CARLISLE COMPANIES INC
Form 10-K
February 10, 2012

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

OR

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

Commission file number 1-9278

CARLISLE COMPANIES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**31-1168055** (I.R.S. Employer Identification No.)
13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277 (Address of principal executive office, including zip code)	**(704) 501-1100** (Telephone Number)

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

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

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

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

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

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

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

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

Large accelerated filer ý Accelerated filer o Non-accelerated filer o Smaller reporting company o

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

The aggregate market value of the shares of common stock of the registrant held by non-affiliates was approximately $3.0 billion based upon the closing price of the common stock on the New York Stock Exchange on June 30, 2011.

As of January 31, 2012, 61,790,758 shares of common stock of the registrant were outstanding;

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 2, 2012 are incorporated by reference in Part III.

Part I

Item 1. Business.

Overview

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

The Company's executive offices are located at 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 it serves. The Company is dedicated to achieving low cost positions and providing service excellence based on, among other things, superior quality, on-time delivery and short cycle times.

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

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

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 the Company does business. Waste is being eliminated and efficiencies improved enterprise wide, allowing the Company to increase overall profitability. Improvements are not limited to production areas, as COS is also driving improvements in new product innovation, engineering, supply chain management, warranty and product rationalization. COS is creating a culture of continuous improvement across all aspects of the Company's business operations.

Acquisitions and Divestitures

The Company has a long-standing acquisition strategy. Traditionally, the Company has focused on acquiring new businesses that can be added to existing operations, or "bolt-ons". In addition, the Company considers acquiring new businesses that can operate independently from other Carlisle companies. Factors considered by the Company in making an acquisition include consolidation opportunities, technology, customer dispersion, operating capabilities and growth potential.

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

Financial Condition and Results of Operations Acquisitions", Notes 3 and 4 to the Consolidated Financial Statements in Item 8 and "Discontinued Operations," also in Item 1 below.

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

	2011	2010	2009
Sales to Unaffiliated Customers(1)			
Carlisle Construction Materials	**$ 1,484.0**	$ 1,223.6	$ 1,125.9
Carlisle Transportation Products	**732.1**	684.8	633.5
Carlisle Brake & Friction	**473.0**	129.4	74.6
Carlisle Interconnect Technologies	**299.6**	251.1	180.5
Carlisle FoodService Products	**235.8**	238.8	243.6
Total	**$ 3,224.5**	$ 2,527.7	$ 2,258.1
Earnings Before Interest and Income Taxes			
Carlisle Construction Materials	**$ 177.9**	$ 159.2	$ 155.2
Carlisle Transportation Products	**9.1**	21.7	53.4
Carlisle Brake & Friction	**77.2**	(0.9)	0.8
Carlisle Interconnect Technologies	**41.9**	30.9	14.3
Carlisle FoodService Products	**13.2**	24.3	24.7
Corporate(2)	**(44.2)**	(39.1)	(36.5)
Total	**$ 275.1**	$ 196.1	$ 211.9
Identifiable Assets			
Carlisle Construction Materials	**$ 774.4**	$ 594.6	$ 572.4
Carlisle Transportation Products	**584.9**	554.5	489.4
Carlisle Brake & Friction	**665.8**	662.0	82.5
Carlisle Interconnect Technologies	**782.1**	398.8	391.9
Carlisle FoodService Products	**206.8**	212.4	218.4
Corporate(3)	**101.2**	105.6	122.7
Total	**$ 3,115.2**	$ 2,527.9	$ 1,877.3

(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:

	2011	2010
Total Identifiable Assets by segment per table above	**$ 3,115.2**	$ 2,527.9
Assets held for sale of discontinued operations*	**22.7**	1.6
Total assets per Consolidated Balance Sheets in Item 8	**$ 3,137.9**	$ 2,529.5

* See Note 4 to the Consolidated Financial Statements in Item 8.

Description of Businesses by Segment

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

The Construction Materials segment manufactures and sells rubber, or EPDM, and thermoplastic polyolefin, or TPO, roofing systems. In addition, CCM 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 CCM's products are sold through a network of authorized sales representatives and distributors.

On August 1, 2011, the Company acquired PDT Phoenix GmbH ("PDT") for approximately $111.0 million, net of $7.6 million cash acquired. The purchase price of $118.6 million was comprised of $113.4 million in cash and $5.2 million in contingent consideration. PDT operates manufacturing facilities in Germany and is a leading manufacturer of EPDM based roofing materials. The acquisition of PDT is an important foothold for CCM in servicing the growing single-ply roofing market in Europe. See Note 3 in Item 8 for further information regarding the acquisition and the related purchase price allocation. On January 2, 2012, the Company completed the sale of PDT's non-roofing and waterproofing unit ("PDT Profiles") to Datwyler Group of Altdorf, Switzerland for $22.7 million, subject to working capital adjustment. See Note 4 in Item 8 regarding discontinued operations.

CCM operates manufacturing facilities located throughout the United States, its primary market, and Germany. 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. Following the acquisition of PDT, the Company also operates EPDM manufacturing facilities in Hamburg and Waltershausen, Germany. TPO facilities are located in Senatobia, Mississippi and Tooele, Utah. Coatings and waterproofing manufacturing operations include five production facilities in North America. Block molded expanded polystyrene, or EPS, operations include ten 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 diphenyldiisocyanate, polyol, polyester fabric, black facer paper, oriented strand board, clay and various packaging materials. Critical raw materials generally have at least two vendor sources to better assure adequate supply. For raw materials that are single sourced, the vendor typically has multiple processing facilities.

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

The working capital practices for this segment include:

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

(ii) Standard accounts payable payment terms of 30 days to 45 days.

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

CCM serves a large and diverse customer base; however, in 2011 two customers represented approximately 31% of this segment's revenues, but neither customer represented 10% of the Company's consolidated revenues. The loss of either of these customers could have a material adverse effect on this segment's revenues and cash flows.

This segment faces competition from numerous competitors that produce roofing, insulation and waterproofing products for commercial and residential applications. The level of competition within this market varies by product line. As one of two leading manufacturers in the niche single-ply industry, CCM competes through pricing, innovative products, long-term warranties and customer service. CCM 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 CCM to install its roofing systems.

Carlisle Transportation Products ("CTP" or the "Transportation Products segment")

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.

CTP's products are 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, CTP has various distribution centers in the United States, Canada, Europe and China that provide local sales and service. Beginning in 2012, styled wheels manufactured by CTP will be marketed and sold by the performance racing group in the Brake & Friction segment.

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.

The working capital practices for this segment include:

(i) Standard accounts receivable payment terms of 30 days to 120 days.

(ii) Standard accounts payable payment terms of 45 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 2011 one customer represented approximately 12% of this segment's revenues, but did not represent 10% of the Company's consolidated revenues. The loss of this customer could have a material adverse effect on this segment's revenues and cash flows.

This segment competes globally against regional and international manufacturers. Few competitors participate in all served markets. A majority participate in only a few of CTP'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 in the Company's efforts to reduce costs and streamline 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 its 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 was completed during 2011. CTP experienced start-up inefficiencies in Jackson related to the ramp up of tire production in 2011, however, productivity has recently improved at this facility.

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

The Brake & Friction segment consists of off-highway braking systems and friction products for off-highway, on-highway, aircraft and other industrial applications. CBF also includes the performance racing group which markets and sells high-performance motorsport wheels and braking products. CBF's products are 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 and performance racing. Manufacturing facilities are located in the United States, the United Kingdom, Italy, China 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 3 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 the combination of this acquisition and Carlisle Industrial Brake and Friction to form CBF, the Company created a comprehensive global braking solutions platform enabling the Company to provide a broader line of attractive products and increasing presence within key emerging markets.

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 higher in the second and third quarters.

The working capital practices for this segment include:

(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 2011 one customer represented approximately 21% of this segment's revenues, but did not represent 10% of the Company's consolidated revenues. The loss of this customer could have a material adverse effect on this segment's revenues and cash flows.

This segment competes globally against regional and international manufacturers. Few competitors participate in all served markets. A majority participate in only a few of CBF's served markets on a regional or global basis. Markets served are competitive and the major competitive factors include product performance, quality, product availability and price. The relative importance of these competitive factors varies by market segment and channel.

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

The Interconnect Technologies segment designs and manufactures high performance wire, cable, contacts, 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 segment operates manufacturing facilities in the United States, Switzerland and China with the United States, Europe and China being the primary target markets for sales. Sales are made by direct sales personnel.

On December 2, 2011, the Company completed the purchase of TSEI Holdings, Inc. ("Tri-Star") for $284.4 million, net of $4.5 million cash acquired. With annual sales of approximately $95 million, Tri-Star is based in El Segundo, California, with machining facilities in Riverside, California, and Lugano, Switzerland. Tri-Star is a supplier to the world's leading aerospace, avionics and electronics companies. Tri-Star designs, manufactures and sells customized, high-reliability contacts and connectors critical for accurate and efficient transmission of data and power on aircraft and defense platforms, as well as in high-end industrial equipment. See Note 3 in Item 8 for further information regarding the acquisition and the related purchase price allocation.

Raw materials for this segment include gold, 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, 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 segment are generally not seasonal in nature.

The working capital practices for this segment include:

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

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

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

CIT serves a large and diverse customer base; however, in 2011 two customers together represented 35% of this segment's revenues, but neither customer represented 10% of the Company's consolidated revenues. The loss of one of these customers could have a material adverse effect on this segment's revenues and cash flows.

The Interconnect Technologies segment 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 segment, there are only one or two companies capable of producing a competing product.

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

The FoodService Products segment 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. CFSP's product line is distributed from three primary distribution centers located in Charlotte, North Carolina, 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 Products segment operates manufacturing facilities in the United States, China and Mexico, and sales are made primarily in North America and Europe.

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

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

The working capital practices for this segment include:

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

(ii) Standard accounts payable payment terms of 45 days to 60 days.

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

The FoodService Products segment serves a large and diverse customer base; however, in 2011 three customers together represented 36% of this segment's revenues, but none of these customers represented 10% of the Company's consolidated revenues. The loss of one of these customers could have a material adverse effect on this segment's revenues and cash flows.

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

Discontinued Operations

On August 1, 2011, the Company acquired all of the equity of PDT. Included with the acquisition were certain assets associated with PDT's profiles and frames business ("PDT Profiles"), which the Company classified as held for sale at the date of acquisition. The Company completed the sale of the PDT Profiles business on January 2, 2012 for $22.7 million, subject to working capital adjustment.

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 $39.4 million, including working capital adjustment of $4.4 million. The Company may 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 on sale may be recorded in future periods based upon proceeds received from the Company's share of any future earnings. 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.

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.

See Note 4 in Item 8 for further information regarding discontinued operations.

Principal Products

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

Intellectual Property

The Company owns or holds the right to use a variety of patents, trademarks, licenses, inventions, trade secrets and other intellectual property rights. The Company has adopted a variety of measures and programs to ensure the continued validity and enforceability of its various intellectual property rights. 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 $534.6 million at December 31, 2011 and $360.8 million at December 31, 2010; however, not all of these orders are firm in nature.

Government Contracts

At December 31, 2011, 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 $28.7 million in 2011 compared to $23.2 million in 2010 and $16.4 million in 2009.

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, less than 5% of whom were covered by two collective bargaining agreements, in its continuing operations at December 31, 2011. The Company believes the state of its relationship with its employees is generally good.

International

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

NYSE Affirmation

On May 20, 2011, David A. Roberts, the Company's Chief Executive Officer, submitted to the New York Stock Exchange (the "NYSE") the Annual CEO Certification and certified therein that he was not aware of any violation by the Company of the NYSE's Corporate Governance listing standards.

Item 1A. Risk Factors.

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

Raw Material costs are a significant component of the Company's cost structure.

The Company utilizes petroleum-based products, steel, natural rubber, synthetic rubber and other commodities in its manufacturing processes. Raw materials, including inbound freight, accounted for approximately 72% of the Company's cost of goods sold in 2011. Significant increases in the price of these materials may not be recovered through selling price increases and could adversely affect the Company's business, financial condition, results of operations and cash flows. The Company also relies on global sources of raw materials, which could be adversely impacted by unfavorable shipping or trade arrangements, and global economic conditions.

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

Several of the market segments in which the Company sells its products are, to varying degrees, cyclical, and may experience periodic downturns in demand. For example, the Interconnect Technologies segment is susceptible to downturns in the commercial airline industry and the Construction Materials segment is susceptible to downturns in the commercial construction industry.

In addition, both the Interconnect Technologies segment and the Brake & Friction segment may be negatively impacted by reductions in military spending.

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

If these conditions deteriorate, however, the Company's business, financial condition, results of operations and cash flows could be materially adversely affected.

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

The Company has increased, and anticipates that it will continue to increase, its presence in global markets. Approximately 19% of the Company's revenues in 2011 were generated outside the United States and the Company expects that this percentage will grow as the Company continues to expand its international sales efforts.

In addition, to compete globally against low-cost manufacturers, several of the Company's segments operate manufacturing facilities outside the United States, especially in China. The tire and wheel product line within the Transportation Products segment in particular faces significant competition from low-cost manufacturers.

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

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

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

If the Company is unable to successfully integrate the acquired business or realize growth, synergies and efficiencies that were expected when determining a purchase price, goodwill and other intangible assets acquired may be considered impaired, resulting in an adverse impact on the Company's results of operations. See "Part II Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies" for a discussion of factors considered in subsequent valuation of the Company's acquired goodwill and intangible assets.

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.

The Company has significant concentrations in the general construction market.

For the year ended December 31, 2011, approximately 46% of the Company's revenues, and 56% 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 business, financial condition, results of operations and cash flows.

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

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

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

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

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

The Company is impacted by the cost of providing pension benefits.

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

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

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

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

Additionally, from time to time, the Company may undertake consolidation projects in an effort to reduce costs and streamline its operations. Such restructuring activities may divert management attention from the Company's core businesses, increase expenses on a short-term basis and lead to potential disputes with the customers or suppliers of the affected businesses. If restructuring activities are not completed in a timely manner or if anticipated cost savings, synergies and efficiencies are note realized there may be a negative effect on the Company's business, financial condition, results of operations and cash flows. See Note 5 in Item 8 for discussion of Exit and Disposal Activities.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The number, type, location and size of the Company's properties as of December 31, 2011are shown on the following charts, by segment.

	Number and Nature of Facilities			Square Footage (000's)	
Segment	**Manufacturing(1)**	**Warehouse(2)**	**Office**	**Owned**	**Leased**
Carlisle Construction Materials	31	3	21	3,310	1,449
Carlisle Transportation Products	9	11	5	3,665	2,387
Carlisle Brake and Friction	11	5	1	893	496
Carlisle Interconnect Technologies	9	2	2	187	643
Carlisle FoodService Products	6	5	1	383	901
Corporate			8	43	87
Totals	66	26	38	8,481	5,963

	Locations		
Segment	**North America**	**Europe**	**Asia**
Construction Materials	45	10	0
Carlisle Transportation Products	18	1	6
Carlisle Brake and Friction	10	2	5
Interconnect Technologies	11	1	1
FoodService Products	10	1	1
Discontinued Operations	0	0	0
Corporate	2	1	5
Totals	96	16	18

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(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.

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.

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

Based on an ongoing evaluation, the Company believes that the resolution of its 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, either individually or in the aggregate, will not have a material adverse effect on the consolidated financial position, results of operations for a particular period or annual operating cash flows of the Company.

Item 4. Mine Safety Disclosures.

Not applicable.

Part II

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

The Company's common stock is traded on the New York Stock Exchange. At December 31, 2011, there were 1,669 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 2011 and 2010 were as follows:

2011	**First**	**Second**	**Third**	**Fourth**
Dividends per share	**$ 0.17**	**$ 0.17**	**$ 0.18**	**$ 0.18**
Stock Price				
High	**$ 45.56**	**$ 50.55**	**$ 50.09**	**$ 44.74**
Low	**$ 37.36**	**$ 42.31**	**$ 31.62**	**$ 30.52**

2010	**First**	**Second**	**Third**	**Fourth**
Dividends per share	$ 0.16	$ 0.16	$ 0.17	$ 0.17
Stock Price				
High	$ 39.22	$ 41.74	$ 39.49	$ 41.07
Low	$ 33.43	$ 35.03	$ 27.97	$ 29.83

The following table summarizes the Company's purchases of its common stock for the quarter ended December 31, 2011:

Period	**(a) Total Number of Shares Purchased(1)**	**(b) Average Price Paid Per Share**	**(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(2)**
October 2011	3,434	$ 40.02		
November 2011		$		
December 2011	6,924	$ 42.76		
Total	10,358			2,981,766

(1) Includes 10,358 shares delivered to the Company by employees to pay withholding taxes due upon vesting of restricted stock awards and to pay the exercise price of stock options.

(2) Represents the number of shares that can be repurchased under the Company's stock repurchase program. The stock repurchase program was originally approved on November 3, 1999, and was reactivated on August 17, 2004. At the time of the 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.

Item 6. Selected Financial Data.

Five-Year Summary

In millions except shares, shareholders of record and per share data

	2011	2010	2009	2008	2007
Summary of Operations					
Net sales	**$ 3,224.5**	$ 2,527.7	$ 2,258.1	$ 2,864.6	$ 2,582.5
Gross margin	**$ 677.1**	$ 528.7	$ 490.3	$ 541.6	$ 542.1
Selling & administrative expenses	**$ 376.6**	$ 310.5	$ 274.3	$ 297.9	$ 259.6
Research & development	**$ 28.7**	$ 23.2	$ 16.4	$ 16.3	$ 15.6
Other (income) expense, net	**$ (3.3)**	$ (1.1)	$ 14.7	$ 31.8	$ (46.3)
Earnings before interest and income taxes	**$ 275.1**	$ 196.1	$ 211.9	$ 153.2	$ 313.2
Interest expense, net	**$ 21.2**	$ 8.3	$ 9.0	$ 27.8	$ 9.7
Income from continuing operations, net of tax	**$ 181.9**	$ 130.6	$ 155.3	$ 91.8	$ 201.6
Basic earnings per share	**$ 2.93**	$ 2.12	$ 2.53	$ 1.52	$ 3.22
Diluted earnings per share	**$ 2.88**	$ 2.10	$ 2.51	$ 1.54	$ 3.20
(Loss) income from discontinued operations, net of tax	**$ (1.6)**	$ 15.0	$ (10.7)	$ (36.0)	$ 13.8
Basic (loss) earnings per share	**$ (0.02)**	$ 0.24	$ (0.17)	$ (0.59)	$ 0.23
Diluted (loss) earnings per share	**$ (0.02)**	$ 0.24	$ (0.17)	$ (0.61)	$ 0.21
Net income	**$ 180.3**	$ 145.6	$ 144.6	$ 55.8	$ 215.4
Basic earnings per share	**$ 2.91**	$ 2.36	$ 2.36	$ 0.93	$ 3.45
Diluted earnings per share	**$ 2.86**	$ 2.34	$ 2.34	$ 0.93	$ 3.41
Financial Position					
Net working capital(1)	**$ 600.6**	$ 560.5	$ 498.7	$ 525.5	$ 634.8
Property, plant and equipment, net (held & used)	**$ 560.3**	$ 533.4	$ 460.9	$ 485.2	$ 489.1
Total assets	**$ 3,137.9**	$ 2,529.5	$ 1,913.9	$ 2,075.7	$ 1,988.9
Long-term debt	**$ 604.3**	$ 405.1	$ 156.1	$ 273.3	$ 262.8
% of total capitalization(2)	**28.7**	23.2	11.4	20.0	18.9
Shareholders' equity	**$ 1,500.1**	$ 1,340.7	$ 1,218.6	$ 1,094.2	$ 1,118.8
Other Data					
Average shares outstanding basic *(in thousands)*	**61,457**	60,901	60,601	60,541	61,692
Average shares outstanding diluted *(in thousands)*	**62,495**	61,592	61,234	60,848	62,338
Dividends paid	**$ 43.5**	$ 40.6	$ 38.6	$ 36.6	$ 34.7
Per share	**$ 0.70**	$ 0.66	$ 0.63	$ 0.60	$ 0.56
Capital expenditures	**$ 79.6**	$ 64.6	$ 48.2	$ 68.0	$ 82.5
Depreciation & amortization	**$ 88.0**	$ 71.9	$ 67.5	$ 69.0	$ 65.9
Shareholders of record	**1,669**	1,758	1,861	1,515	1,933

(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

We are 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. We have approximately 11,000 employees in our continuing operations. We currently manage our businesses under the following segments:

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

Carlisle Transportation Products ("CTP" or the "Transportation Products segment");

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

Carlisle Interconnect Technologies ("CIT" or the "Interconnect Technologies segment")'; and

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

We are 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 net 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, we 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 $3.22 billion for the year ended December 31, 2011 were 28% higher than net sales of $2.53 billion for the year ended December 31, 2010. 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 14% for the year ended December 31, 2011 as compared to the prior year reflecting higher demand primarily in the Construction Materials, Brake & Friction and Interconnect Technologies segments. Acquisitions in these same segments contributed $339.9 million of additional sales in the current year as compared to the year ended December 31, 2010. The impact of foreign exchange rates had a negligible impact on the year-over-year change in sales.

Income from continuing operations was $181.9 million, or $2.88 per diluted share, for the year ended December 31, 2011, a 39% increase compared to $130.6 million, or $2.10 per diluted share, for the year ended December 31, 2010. 2011 income was positively impacted by the after-tax contribution from the Hawk acquisition in the Brake & Friction segment, higher sales volumes and savings from the Carlisle Operating System. Partially offsetting this was the negative impact of higher raw material costs primarily in the Construction Materials and Interconnect Technologies segments that were not offset by selling price increases until the latter part of 2011. In addition, the Transportation Products segment experienced production inefficiencies due to the ramp up of production at its new Jackson, TN tire manufacturing facility. CTP also incurred after-tax charges of $3.0 million during 2011 for organizational changes to address performance. After-tax costs incurred related to acquisitions and excess costs related to acquired inventory in 2011 were $4.3 million, or $0.07 per diluted share primarily related to the PDT and Tri-Star acquisitions, versus costs in 2010 of $9.9 million, or $0.16 per diluted share, related to the Hawk acquisition. See Note 3 in Item 8 for discussion of these acquisitions. For more information regarding the change in income from continuing operations from 2010 to 2011, refer to the discussion below on "2011 Compared to 2010".

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 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 the Foodservice Products segment. Acquisitions in the Interconnect Technologies and Brake & Friction segments contributed $67.5 million of additional sales in 2010 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".

2011 Compared to 2010

Net Sales

(in millions)	2011	2010	Change	Acquisition Effect	Volume Effect	Price Effect	Product Mix Effect	Exchange Rate Effect
Net Sales	**$ 3,224.5**	$ 2,527.7	27.6%	13.4%	9.0%	4.9%	0.0%	0.3%

The acquisitions of Hawk by CBF in December 2010, PDT by CCM in August 2011 and Tri-Star by CIT in December 2011contributed a total of $339.9 million to net sales in 2011. Refer to the discussion below on "Acquisitions".

Organic sales growth of 14% during 2011 was primarily driven by growth in the Construction Materials, Brake & Friction and Interconnect Technologies segments. We experienced organic growth in the Brake & Friction and Interconnect Technologies segments of 29.9% and 16.2%, respectively, reflecting overseas growth in construction and mining markets and continued growth in the global aerospace market. The Construction Materials segment achieved organic growth of 18.8% reflecting higher demand for reroofing products and increased selling prices implemented during the year to address rising raw material costs. Pricing actions taken by the Transportation Products and FoodService Products segments during 2011 in response to higher raw material costs also contributed to higher net sales in 2011.

Sales by Geographic Area

Country		2011			2010	
United States	$	**2,613.4**	**81%**	$	2,162.2	86%
International:						
Europe		**248.0**			107.1	
Canada		**150.4**			110.8	
Asia		**117.6**			55.7	
Mexico and Latin America		**37.4**			39.0	
Middle East and Africa		**43.9**			41.2	
Other		**13.8**			11.7	
Total International		**611.1**	**19%**		365.5	14%
Net sales	$	**3,224.5**		$	2,527.7	

We have a long-term goal of achieving 30% of total net sales from outside the United States. Total sales to customers located outside the United States increased by 67% from $365.5 million in 2010 to $611.1 million in 2011. Of the growth in 2011, $137 million in sales came from the acquisitions of Hawk, PDT and Tri-Star. Sales from outside the United States as a percentage of total net sales increased from 14% in 2010 to 19% in 2011. The increase in sales to customers located outside the United States was primarily attributable to sales growth in the Europe, Asia and Canada regions. The growth in Europe was primarily attributable to sales and manufacturing presence in Italy and Germany added as part of the Hawk and PDT acquisitions in the Brake & Friction and Construction Materials segments, respectively. The growth in Asia was primarily attributable to our efforts to build sales and distribution channels in this region, and higher demand for our products in the Brake & Friction and Interconnect Technologies segments. The growth in Canada is primarily attributable to higher demand for our products in the Construction Materials and Transportation Products segments.

Gross Margin

(in millions)		2011		2010	Change
Gross profit	$	**677.1**	$	528.7	28.1%
Gross margin		**21.0%**		20.9%	

Gross margin (net sales less cost of goods sold expressed as a percent of net sales) was relatively level during 2011versus 2010. Positive contributions to margin from the Hawk acquisition, organic sales growth and efficiency gains from the Carlisle Operating System were offset by the negative impact of higher raw material costs, net of selling price increases, and production inefficiencies from plant start-up activities at CTP's tire facility in Jackson, TN. During 2011, we experienced significant increases in the cost of some of our key raw materials, notably natural and synthetic rubber, steel, resin applied in our TPO product line and carbon black. Within the Construction Materials and Interconnect Technologies segments, selling price increases did not fully offset the impact of higher raw material costs until the latter part of 2011.

Selling and Administrative Expenses

(in millions)		2011		2010	Change
Selling & Administrative	$	**376.6**	$	310.5	21.3%
As a percentage of net sales		**11.7%**		12.3%	

Selling and administrative expenses in 2011 included $33.9 million from operations acquired in the Brake & Friction, Construction Materials and Interconnect Technologies segments. Selling and administrative expenses include non-recurring costs of $3.3 million for the acquisitions of PDT, Tri-Star and acquisition opportunities that were not realized. In addition to the impact of acquisitions, selling and administrative expenses were higher due to organic sales volume growth, $5.0 million in charges for organizational actio