividend reinvestment. Dividends accrue on the performance shares during the performance period and are to be paid

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in cash based upon the number of awards ultimately earned. The Company expenses the compensation cost associated with the performance awards on a straight-line basis over the vesting period of three years.

Restricted Stock Units

The restricted stock units awarded to eligible directors are fully vested and will be paid in shares of Company common stock after the director ceases to serve as a member of the Board, or if earlier, upon a change in control of the Company. The \$64.80 grant date fair value of the 2013 restricted stock units is based on the closing market price of the stock on February 6, 2013, the date of the grant.

Deferred Compensation

Certain employees are eligible to participate in the Company's Non-qualified Deferred Compensation Plan (the "Deferred Compensation Plan"). In addition to the ability to defer a portion of their cash compensation, participants may elect to defer all or part of their stock-based compensation. Company stock held for future issuance of vested awards is classified as Deferred compensation equity in the condensed consolidated balance sheets and is recorded at grant date fair value.

Note 8 Income Taxes

The effective income tax rate on continuing operations for the six months ended June 30, 2013 was 16.1% compared to an effective income tax rate of 33.2% for the six months ended June 30, 2012. The decrease in the year-to-date tax rate is primarily due to a tax election made in a foreign jurisdiction that resulted in an increase in the tax basis of certain assets with a corresponding elimination of a deferred tax liability. The net tax impact of the transaction resulted in a \$11.8 million benefit in the first six months of the year. The year-to-date rate also decreased because of tax legislation passed in January 2013 related to taxation of foreign earned income and research and development expenditures. The tax impact of the current period impairment of the goodwill of Carlisle Transportation Products is included in the estimated annual effective tax rate rather than as a discrete item in the second quarter of 2013.

The year-to-date effective tax rate of 16.1% varies from the United States statutory rate of 35.0% primarily due to the foreign transaction discussed above, the January 2013 tax legislation, the deduction for U.S. production activities, and earnings in foreign jurisdictions taxed at rates lower than the U.S. federal rate. The effective tax rate for the full year is expected to approximate 30%.

Note 9 Earnings Per Share

The Company's unvested restricted shares and restricted stock units contain nonforfeitable rights to dividends and, therefore, are considered participating securities for purposes of computing earnings per share pursuant to the two-class method. The computation below of earnings per

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share excludes the income attributable to the unvested restricted shares and restricted stock units from the numerator and excludes the dilutive impact of those underlying shares from the denominator. Stock options are included in the calculation of diluted earnings per share utilizing the treasury stock method and performance share awards are included in the calculation of diluted earnings per share using the contingently issuable method. Neither is considered to be a participating security as they do not contain non-forfeitable dividend rights.

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

(in millions except share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Numerator:				
Income from continuing operations	\$ 8.2	\$ 89.4	\$ 63.5	\$ 149.4
Less: dividends declared - common stock outstanding, unvested restricted shares and restricted share units	(12.8)	(11.3)	(25.6)	(22.5)
Undistributed earnings	(4.6)	78.1	37.9	126.9
Percent allocated to common shareholders (1)	99.5%	99.4%	99.5%	99.4%
	(4.6)	77.6	37.7	126.2
Add: dividends declared - common stock	12.7	11.2	25.5	22.4
Numerator for basic and diluted EPS	\$ 8.1	\$ 88.8	\$ 63.2	\$ 148.6
Denominator (in thousands):				
Denominator for basic EPS: weighted-average common shares outstanding	63,409	62,419	63,343	62,166
Effect of dilutive securities:				
Performance awards	353	505	353	505
Stock options	933	873	924	812
Denominator for diluted EPS: adjusted weighted average common shares outstanding and assumed conversion	64,695	63,797	64,620	63,483
Per share income from continuing operations:				
Basic	\$ 0.13	\$ 1.42	\$ 1.00	\$ 2.39
Diluted	\$ 0.13	\$ 1.39	\$ 0.98	\$ 2.34

(1) Basic weighted-average common shares outstanding	63,409	62,419	63,343	62,166
Basic weighted-average common shares outstanding, unvested restricted shares expected to vest and restricted share units	63,737	62,783	63,670	62,529
Percent allocated to common shareholders	99.5%	99.4%	99.5%	99.4%

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

(in millions except share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Income from discontinued operations attributable to common shareholders for basic and diluted earnings per share	\$	\$ 3.4	\$ (0.1)	\$ 3.4
Net income attributable to common shareholders for basic and diluted earnings per share	\$ 8.1	\$ 92.2	\$ 63.1	\$ 151.9

Antidilutive stock options excluded from EPS
calculation(2)

(2)Represents stock options excluded from the calculation of diluted earnings per share as such options had exercise prices in excess of the weighted-average market price of the Company's common stock during these periods. Amounts in thousands.

Table of Contents**Note 10 Fair Value Measurements**

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value may be measured using three levels of inputs:

Level 1 quoted prices in active markets for identical assets and liabilities.

Level 2 observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 unobservable inputs in which there is little or no market data available, which requires the reporting entity to develop its own assumptions.

Recurring Measurements

The fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis were as follows:

(in millions)	Balance at June 30, 2013	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Cash and cash equivalents	\$ 168.2	\$ 168.2	\$	\$
Short-term investments	1.1	1.1		
Foreign currency forward contracts	0.2		0.2	
Total assets measured at fair value	\$ 169.5	\$ 169.3	\$ 0.2	\$
Commodity swap agreements	\$ 1.6	\$	1.6	\$
Contingent consideration	10.4			10.4
Foreign currency forward contracts	0.5		0.5	
Total liabilities measured at fair value	\$ 12.5	\$	\$ 2.1	\$ 10.4

Cash and cash equivalents include \$3.3 million in money market accounts for the Company's deferred compensation program. Short-term investments of \$1.1 million at June 30, 2013 consist of investments held in mutual funds for the Company's deferred compensation program and are classified in the condensed consolidated balance sheet at June 30, 2013 in Prepaid expenses and other current assets.

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Foreign exchange forward contracts at June 30, 2013 relate to contracts held for purposes of mitigating the Company's exposure to fluctuations in foreign exchange rates, resulting from assets or liabilities that are held by certain of its operating subsidiaries in currencies other than the subsidiary's functional currency. Such forward contracts are valued at fair value using observable market inputs such as forward prices and spot prices of the underlying exchange rate pair. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. The Company has not designated these forward contracts as cash flow hedges and, accordingly, recognizes associated changes in fair value of the forwards through Other income (expense). At June 30, 2013 the fair values of contracts based on the Japanese Yen and Canadian Dollar were \$0.2 million asset and \$0.5 million liability, respectively. The fair values of these contracts are recorded within Prepaid expenses and other assets and Accrued expenses, respectively, in the condensed consolidated balance sheet as of June 30, 2013 as none of the contract terms exceed one year from the balance sheet date.

Commodity swap agreements at June 30, 2013 relate to swap agreements held for purposes of mitigating the Company's exposure to fluctuations in the prices of silver and copper, which are key raw materials within the Interconnect Technologies segment. Such swaps are valued using third-party valuation models that measure fair value using observable market inputs such as forward prices and spot prices of the underlying commodities. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. The Company has not designated these swaps as cash flow hedges and, accordingly, recognizes associated changes in fair value of the swaps through Other expense. The fair value of these swaps is recorded within Accrued expenses in the condensed consolidated balance sheet as of June 30, 2013 as none of the swap terms exceed one year from the balance sheet date.

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Contingent consideration represents fair value of the earn-out associated with the purchase of PDT and was estimated using a discounted cash flow model based on financial projections of the acquired company. The fair value was \$8.0 million, or \$10.4 million, at June 30, 2013 and is recorded within Other long-term liabilities in the condensed consolidated balance sheet. See Note 4 for further information regarding the PDT acquisition.

(in millions)	Balance at December 31, 2012	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Cash and cash equivalents	\$ 112.5	\$ 112.5	\$	\$
Short-term investments	0.6	0.6		
Commodity swap agreements	0.1		0.1	
Foreign currency forward contracts	0.3		0.3	
Total assets measured at fair value	\$ 113.5	\$ 113.1	\$ 0.4	\$
Contingent consideration	\$ 9.9	\$	\$	\$ 9.9
Total liabilities measured at fair value	\$ 9.9	\$	\$	\$ 9.9

Cash and cash equivalents at December 31, 2012 include \$1.6 million in money market accounts for the Company's Deferred Compensation Plan. Short-term investments of \$0.6 million at December 31, 2012 consist of investments held in mutual funds for the Company's deferred compensation program and are classified in the condensed consolidated balance sheet at December 31, 2012 in Prepaid expenses and other current assets. Commodity swap agreements relate to swap agreements held for purposes of mitigating the Company's exposure to fluctuations in the prices of silver and copper, which are key raw materials within the Interconnect Technologies segment and are classified in the condensed consolidated balance sheet at December 31, 2012 in Prepaid expenses and other current assets. Foreign exchange forward contracts relate to contracts held for purposes of mitigating the Company's exposure to fluctuations in foreign exchange rates, resulting from assets or liabilities that are held by certain of its operating subsidiaries in currencies other than the subsidiary's functional currency and are classified in the condensed consolidated balance sheet at December 31, 2012 in Prepaid expenses and other current assets. Contingent consideration represents fair value of the earn-out associated with the purchase of PDT.

Non-Recurring Measurements

For the three months ended June 30, 2013, the Transportation Products segment recognized an estimated goodwill impairment charge of \$100.0 million, reducing the carrying value of CTP's goodwill to \$0. The estimated fair value of goodwill was determined using the residual value method as required by ASC 350, *Goodwill and Other Intangible Assets*. This estimate was based on fair value determinations using Level 3 inputs. See Note 13 for information regarding asset impairment within the Transportation Products segment.

See Note 4 for information regarding assets acquired and liabilities assumed in the Thermax/Raydex and Hertalan acquisitions measured at fair value at initial recognition.

Table of Contents**Note 11 Inventories**

The components of inventories at June 30, 2013 and December 31, 2012 were as follows:

(in millions)	June 30, 2013	December 31, 2012
Finished goods	\$ 313.7	\$ 340.0
Work-in-process	59.8	55.8
Raw materials	154.2	169.3
Capitalized variances	3.7	8.6
Reserves	(38.4)	(35.7)
Inventories	\$ 493.0	\$ 538.0

Note 12 Property, Plant and Equipment

The components of property, plant and equipment at June 30, 2013 and December 31, 2012 were as follows:

(in millions)	June 30, 2013	December 31, 2012
Land	\$ 48.7	\$ 45.8
Buildings and leasehold improvements	331.3	311.9
Machinery and equipment	875.0	845.2
Projects in progress	45.4	69.9
	1,300.4	1,272.8
Accumulated depreciation	(665.9)	(635.7)
Property, plant and equipment, net	\$ 634.5	\$ 637.1

Property, plant and equipment at December 31, 2012 includes assets acquired from Thermax/Raydex and Hertalan recorded at estimated fair value based on preliminary valuation studies. See Note 4 for further information regarding these acquisitions.

Note 13 Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the six months ended June 30, 2013 were as follows:

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(in millions)	Construction Materials	Transportation Products	Brake & Friction	Interconnect Technologies	FoodService Products	Disc. Ops	Total
Gross balance at January 1, 2013	\$ 127.2	\$ 155.5	\$ 226.7	\$ 444.6	\$ 60.3	\$ 47.4	\$ 1,061.7
Currency translation	(0.9)		(0.1)	0.2			(0.8)
Gross balance at June 30, 2013	126.3	155.5	226.6	444.8	60.3	47.4	1,060.9
Accumulated impairment losses		(155.5)				(47.4)	(202.9)
Net balance at June 30, 2013	\$						