

CHASE CORP  
Form 10-Q  
April 09, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the Quarterly Period Ended February 28, 2015

Commission File Number: 1-9852

**CHASE CORPORATION**

(Exact name of registrant as specified in its charter)

**Massachusetts**  
(State or other jurisdiction of incorporation  
of organization)

**11-1797126**  
(I.R.S. Employer Identification No.)

**26 Summer Street, Bridgewater, Massachusetts 02324**

(Address of Principal Executive Offices, Including Zip Code)

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(508) 819-4200

(Registrant's Telephone Number, Including Area Code)

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, 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  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The number of shares of Common Stock outstanding as of March 31, 2015 was 9,182,762.

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**CHASE CORPORATION**

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**For the Quarter Ended February 28, 2015**

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**CHASE CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(UNAUDITED)

*In thousands, except share and per share amounts*

	February 28, 2015	August 31, 2014
<b>ASSETS</b>		
Current Assets:		
Cash & cash equivalents	\$ 17,406	\$ 53,222
Accounts receivable, less allowance for doubtful accounts of \$713 and \$670	35,073	35,601
Inventories	33,376	31,539
Prepaid expenses and other current assets	2,607	2,437
Due from sale of product line	739	739
Prepaid income taxes	2,468	
Deferred income taxes	2,314	2,315
Total current assets	93,983	125,853
Property, plant and equipment, net	43,183	44,085
Other Assets:		
Goodwill	44,137	38,280
Intangible assets, less accumulated amortization of \$25,077 and \$22,941	49,137	27,215
Cash surrender value of life insurance	7,256	7,249
Restricted investments	1,377	1,256
Funded pension plan	1,022	962
Deferred income taxes	437	470
Other assets	156	175
	\$ 240,688	\$ 245,545
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 13,666	\$ 15,121
Accrued payroll and other compensation	3,475	7,754
Accrued expenses	4,880	4,842
Accrued income taxes	1,030	1,377
Current portion of long-term debt	9,700	7,000
Total current liabilities	32,751	36,094
Long-term debt, less current portion	47,600	51,800

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Deferred compensation	2,121	2,037
Accumulated pension obligation	10,566	10,418
Other liabilities	106	126
Deferred income taxes	7,578	7,580
Commitments and Contingencies (Note 10)		
Equity:		
First Serial Preferred Stock, \$1.00 par value: Authorized 100,000 shares; none issued		
Common stock, \$.10 par value: Authorized 20,000,000 shares; 9,153,724 shares at February 28, 2015 and 9,103,292 shares at August 31, 2014 issued and outstanding	915	910
Additional paid-in capital	14,233	13,620
Accumulated other comprehensive loss	(6,948)	(4,250)
Retained earnings	131,766	126,272
Chase Corporation stockholders' equity	139,966	136,552
Non-controlling interest		938
Total equity	139,966	137,490
Total liabilities and equity	\$ 240,688	\$ 245,545

See accompanying notes to the consolidated financial statements

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**CHASE CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(UNAUDITED)

*In thousands, except share and per share amounts*

	Three Months Ended February 28,		Six Months Ended February 28,	
	2015	2014	2015	2014
<b>Revenue</b>				
Sales	\$ 51,380	\$ 50,412	\$ 106,670	\$ 104,067
Royalties and commissions	924	779	1,567	1,307
	52,304	51,191	108,237	105,374
<b>Costs and Expenses</b>				
Cost of products and services sold	34,235	33,951	68,715	69,429
Selling, general and administrative expenses	11,924	9,930	22,719	20,369
Operating income	6,145	7,310	16,803	15,576
Interest expense	(270)	(285)	(544)	(588)
Gain on sale of product line (Note 8)				5,706
Other (expense) income	381	(125)	766	(230)
Income before income taxes	6,256	6,900	17,025	20,464
Income taxes	2,190	2,415	5,959	7,162
Net income	\$ 4,066	\$ 4,485	\$ 11,066	\$ 13,302
Net loss (gain) attributable to non-controlling interest		35	(95)	(7)
Net income attributable to Chase Corporation	\$ 4,066	\$ 4,520	\$ 10,971	\$ 13,295
<b>Net income available to common shareholders, per common and common equivalent share</b>				
Basic	\$ 0.45	\$ 0.50	\$ 1.20	\$ 1.46
Diluted	\$ 0.44	\$ 0.48	\$ 1.18	\$ 1.43
<b>Weighted average shares outstanding</b>				
Basic	9,065,511	8,942,045	9,057,738	8,940,075
Diluted	9,224,985	9,166,370	9,213,431	9,158,527
Cash dividends paid per share			\$ 0.60	\$ 0.45

See accompanying notes to the consolidated financial statements



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**CHASE CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(UNAUDITED)

*In thousands, except share and per share amounts*

	Three Months Ended February 28, 2015		2014		Six Months Ended February 28, 2015		2014	
Net income	\$	4,066	\$	4,485	\$	11,066	\$	13,302
<b>Other comprehensive income:</b>								
Net unrealized (loss) gain on restricted investments, net of tax		(20)		2		(8)		73
Change in funded status of pension plans, net of tax		109		48		219		96
Foreign currency translation adjustment		(818)		605		(2,909)		2,183
Total other comprehensive (loss) income		(729)		655		(2,698)		2,352
Comprehensive income		3,337		5,140		8,368		15,654
Comprehensive (income) loss attributable to non-controlling interest				35		(95)		(7)
Comprehensive income attributable to Chase Corporation	\$	3,337	\$	5,175	\$	8,273	\$	15,647

See accompanying notes to the consolidated financial statements



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**CHASE CORPORATION**  
**CONSOLIDATED STATEMENT OF EQUITY**  
**SIX MONTHS ENDED FEBRUARY 28, 2015**  
(UNAUDITED)

*In thousands, except share and per share amounts*

	Common Stock		Additional	Accumulated Other	Retained	Chase	Non-controlling	Total
	Shares	Amount	Paid-In	Comprehensive	Earnings	Stockholders	Interest	Equity
			Capital	Income (loss)		Equity		
Balance at August 31, 2014	9,103,292	\$ 910	\$ 13,620	\$ (4,250)	\$ 126,272	\$ 136,552	\$ 938	\$ 137,490
Restricted stock grants, net of forfeitures	13,785	1	(1)					
Amortization of restricted stock grants			411			411		411
Amortization of stock option grants			126			126		126
Exercise of stock options	115,000	12	1,755			1,767		1,767
Common stock received for payment of stock option exercises	(47,486)	(5)	(1,762)			(1,767)		(1,767)
Excess tax benefit (expense) from stock based compensation			730			730		730
Common stock retained to pay statutory minimum withholding taxes on common stock	(30,867)	(3)	(1,179)			(1,182)		(1,182)
Annual cash dividend paid, \$0.60 per share					(5,477)	(5,477)		(5,477)
Purchase of outstanding non-controlling interest			533			533	(1,033)	(500)
Change in funded status of pension plan, net of tax of \$118				219		219		219
Foreign currency translation adjustment				(2,909)		(2,909)		(2,909)
Net unrealized loss on restricted investments, net of tax of \$4				(8)		(8)		(8)
Net income					10,971	10,971	95	11,066
Balance at February 28, 2015	9,153,724	\$ 915	\$ 14,233	\$ (6,948)	\$ 131,766	\$ 139,966	\$ 95	\$ 139,966

See accompanying notes to the consolidated financial statements

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**CHASE CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(UNAUDITED)

*In thousands, except share and per share amounts*

	<b>Six Months Ended February 28,</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 11,066	\$ 13,302
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on sale of assets		(4)
Gain on sale of product line		(5,706)
Depreciation	2,812	2,852
Amortization	2,884	2,386
Inventory step-up to fair value	49	
Provision (recovery) for allowance for doubtful accounts	64	(12)
Stock based compensation	537	638
Realized gain on restricted investments	(75)	(37)
Decrease in cash surrender value life insurance	90	60
Excess tax benefit from stock based compensation	(730)	(34)
Increase (decrease) from changes in assets and liabilities, net of effects of acquisitions		
Accounts receivable	(144)	(102)
Inventories	(1,617)	(3,345)
Prepaid expenses & other assets	(163)	(678)
Accounts payable	(1,216)	2,535
Accrued compensation and other expenses	(3,824)	(4,355)
Accrued income taxes	(2,029)	(1,632)
Deferred compensation	85	161
Net cash provided by operating activities	7,789	6,029
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(1,142)	(2,190)
Cost to acquire intangible assets	(10)	(77)
Contingent purchase price paid for acquisition		(156)
Payments for acquisitions	(33,285)	
Proceeds from sale of fixed assets		14
Net proceeds from sale of product line		9,179
Contributions from restricted investments	(58)	(36)
Payments for cash surrender value life insurance	(92)	(88)
Net cash provided by (used in) investing activities	(34,587)	6,646
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on debt	2,000	2,104
Payments of principal on debt	(3,500)	(4,904)
Payments of statutory minimum taxes on stock options and restricted stock	(1,182)	
Dividend paid	(5,477)	(4,093)
Proceeds from exercise of common stock options		32
Excess tax benefit from stock based compensation	730	34

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Payment for acquisition of non-controlling interest	(500)		
Net cash used in financing activities	(7,929)		(6,827)
<b>INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(34,727)</b>		<b>5,848</b>
Effect of foreign exchange rates on cash	(1,089)		794
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	53,222		29,997
<b>CASH &amp; CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 17,406</b>	<b>\$</b>	<b>36,639</b>
<b>Non-cash Investing and Financing Activities</b>			
Property, plant & equipment additions included in accounts payable	\$	23	\$ 195

See accompanying notes to the consolidated financial statements

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**CHASE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

*In thousands, except share and per share amounts*

**Note 1 - Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Therefore, they do not include all information and footnote disclosure necessary for a complete presentation of Chase Corporation's financial position, results of operations and cash flows, in conformity with generally accepted accounting principles. Chase Corporation (the Company, Chase, we, or us) filed audited consolidated financial statements, which included all information and notes necessary for such complete presentation for the three years ended August 31, 2014 in conjunction with its 2014 Annual Report on Form 10-K. Certain immaterial reclassifications have been made to the prior year amounts to conform to the current year's presentation.

The results of operations for the interim periods ended February 28, 2015 are not necessarily indicative of the results to be expected for any future period or the entire fiscal year. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2014, which are contained in the Company's 2014 Annual Report on Form 10-K.

The accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring items) which are, in the opinion of management, necessary for a fair statement of the Company's financial position as of February 28, 2015, the results of operations, comprehensive income and cash flows for the interim periods ended February 28, 2015 and 2014, and changes in equity for the interim period ended February 28, 2015.

The financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. The Company uses the US dollar as the reporting currency for financial reporting. The financial position and results of operations of the Company's UK-based operations are measured using the UK pound sterling as the functional currency and the financial position and results of operations of the Company's operations based in France are measured using the euro as the functional currency. Foreign currency translation gains and losses are determined using current exchange rates for monetary items and historical exchange rates for other balance sheet items and are recorded as a change in other comprehensive income. Transaction gains and losses generated from the remeasurement of assets and liabilities denominated in currencies other than the functional currency of our foreign operations are included in Other (expense) / income on the consolidated statements of operations.

On January 30, 2015, the Company acquired two product lines from Henkel Corporation (the Seller). The product lines were acquired for a purchase price of \$33,285, after initial working capital adjustments, subject to the finalization of purchase accounting, and excluding any acquisition related costs. As part of this transaction, Chase acquired the Seller's microspheres product line, sold under the Dualite® brand, located in Greenville, SC, as well as obtained exclusive distribution rights and intellectual property related to the Seller's polyurethane dispersions product line, operating in the Elgin, IL location. We refer to these collectively as the specialty chemical product lines. Under the

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agreement, Chase entered into a ten-year facility operating lease at the Seller's Greenville, SC location, and the Seller will perform certain manufacturing and application services for Chase for the next three years. The purchase was funded entirely with available cash on hand. Since the effective date for this acquisition, the financial results of the specialty chemical product lines have been included in the Company's financial statements within the Company's Industrial Materials operating segment.

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**CHASE CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

*In thousands, except share and per share amounts*

On October 31, 2014, the Company purchased the 50% non-controlling membership interest of NEPTCO JV LLC (the "JV") owned by its now-former joint venture partner, an otherwise unrelated party. Because of the Company's controlling financial interest, the JV's assets, liabilities and results of operations have been consolidated within the Company's consolidated financial statements since June 27, 2012, the date the Company acquired NEPTCO. The Company will continue to fully consolidate the assets, liabilities and results of operations of the JV, but will no longer record an offsetting amount for a non-controlling interest subsequent to October 31, 2014. The (\$95) recorded in the Consolidated Statement of Operations as Net (gain) loss attributable to non-controlling interest for the six months ended February 28, 2015, represents the now-former joint venture partner's share of the results of operations of the JV for the period from September 1, 2014 through October 31, 2014.

**Note 2 Recent Accounting Policies**

*Recently Issued Accounting Pronouncements*

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers", which will replace most of the existing revenue recognition guidance under U.S. Generally Accepted Accounting Principles. The core principle of the ASU is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The ASU requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The ASU will be effective for the Company beginning September 1, 2017 (fiscal 2018), including interim periods in its fiscal year 2018, and allows for both retrospective and prospective methods of adoption. The Company is in the process of determining the method of adoption and assessing the impact of this ASU on the Company's consolidated financial position, results of operations or cash flows.

In February 2015, the FASB issued ASU No. 2015-2, "Consolidation (Topic 820): Amendments to the Consolidation Analysis." ASU 2015-2 provides a revised consolidation model for all reporting entities to use in evaluating whether they should consolidate certain legal entities. All legal entities will be subject to reevaluation under this revised consolidation model. The revised consolidation model, among other things, (i) modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities, (ii) eliminates the presumption that a general partner should consolidate a limited partnership, and (iii) modifies the consolidation analysis of reporting entities that are involved with VIEs through fee arrangements and related party relationships. ASU 2015-2 is effective for fiscal years, and interim reporting periods within those fiscal years, beginning after September 1, 2016 (fiscal 2017). We are still evaluating what impact, if any, this ASU on the Company's consolidated financial position, results of operations or cash flows.

**Note 3 Inventories**

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Inventories consist of the following as of February 28, 2015 and August 31, 2014:

	February 28, 2015		August 31, 2014	
Raw materials	\$	13,232	\$	13,785
Work in process		7,434		7,359
Finished goods		12,710		10,395
Total Inventories	\$	33,376	\$	31,539

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**CHASE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

*In thousands, except share and per share amounts*

**Note 4 Net Income Per Share**

The Company has unvested share-based payment awards with a right to receive nonforfeitable dividends which are considered participating securities under ASC Topic 260, Earnings Per Share. The Company allocates earnings to participating securities and computes earnings per share using the two-class method. The determination of earnings per share under the two-class method is as follows:

	<b>Three Months Ended February 28,</b>		<b>Six Months Ended February 28,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Basic Earnings per Share</b>				
Net income attributable to Chase Corporation	\$ 4,066	\$ 4,520	\$ 10,971	\$ 13,295
Less: Allocated to participating securities	30	77	81	228
Net income available to common shareholders	\$ 4,036	\$ 4,443	\$ 10,890	\$ 13,067
Basic weighted average shares outstanding	9,065,511	8,942,045	9,057,738	8,940,075
Net income per share - Basic	\$ 0.45	\$ 0.50	\$ 1.20	\$ 1.46
<b>Diluted Earnings per Share</b>				
Net income attributable to Chase Corporation	\$ 4,066	\$ 4,520	\$ 10,971	\$ 13,295
Less: Allocated to participating securities	30	75	81	223
Net income available to common shareholders	\$ 4,036	\$ 4,445	\$ 10,890	\$ 13,072
Basic weighted average shares outstanding	9,065,511	8,942,045	9,057,738	8,940,075
Additional dilutive common stock equivalents	159,474	224,325	155,693	218,452
Diluted weighted average shares outstanding	9,224,985	9,166,370	9,213,431	9,158,527
Net income per share - Diluted	\$ 0.44	\$ 0.48	\$ 1.18	\$ 1.43

For the three and six months ended February 28, 2015, stock options to purchase 22,750 and 27,863 shares of common stock were outstanding, respectively, but were not included in the calculation of diluted income per share because their inclusion would be anti-dilutive. For the three and six months ended February 28, 2014, stock options to purchase 25,969 and 18,222 shares of common stock were outstanding, respectively, but were not included in the calculation of diluted income per share because their inclusion would be anti-dilutive. Included in the calculation of dilutive common stock equivalents are the unvested portion of restricted stock and stock options.



**Note 5 Stock-Based Compensation**

In September 2013, the Board of Directors of the Company approved the fiscal year 2014 Long Term Incentive Plan ( 2014 LTIP ) for the executive officers and other members of management. The 2014 LTIP is an equity based plan with a grant date of September 1, 2013 and contains a performance and service based restricted stock grant of 7,529 shares in the aggregate, subject to adjustment, with a vesting date of August 31, 2016. Based on the fiscal year 2014 financial results, 5,485 additional shares of restricted stock (total of 13,014 shares) were earned and granted subsequent to the end of fiscal year 2014 in accordance with the performance measurement criteria. No further performance-based measurements apply to this award. Compensation expense is being recognized on a ratable basis over the vesting period.

In August 2014, the Board of Directors of the Company approved the fiscal year 2015 Long Term Incentive Plan ( 2015 LTIP ) for the executive officers and other members of management. The 2015 LTIP is an equity based plan with a grant date of September 1, 2014 and contains the following equity components:

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**CHASE CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

*In thousands, except share and per share amounts*

*Restricted Shares* (a) performance and service based restricted stock grant of 6,993 shares in the aggregate, subject to adjustment based on fiscal 2015 results, with a vesting date of August 31, 2017. Compensation expense is recognized on a ratable basis over the vesting period based on quarterly probability assessments with a vesting date of August 31, 2017; (b) time-based restricted stock grant of 8,132 shares in the aggregate, with a vesting date of August 31, 2017. Compensation expense is recognized on a ratable basis over the vesting period.

*Stock options* options to purchase 22,750 shares of common stock in the aggregate with an exercise price of \$35.50 per share. The options will vest in three equal annual installments beginning on August 31, 2015 and ending on August 31, 2017. Of the options granted, 7,438 will expire on August 31, 2024 and 15,312 will expire on September 1, 2024. Compensation expense is recognized over the period of the award on an annual basis consistent with the vesting terms.

As part of their annual retainer, non-employee members of the Board of Directors receive a combined total of \$194 of Chase Corporation common stock, in the form of restricted stock valued in conjunction with the start of the new year of Board service which generally coincides with the Company's annual shareholder meeting. The stock award vests one year from the date of grant. In February 2015, non-employee members of the Board received a total grant of 5,361 shares of restricted stock for service for the period from January 31, 2015 through January 31, 2016. The shares of restricted stock will vest at the conclusion of this service period. Compensation is being recognized on a ratable basis over the twelve month vesting period.

**Note 6 Segment Data and Foreign Operations**

The Company is organized into two operating segments, an Industrial Materials segment and a Construction Materials segment. The segments are distinguished by the nature of the products and how they are delivered to their respective markets.

The Industrial Materials segment reflects specified products that are used in, or integrated into, another company's product with demand typically dependent upon general economic conditions. Industrial Materials products include insulating and conducting materials for wire and cable manufacturers, moisture protective coatings for electronics and printing services, laminated durable papers, laminates for the packaging and industrial laminate markets, pulling and detection tapes used in the installation, measurement and location of fiber optic cables and water and natural gas lines, cover tapes essential to delivering semiconductor components via tape and reel packaging, wind energy composite materials and elements and glass-based strength elements products, designed to allow fiber optic cables to withstand mechanical and environmental strain and stress and which we operated as a joint venture prior to October 31, 2014. Further, beginning January 30, 2015, the Industrial Materials segment includes microspheres, sold under the Dualite brand, and polyurethane dispersions; both obtained through acquisition, and included in the Company's specialty chemical product line.

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The Construction Materials segment comprises of typically project-oriented product offerings that are primarily sold and used as Chase branded products. Construction Materials products include protective coatings for pipeline applications, coating and lining systems for use in liquid storage and containment applications, adhesives and sealants used in architectural and building envelope water proofing applications, high performance polymeric asphalt additives, and expansion and control joint systems for use in the transportation and architectural markets.

The following tables summarize financial information about the Company's reportable segments:

Table of Contents**CHASE CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)***In thousands, except share and per share amounts*

<b>Revenue from external customers</b>					
Industrial Materials	\$	40,330	\$	39,920	\$ 82,725 \$ 81,590
Construction Materials		11,974		11,271	25,512 23,784
Total	\$	52,304	\$	51,191	\$ 108,237 \$ 105,374
<b>Income (loss) before income taxes</b>					
Industrial Materials	\$	10,213(a)	\$	10,075(c)	\$ 22,828 \$ 26,817(c), (d)
Construction Materials		2,592		1,507(c)	6,465 3,944(c)
Total for reportable segments		12,805		11,582	29,293 30,761
Corporate and Common Costs		(6,549)(b)		(4,682)(c)	(12,268)(b) (10,297)(c)
Total	\$	6,256	\$	6,900	\$ 17,025 \$ 20,464
<b>Includes the following costs by segment:</b>					
<b>Industrial Materials</b>					
Interest	\$	225	\$	237	\$ 455 \$ 484
Depreciation		976		998	1,953 1,981
Amortization		1,283		766	2,053 1,520
<b>Construction Materials</b>					
Interest	\$	45	\$	48	\$ 89 \$ 104
Depreciation		280		286	569 577
Amortization		418		427	831 866

(a) Includes \$49 of expenses related to inventory step-up in fair value related to the January 2015 acquisition of the specialty chemical product lines

(b) Includes \$584 in expenses related to the January 2015 acquisition of the specialty chemical product lines

(c) Includes the reclassification of \$2,367, \$640, \$5,502 and \$1,486 of Selling, general and administrative expense from Industrial Materials and Construction Materials segments, respectively, into Corporate and Common Costs for the second fiscal quarter of 2014 and year to date February 28, 2014, respectively. The reclassification reflects the methodology with which the Company internally reviews expenses in the current year

(d) Includes \$5,706 gain on sale of Insulfab product line, for the year to date period ended February 28, 2014

The Company's products are sold world-wide. For the quarters ended February 28, 2015 and 2014, sales from its operations located in the United Kingdom accounted for 14% and 12% of consolidated revenue, respectively. In the fiscal year to date period, sales from its operations

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located in the United Kingdom accounted for 12% of total Company revenue compared to 10% in the same period in fiscal 2014. No other foreign geographic area accounted for more than 10% of consolidated revenue for the three or six month periods ended February 28, 2015 or 2014.

	February 28, 2015	August 31, 2014
<b>Total assets</b>		
Industrial Materials	\$155,878	\$127,820
Construction Materials	50,269	50,972
Total for reportable segments	206,147	178,792
Corporate and Common Assets	34,541	66,753
Total	\$240,688	\$245,545

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As of February 28, 2015 and August 31, 2014, the Company had long-lived assets (that will provide a future economic benefit beyond the current year or operating period, including buildings, equipment and leasehold improvements) of \$4,064 and \$4,349, respectively, located in the United Kingdom. These balances exclude goodwill and intangibles of \$9,873 and \$9,924, as of February 28, 2015 and August 31, 2014, respectively, associated with its operations in the United Kingdom.

**Note 7 Goodwill and Other Intangibles**

The changes in the carrying value of goodwill are as follows:

	<b>Industrial Materials</b>		<b>Construction Materials</b>		<b>Consolidated</b>
Balance at August 31, 2014	\$ 27,528	\$	10,752	\$	38,280
Acquisition of specialty chemical product lines	6,371				6,371
Foreign currency translation adjustment	(495)		(19)		(514)
Balance at February 28, 2015	\$ 33,404	\$	10,733	\$	44,137

The Company's goodwill is allocated to each reporting unit based on the nature of the products manufactured by the respective business combinations that originally created the goodwill. The Company identified several reporting units within each of its two operating segments that are used to evaluate the possible impairment of goodwill. Goodwill impairment exists when the carrying amount of goodwill exceeds its fair value. Assessments of possible impairment of goodwill are made when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable through future operations. Additionally, testing for possible impairment of recorded goodwill balances is required annually. The amount and timing of any impairment charges based on these assessments require the estimation of future cash flows and the fair market value of the related assets based on management's best estimates of certain key factors, including future selling prices and volumes, operating, raw material and energy costs, and various other projected operating and economic factors. When testing, fair values of the reporting units and the related implied fair values of their respective goodwill are established using public company analysis and discounted cash flows. The Company evaluates the possible impairment of goodwill annually each fourth quarter and whenever events or circumstances indicate the carrying value of goodwill may not be recoverable.

Intangible assets subject to amortization consist of the following as of February 28, 2015 and August 31, 2014:

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## CHASE CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

*In thousands, except share and per share amounts*

	Weighted-Average Amortization Period	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
February 28, 2015				
Patents and agreements	12.0 years	\$ 3,036	\$ 2,301	\$ 735
Formulas and technology	8.4 years	8,455	3,084	5,371
Trade names	5.9 years	7,242	3,601	3,641
Customer lists and relationships	9.3 years	55,481	16,091	39,390
		\$ 74,214	\$ 25,077	\$ 49,137
August 31, 2014				
Patents and agreements	11.9 years	\$ 3,104	\$ 2,281	\$ 823
Formulas and technology	9.1 years	5,849	2,851	2,998
Trade names	5.7 years	6,406	3,153	3,253
Customer lists and relationships	10.2 years	34,797	14,656	20,141
		\$ 50,156	\$ 22,941	\$ 27,215

Aggregate amortization expense related to intangible assets for the six months ended February 28, 2015 and 2014 was \$2,884 and \$2,386, respectively. Estimated amortization expense for the remainder of fiscal year 2015 and for future periods is as follows:

Years ending August 31,		
	2015 (remaining 6 months)	\$ 3,991
	2016	7,848
	2017	7,411
	2018	7,180
	2019	6,481
	2020	5,613
		\$ 38,524

**Note 8 Sale of Insulfab Product Line**

On October 7, 2013, the Company sold substantially all of the property and assets, including intellectual property, comprising the Insulfab® product line, to an unrelated third party ( Buyer ). The Insulfab product line is primarily focused on manufacturing high quality, engineered barrier laminates used in aerospace applications. The sale proceeds of \$7,394 were subject to certain post-closing adjustments based on the change in the final net book value compared to the bid date net book value. In the quarter ending November 30, 2013, management determined these post-closing adjustments resulted in an increase in the sale proceeds of \$2,516 based on the increase of inventory sold to the Buyer at closing. This adjustment was settled and paid by the Buyer to the Company in the quarter ending February 28, 2014, net of amounts held in escrow. The net proceeds from the sale are available for debt reduction, investment in the Company s core businesses and future acquisitions.

This transaction resulted in a pre-tax book gain of \$5,706 (\$3,709 after-tax gain) which was recorded in the quarter ending November 30, 2013. The portion of the sale price held in escrow of \$739 is recorded as a current asset (Due from sale of product line) as of both February 28, 2015 and August 31, 2014, and is available to resolve any submitted claims or adjustments up to 18 months from the closing date of the Insulfab sale.



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**Note 9 Joint Venture**

On October 31, 2014, the Company purchased the 50% non-controlling membership interest of NEPTCO JV LLC (the "JV") owned by its now-former joint venture partner, an otherwise unrelated party. The purchase consideration is subject to certain contingent adjustments based on certain future events related to the JV. The purchase price, including these contingent adjustments, was not, nor will be, material to the Company. Because of the Company's controlling financial interest, the JV's assets, liabilities and results of operations have been consolidated within the Company's consolidated financial statements since June 27, 2012, the date the Company acquired NEPTCO. The Company will continue to fully consolidate the assets, liabilities and results of operations of the JV, but will no longer record an offsetting amount for a non-controlling interest. The (\$95) recorded in the Consolidated Statement of Operations as Net (gain) loss attributable to non-controlling interest for the six months ended February 28, 2015, represents the now-former joint venture partner's share of the results of operations of the JV for the period from September 1, 2014 through October 31, 2014.

The Company accounted for the joint venture partner's non-controlling interest in the JV under ASC Topic 810 Consolidations (ASC 810). Based on the criteria in ASC 810, the Company had determined that the JV qualified as a variable interest entity ("VIE").

Under the JV agreement, which terminated with the Company's October 2014 acquisition of the 50% outstanding non-controlling membership interest in the JV, the JV had agreed to purchase a minimum of 80% of its total glass fiber requirements from the now-former joint venture partner. Additionally, the JV agreed to purchase private-label products exclusively from an affiliate of the now-former joint venture partner; however, the JV was not subject to a minimum purchase requirement on private-label products. Purchases from the now-former joint venture partner totaled \$332 for the period from September 1, 2014 through October 31, 2014 and \$300 and \$767 for the three and six month periods ended February 28, 2014, respectively. The JV had amounts due to the now-former joint venture partner of \$385 and \$394 at February 28, 2015 and August 31, 2014, respectively.

**Note 10 Commitments and Contingencies**

The Company is involved from time to time in litigation incidental to the conduct of its business. Although the Company does not expect that the outcome in any of these matters, individually or collectively, will have a material adverse effect on its financial condition, results of operations or cashflows, litigation is inherently unpredictable. Therefore, judgments could be rendered or settlements entered, that could adversely affect the Company's operating results or cash flows in a particular period. The Company routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability, and records its best estimate of the ultimate loss in situations where the Company assesses the likelihood of loss as probable.

**Note 11 - Pensions and Other Post-Retirement Benefits**

The components of net periodic benefit cost for the three and six months ended February 28, 2015 and 2014 are as follows:

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	Three Months Ended February 28,		Six Months Ended February 28,	
	2015	2014	2015	2014
Service cost	\$ 91	\$ 81	\$ 181	\$ 161
Interest cost	170	161	339	321
Expected return on plan assets	(153)	(178)	(306)	(355)
Amortization of prior service cost	1	1	2	2
Amortization of unrecognized loss	167	73	335	147
Net periodic benefit cost	\$ 276	\$ 138	\$ 551	\$ 276

When funding is required, the Company's policy is to contribute amounts that are deductible for federal income tax purposes. As of February 28, 2015, the Company has made contributions of \$115 in the current fiscal year to fund its obligations under its pension plan, and plans to make the necessary contributions over the remainder of fiscal 2015 to ensure the qualified plan continues to be adequately funded given the current market conditions. The Company made contributions of \$200 in the first six months of the prior year.

**Note 12 Fair Value Measurements**

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. The Company uses a three-tier fair value hierarchy, which classifies the inputs used in measuring fair values. These tiers include: Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company utilizes the best available information in measuring fair value. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The financial assets classified as Level 1 and Level 2 as of February 28, 2015 and August 31, 2014 represent investments that are restricted for use in a nonqualified retirement savings plan for certain key employees and directors.

The following table sets forth the Company's financial assets that were accounted for at fair value on a recurring basis as of February 28, 2015 and August 31, 2014:

Total	Fair value measurement category
-------	---------------------------------

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	Fair value measurement date		Quoted prices in active markets (Level 1)		Significant other observable inputs (Level 2)		Significant unobservable inputs (Level 3)
<b>Assets:</b>							
Restricted investments	February 28, 2015	\$	1,377	\$	1,339	\$	38
							\$
Restricted investments	August 31, 2014	\$	1,256	\$	1,216	\$	40
							\$

The following table presents the fair value of the Company's long-term debt as of February 28, 2015 and August 31, 2014, which is recorded at its carrying value:

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	Fair value measurement date	Total	Fair value measurement category		
			Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities:</b>					
Long-term debt	February 28, 2015	\$ 57,300	\$	\$ 57,300	\$
Long-term debt	August 31, 2014	\$ 58,800	\$	\$ 58,800	\$

The carrying value of the long-term debt approximates its fair value, as the monthly interest rate is set based on the movement of the underlying market rates.

**Note 13 Accumulated Other Comprehensive Income**

The changes in accumulated other comprehensive income (loss), net of tax, were as follows:

	Restricted Investments	Change in Funded Status of Pension Plan	Foreign Currency Translation Adjustment	Total
<b>Balance at August 31, 2014</b>	\$ 209	\$ (4,785)	\$ 326	\$ (4,250)
Other comprehensive gains (losses) before reclassifications (1)	40		(2,909)	(2,869)
Reclassifications to net income of previously deferred (gains) losses (2)	(48)	219		171
Other comprehensive income (loss)	(8)	219	(2,909)	(2,698)
<b>Balance at February 28, 2015</b>	\$ 201	\$ (4,566)	\$ (2,583)	\$ (6,948)

(1) Net of tax benefit of \$22, \$0, \$0, respectively.

(2) Net of tax expense of \$26, tax benefit of \$118, \$0, respectively.

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The following table summarizes the reclassifications from accumulated other comprehensive income (loss) to the unaudited condensed consolidated statements of income:

	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income				Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income
	Three Months Ended February 28, 2015		Six Months Ended February 28, 2014		
<b>Gains on Restricted Investments:</b>					
Realized gain on sale of restricted investments	\$ (75)	\$ (32)	\$ (76)	\$ (37)	Selling, general and administrative expenses
Tax expense (benefit)	26	11	27	13	
Gain net of tax	\$ (48)	\$ (21)	\$ (48)	\$ (24)	
<b>Loss on Funded Pension Plan adjustments:</b>					
Amortization of prior pension service costs and unrecognized losses	\$ 5	\$ 20	\$ 10	\$ 40	Cost of products and services sold
Amortization of prior pension service costs and unrecognized losses	163	54	326	108	Selling, general and administrative expenses
Tax expense (benefit)	(59)	(26)	(118)	(52)	
Loss net of tax	\$ 109	\$ 48	\$ 219	\$ 96	
Total net loss reclassified for the period	\$ 62	\$ 27	\$ 171	\$ 72	

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Note: Gains on Restricted Investments and losses on funded pension plan adjustments may not sum for the quarter end or year to date period due to rounding.

**Note 14 Acquisition of Specialty Chemical Product Lines**

On January 30, 2015, the Company acquired two product lines from Henkel Corporation (the Seller). The product lines were acquired for a purchase price of \$33,285, after initial working capital adjustments, and excluding any acquisition related costs. As part of this transaction, which was completed to expand the products and service offerings of the Company, Chase acquired the Seller's microspheres product line, sold under the Dualite brand, located in Greenville, SC, as well as obtained exclusive distribution rights and intellectual property related to the Seller's polyurethane dispersions product line, operating in the Elgin, IL location. Under the agreement, Chase entered into a ten-year facility operating lease at the Seller's Greenville, SC location, and the Seller will perform certain manufacturing and application services, at the Seller's Elgin, IL location for Chase for the next three years. The purchase was funded entirely with available cash on hand.

Since the effective date for this acquisition, January 30, 2015, the financial results of the specialty chemical product lines, have been included in the Company's financial statements within the Industrial Materials operating segment. The acquisition was accounted for as a business combination under ASC Topic 805, Business Combinations. In accordance with this accounting standard, the Company expensed \$584 of acquisition related costs during both the three and six month periods ended February 28, 2015 to selling, general and administrative expenses.

Management is currently in the process of finalizing purchase accounting pending final valuation of customer relationships. The purchase price has been initially allocated to the acquired tangible and identifiable intangible assets assumed based on their fair values as of the date of the acquisition:

<b>Assets &amp; Liabilities</b>	<b>Amount</b>	
Inventory	\$	610
Property, plant & equipment		1,064
Goodwill		6,371
Intangible assets		25,240
Total purchase price	\$	33,285

The excess of the purchase price over the net tangible and intangible assets acquired resulted in goodwill of \$6,371 that is largely attributable to the synergies and economies of scale from combining the operations and technologies of Chase and the two product lines, particularly as it pertains to the expansion of the Company's product and service offerings, the established workforce, and marketing efforts. This goodwill is not

deductible for income tax purposes.

All assets, including goodwill, acquired as part of the specialty chemical product lines are included in the Industrial Materials operating segment. Identifiable intangible assets purchased with this transaction are as follows:



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Intangible Asset	Amount	Useful life
Customer relationships	\$ 21,300	8 years
Technology	2,700	7 years
Trade name	910	7 years
Backlog	330	2 months
Total intangible assets	\$ 25,240	

*Supplemental Pro Forma Data*

The following table presents the pro forma results of the Company for the three and six month periods ended February 28, 2015 and 2014, as though the specialty chemical product lines acquisition described above occurred on September 1, 2013. The actual revenue and expenses for the specialty chemical product lines acquisition are included in the Company's fiscal 2015 consolidated results beginning on January 30, 2015. Revenue and net loss attributable to Chase Corporation for the specialty chemicals product lines since the acquisition date included in the consolidated statement of operations were \$1,462 and \$445, respectively, inclusive of the effects of the \$584 in acquisition costs, \$49 in sale of inventory step-up cost and additional amortization expense recognized as part of the transaction. The pro forma results include adjustments for the estimated amortization of intangibles, acquisition related costs, sale of inventory step-up cost and the income tax impact of the pro forma adjustments at the statutory rate of 35%. The following pro forma information is not necessarily indicative of the results that would have been achieved if the acquisition had been effective on September 1, 2013.

	Three Months Ended February 28,		Six Months Ended February 28,	
	2015	2014	2015	2014
Revenue	\$ 55,873	\$ 56,291	\$ 116,766	\$ 114,929
Net income	4,955	4,923	12,329	13,405
Net income attributable to Chase Corporation	4,955	4,958	12,234	13,398
Net income available to common shareholders, per common and common equivalent share				
Basic earnings per share	\$ 0.54	\$ 0.55	\$ 1.34	\$ 1.47
Diluted earnings per share	\$ 0.53	\$ 0.53	\$ 1.32	\$ 1.44

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

The following discussion provides an analysis of the Company's financial condition and results of operations and should be read in conjunction with the Consolidated Financial Statements and notes thereto included in Item 1 of Part I of this Quarterly Report on Form 10-Q and with the Company's Annual Report on Form 10-K filed for the fiscal year ended August 31, 2014.

**Overview**

Revenue and operating income in the year to date period exceeded prior year results primarily due to increased demand, more favorable sales mix and additional sales generated by the January 30, 2015 acquisition of the specialty chemical product lines. Revenue for the current quarter increased over the same prior year period, but operating income for the quarterly period decreased from the prior year, primarily as a result of additional expenses recognized in the current quarter, in part related to the January 30, 2015 acquisition of the specialty chemical product lines. These acquisition related expenses also affected operating income for the year to date period, but to an overall lesser degree. These increases in cost were partially offset by our ongoing efforts with production facility consolidation, efficiency improvements and streamlining overhead costs.

Revenue from our Industrial Materials segment increased over the prior year periods primarily due to increased sales volume from our electronic coatings, pulling and detection, and fiber optic cable components products, as well as the inclusion of the specialty chemical product lines for one month of the current quarter. These increases were partially offset by a reduction in demand for wire and cable, durable paper products and cover tape products.

Revenue for our Construction Materials segment increased over the prior year periods primarily due to increased sales volume from our pipeline coatings and coating and linings systems products. This segment saw increased demand for pipeline coatings products produced at our Rye, UK facility from continuing water infrastructure projects in the Middle East in the quarter and year to date periods ended February 28, 2015.

Our second fiscal quarter has historically generated lower sales for several of our product lines, particularly the seasonally affected domestic sales of our Construction Materials segment, especially compared to our third and fourth quarters. During the remainder of the fiscal year, we will continue to focus on our key strategies, which include marketing and product development efforts, and a continued emphasis on identifying potential acquisition targets, as well as fully integrating the specialty chemical product lines acquired in the second quarter.

Our balance sheet remains strong, with cash on hand of \$17,406,000 and a current ratio of 2.9 as of February 28, 2015. The balance of our term debt was \$57,300,000, including a \$2,000,000 draw on our line of credit at the end of the second quarter. Given subsequent repayment of the draw, our \$15,000,000 million line of credit is fully available as of March 31, 2015.

We have two reportable segments as summarized below:

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Segment	Product Lines	Manufacturing Focus and Products
Industrial Materials	<ul style="list-style-type: none"><li data-bbox="376 180 587 207">• Wire and Cable</li><li data-bbox="376 254 628 281">• Electronic Coatings</li><li data-bbox="376 317 616 344">• Specialty Products</li><li data-bbox="376 380 647 407">• Pulling and Detection</li><li data-bbox="376 443 632 470">• Electronic Materials</li><li data-bbox="376 506 651 533">• Structural Composites</li><li data-bbox="376 569 735 627">• Fiber Optic Cable Components (JV) (1)</li><li data-bbox="376 663 624 690">• Specialty Chemical</li></ul>	Protective coatings and tape products, including insulating and conducting materials for wire and cable manufacturers; moisture protective coatings for electronics and printing services; laminated durable papers, packaging and industrial laminate products; pulling and detection tapes used in the installation, measurement and location of fiber optic cables and water and natural gas lines; cover tapes essential to delivering semiconductor components via tape and reel packaging; wind energy composite materials

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	Intermediates	elements; glass-based strength elements designed to allow fiber optic cables to withstand mechanical and environmental strain and stress; microspheres, sold under the Dualite® brand; and polyurethane dispersions.
Construction Materials	<ul style="list-style-type: none"> <li>• Pipeline</li> <li>• Bridge and Highway</li> <li>• Coating and Lining Systems</li> <li>• Building Envelope</li> </ul>	Protective coatings and tape products, including coating and lining systems for use in liquid storage and containment applications; protective coatings for pipeline and general construction applications; adhesives and sealants used in architectural and building envelope water proofing applications; high-performance polymeric asphalt additives; and expansion and control joint systems for use in the transportation and architectural markets.

(1) Through a 50% owned joint venture until October 31, 2014, when we purchased the non-controlling 50% interest.

**Results of Operations**

*Revenue and Operating Profit by Segment are as follows (dollars in thousands):*

	Three Months Ended February 28, 2015	% of Total Revenue	Three Months Ended February 28, 2014	% of Total Revenue	Six Months Ended February 28, 2015	% of Total Revenue	Six Months Ended February 28, 2014	% of Total Revenue
<b>Revenue from external customers</b>								
Industrial Materials	\$ 40,330	77%	\$ 39,920	78%	\$ 82,725	76%	\$ 81,590	77%
Construction Materials	11,974	23%	11,271	22%	25,512	24%	23,784	23%
Total	\$ 52,304		\$ 51,191		\$ 108,237		\$ 105,374	

	Three Months Ended February 28, 2015	% of Segment Revenue	Three Months Ended February 28, 2014	% of Segment Revenue	Six Months Ended February 28, 2015	% of Segment Revenue	Six Months Ended February 28, 2014	% of Segment Revenue
<b>Income (loss) before income taxes</b>								
Industrial Materials	\$ 10,213(a)	25%	\$ 10,075(c)	25%	\$ 22,828	28%	\$ 26,817(d)	33%
Construction Materials	2,592	22%	1,507(c)	13%	6,465	25%	3,944(c)	17%
Total for reportable segments	12,805	24%	11,582	23%	29,293	27%	30,761	29%
Corporate and Common Costs	(6,549)(b)		(4,682)(c)		(12,268)(b)		(10,297)(c)	
Total	\$ 6,256	12%	\$ 6,900	13%	\$ 17,025	16%	\$ 20,464	19%

- 
- (a) Includes \$49 of expenses for inventory step-up in fair value related to the January 2015 acquisition of the specialty chemical product lines
  - (b) Includes \$584 in expenses related to the January 2015 acquisition of the specialty chemical product lines
  - (c) Includes the reclassification of \$2,367, \$640, \$5,502 and \$1,486 of Selling, general and administrative expense from Industrial Materials and Construction Materials segments, respectively, into Corporate and Common Costs for the second fiscal quarter of 2014 and year to date February 28, 2014, respectively. The reclassification reflects the methodology with which the Company internally reviews expenses in the current year
  - (d) Includes \$5,706 gain on sale of Insulfab product line, for the year to date period ended February 28, 2014

***Total Revenue***

Total revenue increased \$1,113,000 or 2% to \$52,304,000 for the quarter ended February 28, 2015 compared to \$51,191,000 in the same quarter of the prior year. Total revenue increased \$2,863,000 or 3% to \$108,237,000 in the fiscal year to date period compared to \$105,374,000 in the same period in fiscal 2014.

Revenue in our Industrial Materials segment increased \$410,000 or 1% and \$1,135,000 or 1% in the current quarter and year to date periods, respectively. The increase in this segment compared to the prior year periods is primarily due to the following for the current quarter and year to date periods, respectively: (a) our newly acquired specialty chemical product lines first full, but seasonally affected, month of sales totaling \$1,462,000 (b) increased sales of \$1,071,000 and \$1,485,000 from our electronic coatings products resulting from higher sales volume domestically, as well as in Europe and Asia, including increased demand from the automotive and appliance markets; (c) increase sales of \$606,000

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and \$1,407,000 from our pulling and detection products reflecting higher demand in product volume by the utility and telecom industries; and (d) increased sales of \$631,000 and \$821,000 from fiber optic cable components products. These increases were partially offset by: (a) decreased sales volume of our wire and cable products in the current quarter and year to date periods of \$2,083,000 and \$2,200,000, respectively, reflecting reduced demand in the energy markets; (b) decreased sales volume for durable paper products of \$412,000 and \$1,154,000 for the current quarter and year to date periods, respectively; and (c) a decrease in cover tape product sales in the current quarter and year to date fiscal 2015 periods of \$554,000 and \$426,000, respectively.

Revenue from our Construction Materials segment increased \$703,000 or 6% and \$1,728,000 or 7% in the current quarter and year to date periods, respectively, compared to the same periods in the prior year. Increases in sales from this segment were primarily due to a net increase in sales of \$419,000 and \$1,389,000 from our pipeline coatings products for the current quarter and year to date periods, respectively, over the same prior year periods. The net increase within pipeline coatings, for both the current quarter and year to date periods, was the result of increases in sales of our Rye, UK produced water infrastructure pipeline products sold into the Middle East, offset by period-over-period reductions in sales on domestically produced oil and gas pipeline products, which are sold primarily in the Americas. The segment also benefited from an increase in sales volume of its coating and lining systems products of \$87,000 and \$307,000 for the current quarter and year to date periods, respectively, over the prior year.

***Cost of Products and Services Sold***

Cost of products and services sold increased \$284,000 or 1% to \$34,235,000 for the quarter ended February 28, 2015 compared to \$33,951,000 in the prior year quarter. Cost of products and services sold decreased \$714,000 or 1% to \$68,715,000 in the fiscal year to date period compared to \$69,429,000 in the same period in fiscal 2014.

The following table summarizes our cost of products and services sold as a percentage of revenue for each of our reporting segments:

Cost of products and services sold	Three Months Ended February 28,		Six Months Ended February 28,	
	2015	2014	2015	2014
Industrial Materials	64.5%	64.7%	63.0%	64.8%
Construction Materials	68.6%	72.2%	65.0%	69.7%
Total	65.5%	66.3%	63.5%	65.9%

Cost of products and services sold in our Industrial Materials segment was \$26,022,000 and \$52,128,000 in the current quarter and year to date periods compared to \$25,817,000 and \$52,850,000 in the comparable periods in the prior year. Cost of products and services sold in our Construction Materials segment was \$8,213,000 and \$16,587,000 for the quarter and fiscal year to date periods ended February 28, 2015, respectively, compared to \$8,134,000 and \$16,579,000 in the same periods of the prior year. As a percentage of revenue, cost of products and services sold in both segments decreased primarily due to product mix as we had decreased sales volume from our lower margin products within the segments. We continue to closely monitor raw material pricing across all product lines in both segments to preserve margins.

***Selling, General and Administrative Expenses***

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Selling, general and administrative expenses increased \$1,994,000 or 20% to \$11,924,000 for the quarter ended February 28, 2015 compared to \$9,930,000 in the prior year quarter. As a percentage of revenue, selling, general and administrative expenses increased to 23% in the current fiscal quarter compared to 19% in the prior year period. Selling, general and administrative expenses increased \$2,350,000 or 12%

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to \$22,719,000 in the fiscal year to date period compared to \$20,369,000 in the same period in fiscal 2014. For the current fiscal year to date period, selling, general and administrative expenses as a percentage of revenue increased to 21% compared to 19% in the same period in fiscal 2014. The percentage increase for both the current fiscal quarter and year to date period compared to the prior year periods is primarily attributable to: (a) \$584,000 in professional fees incurred related to the acquisition of the specialty chemical product lines; (b) an additional \$493,000 in amortization expense recognized in the quarter and year to date periods associated with the intangible assets obtained as part of the acquisition; (c) increased international sales commission expenses of \$375,000 and \$661,000 over the prior year quarter and year to date periods, respectively, incurred related to increased revenue generated by those sales activities; (d) quarter over quarter decrease of \$130,000 and year over year decrease of \$142,000 in the capitalization of internal labor, most notably related to our multiyear companywide single ERP system rollout, which was substantively completed with regard to our previously existing locations in December 2014; and (e) increased pension periodic benefit costs of \$138,000 in the current quarter against the same period in the prior year, and a \$275,000 increase against the prior year to date period. The Company continues its emphasis on controlling operating costs, while maintaining an active mergers and acquisitions program, exploring new sales channels and staying focused on its key strategies.

***Interest Expense***

Interest expense decreased \$15,000 or 5% to \$270,000 for the quarter ended February 28, 2015 compared to \$285,000 in the prior year quarter. Interest expense decreased \$44,000 or 7% to \$544,000 for the fiscal year to date period compared to \$588,000 in the same period in fiscal 2014. The decrease in interest expense from the prior year period is a direct result of a reduction in our overall average debt balance through principal payments made from operating cash flow over the past year.

***Gain on sale of product line***

On October 7, 2013, we sold substantially all of our property and assets, including intellectual property, comprising the Insulfab product line, to an unrelated buyer. This transaction resulted in a pre-tax book gain of \$5,706,000, which was recorded in the six month period ended February 28, 2014.

***Other Income (Expense)***

Other income (expense) was an income of \$381,000 in the quarter ended February 28, 2015 compared to an expense of \$125,000 in the same period in the prior year, a difference of \$506,000. Other income (expense) was an income of \$766,000 for the fiscal year to date period compared to an expense of \$230,000 in the same period in the prior year, a difference of \$996,000. Other income (expense) primarily includes interest income and foreign exchange gains (losses) caused by changes in exchange rates on transactions or balances denominated in currencies other than the functional currency of our subsidiaries. Income in the current quarter and year to date periods are primarily the result of sales made from our UK based operations, denominated in US dollars.

***Income Taxes***



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The effective tax rate for the second quarter and the six month period ended February 28 was 35%, for both fiscal 2015 and fiscal 2014.

### *Non-controlling Interest*

The income (loss) from non-controlling interest relates to a joint venture we had, prior to our October 2014 acquisition of the 50% outstanding non-controlling membership interest. The joint venture between

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the Company and its now-former joint venture partner (an otherwise unrelated party) was managed and operated on a day-to-day basis by the Company.

***Net Income attributable to Chase Corporation***

Net income attributable to Chase Corporation decreased \$454,000 or 10% to \$4,066,000 in the quarter ended February 28, 2015 compared to \$4,520,000 in the prior year quarter. The decrease in net income in the current quarter is primarily due to the previously mentioned acquisition related expenses, inclusive of both professional services fees and the increased amortization expense recognized as a result of intangibles acquired in the transaction.

Net income attributable to Chase Corporation decreased \$2,324,000 or 17% to \$10,971,000 for the fiscal year to date period compared to \$13,295,000 in the same period in fiscal 2014. The decrease in net income in the year to date period is primarily due to the \$5,706,000 pre-tax gain on the Company's Insulfab product line sold in October 2013 which significantly contributed to earnings and cash flows in the first half of the prior fiscal year, and which did not reoccur in the first half of fiscal 2015. Additionally, year to date net income was reduced by the previously mentioned acquisition related expenses.

Table of Contents**Other Important Performance Measures**

We believe that EBITDA and Adjusted EBITDA are useful performance measures. They are used by our executive management team and board of directors to measure operating performance, to allocate resources, to evaluate the effectiveness of our business strategies and to communicate with our board of directors and investors concerning our financial performance. EBITDA and Adjusted EBITDA are non-GAAP financial measures.

We define EBITDA as follows: net income attributable to Chase Corporation before interest expense from borrowings, income tax expense, depreciation expense from fixed assets, and amortization expense from intangible assets. We define Adjusted EBITDA as EBITDA excluding costs and gains/losses related to our acquisitions and divestitures, costs of products sold related to inventory step-up to fair value, settlement (gains), losses resulting from lump sum distributions to participants from our defined benefit plan, and other significant nonrecurring items.

The use of EBITDA and Adjusted EBITDA has limitations and these performance measures should not be considered in isolation from, or as an alternative to, U.S. GAAP measures such as net income. Our measurement of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

The following unaudited table provides a reconciliation of net income attributable to Chase Corporation, the most directly comparable financial measure presented in accordance with U.S. GAAP, to EBITDA and Adjusted EBITDA for the periods presented:

	Three Months Ended February 28,		Six Months Ended February 28,	
	2015	2014	2015	2014
Net income attributable to Chase Corporation	\$ 4,066,000	\$ 4,520,000	\$ 10,971,000	\$ 13,295,000
Interest expense	270,000	285,000	544,000	588,000
Income taxes	2,190,000	2,415,000	5,959,000	7,162,000
Depreciation expense	1,395,000	1,426,000	2,812,000	2,852,000
Amortization expense	1,701,000	1,192,000	2,884,000	2,386,000
EBITDA	\$ 9,622,000	\$ 9,838,000	\$ 23,170,000	\$ 26,283,000
Acquisition related costs (a)	584,000		584,000	
Gain on sale of Insulfab (b)				(5,706,000)
Cost of sale of inventory step-up (c)	49,000		49,000	
Adjusted EBITDA	\$ 10,255,000	\$ 9,838,000	\$ 23,803,000	\$ 20,577,000

(a) Represents costs related to the January 2015 acquisition of the specialty chemical product lines

(b) Represents gain on sale of Insulfab product line that was completed in October 2013

(c) Represents expenses related to the step-up in fair value of inventory through purchase accounting from the January 2015 acquisition of specialty chemical product lines

**Liquidity and Sources of Capital**

Our overall cash and cash equivalents balance decreased \$35,816,000 to \$17,406,000 at February 28, 2015, from \$53,222,000 at August 31, 2014. The decreased cash balance is primarily attributable to the \$33,285,000 purchase of the specialty chemical product lines, and payment of \$5,477,000 for the annual dividend in December 2014, partially offset by cash from operations and a \$2,000,000 draw on our revolving line of credit. Of the above noted amounts, \$14,128,000 and \$14,575,000 were held outside the U.S. by our foreign subsidiaries as of February 28, 2015 and August 31, 2014, respectively. Given our cash position and borrowing capability in the U.S. and the potential for increased investment and acquisitions in foreign jurisdictions, we do not have a history of permanently repatriating a significant portion of our foreign cash. However, we do not currently take the position that undistributed foreign subsidiaries earnings are considered to be permanently reinvested. Accordingly, we recognize a deferred

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tax liability for the estimated future tax effects attributable to temporary differences due to these unremitted earnings. In the event that circumstances should change in the future and we decide to repatriate these foreign amounts to fund U.S. operations, the Company would pay the applicable U.S. taxes on these repatriated foreign amounts, less any tax credit offsets, to satisfy all previously recorded tax liabilities.

Cash flow provided by operations was \$7,789,000 in the first six months of fiscal year 2015 compared to \$6,029,000 in the prior year period. Cash provided by operations during the first half of fiscal 2015 was primarily due to operating income offset by increased inventories and decreased accounts payable, accrued expenses due to the timing of tax payments and payment of our annual incentive compensation.

The ratio of current assets to current liabilities was 2.9 as of February 28, 2015, compared to 3.5 as of August 31, 2014. The decrease in our current ratio at February 28, 2015 was primarily attributable to a decrease in cash due to the acquisition of the specialty chemical product lines in January 2015. This was partially offset by increased inventories and decreases in accounts payable, accrued income taxes and accrued compensation and other expenses, which decreased largely due to the payment of our annual employee incentive plan in the first half of fiscal 2015.

Cash flow used in investing activities of \$34,587,000 was primarily due to the acquisition of the specialty chemical product lines in January 2015, in addition to cash paid for purchases of machinery and equipment at our manufacturing locations during the first half of fiscal 2015.

Cash flow used in financing activities of \$7,929,000 was primarily due to our annual dividend payment and payments made on the bank loans used to finance our acquisition of NEPTCO and partially offset by a draw taken on our revolving line of credit, described in more detail below.

On October 23, 2014, we announced a cash dividend of \$0.60 per share (totaling \$5,477,000), composed of \$0.50 related to earnings from continuing operations and \$0.10 related to the sale of a product line. The dividend was paid on December 4, 2014 to shareholders of record on November 3, 2014.

In June 2012, as part of our acquisition of NEPTCO, we borrowed \$70,000,000 under a five year term debt financing arrangement led and arranged by Bank of America, with participation from RBS Citizens (the Credit Facility). The applicable interest rate is based on the effective LIBOR plus a range of 1.75% to 2.25%, depending on our consolidated leverage ratio. At February 28, 2015, the applicable interest rate was 1.92% per annum and the outstanding principal amount was \$55,300,000. We are required to repay the principal amount of the term loan in quarterly installments of \$1,400,000 beginning in September 2012 through June 2014, increasing to \$1,750,000 per quarter thereafter through June 2015, and to \$2,100,000 per quarter thereafter through March 2017. The Credit Facility matures in June 2017 and prepayment of the Credit Facility is allowed at any time.

We have a revolving line of credit with Bank of America (the Revolver) totaling \$15,000,000, which bears interest at LIBOR plus a range of 1.75% to 2.25%, depending on our consolidated leverage ratio, or, at our option, at the bank's base lending rate. As of February 28, 2015 and March 31, 2015, \$13,000,000 and \$15,000,000 was available for use, respectively. At February 28, 2015, the applicable interest rate was 3.25% per annum. The Revolver is scheduled to mature in June 2017. This Revolver allows for increased flexibility for working capital requirements going forward, and we plan to use this availability to help finance our cash needs, including potential acquisitions, in fiscal 2015 and future periods.

The Credit Facility with Bank of America contains customary affirmative and negative covenants that, among other things, restrict our ability to incur additional indebtedness. It also requires us to maintain a ratio of consolidated indebtedness to consolidated EBITDA (each as defined in the facility) of no more

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than 3.00 to 1.00, and to maintain a consolidated fixed charge coverage ratio (as calculated in the facility) of at least 1.25 to 1.00. We were in compliance with our debt covenants as of February 28, 2015.

We currently have several on-going capital projects that are important to our long term strategic goals. Machinery and equipment will also be added as needed to increase capacity or enhance operating efficiencies in our manufacturing plants.

We may also consider the acquisition of companies or other assets in fiscal 2015 or in future periods which are complementary to our business. We believe that our existing resources, including cash on hand and our Revolver, together with cash generated from operations and additional bank borrowings, will be sufficient to fund our cash flow requirements through at least the next twelve months. However, there can be no assurances that additional financing will be available on favorable terms, if at all.

To the extent that interest rates increase in future periods, we will assess the impact of these higher interest rates on the financial and cash flow projections of our potential acquisitions.

We have no significant off-balance sheet arrangements.

**Contractual Obligations**

Please refer to Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations section in our Annual Report on Form 10-K for the fiscal year ended August 31, 2014 for a complete discussion of our contractual obligations.

**Recent Accounting Standards**

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which will replace most of the existing revenue recognition guidance under U.S. Generally Accepted Accounting Principles. The core principle of the ASU is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The ASU requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The ASU will be effective for our fiscal year 2018, beginning September 1, 2017, including interim periods, and allows for both retrospective and prospective methods of adoption. We are in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated financial position, results of operations or cash flows.

In February 2015, the FASB issued ASU No. 2015-2, Consolidation (Topic 820): Amendments to the Consolidation Analysis. ASU 2015-2 provides a revised consolidation model for all reporting entities to use in evaluating whether they should consolidate certain legal entities. All legal entities will be subject to reevaluation under this revised consolidation model. The revised consolidation model, among other things,

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(i) modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities, (ii) eliminates the presumption that a general partner should consolidate a limited partnership, and (iii) modifies the consolidation analysis of reporting entities that are involved with VIEs through fee arrangements and related party relationships. ASU 2015-2 is effective for fiscal years, and interim reporting periods within those fiscal years, beginning after September 1, 2016 (fiscal 2017). We are still evaluating what impact, if any, this ASU on the Company's consolidated financial position, results of operations or cash flows.



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**Critical Accounting Policies**

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States. To apply these principles, we must make estimates and judgments that affect our reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. In many instances, we reasonably could have used different accounting estimates and, in other instances, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations will be affected. We base our estimates and judgments on historical experience and other assumptions that we believe to be reasonable at the time and under the circumstances, and we evaluate these estimates and judgments on an ongoing basis. We refer to accounting estimates and judgments of this type as critical accounting policies, judgments, and estimates. Management believes there have been no material changes during the six months ended February 28, 2015 to the critical accounting policies reported in Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended August 31, 2014.

Table of Contents**Forward Looking Information**

The part of this Quarterly Report on Form 10-Q captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains certain forward-looking statements, which involve risks and uncertainties. Forward-looking statements include, without limitation, statements as to our future operating results, seasonality expectations, plans for manufacturing facilities, future economic conditions and expectations or plans relating to the implementation or realization of our strategic goals and future growth. These statements are based on current expectations, estimates and projections about the industries in which we operate, and the beliefs and assumptions made by management. Readers should refer to the discussions under "Forward Looking Information" and "Risk Factors" contained in our Annual Report on Form 10-K for the fiscal year ended August 31, 2014 concerning certain factors that could cause our actual results to differ materially from the results anticipated in such forward-looking statements. These discussions and Risk Factors are hereby incorporated by reference into this Quarterly Report.

**Item 3 - Quantitative and Qualitative Disclosures about Market Risk**

We limit the amount of credit exposure to any one issuer. At February 28, 2015, other than our restricted investments (which are restricted for use in a non-qualified retirement savings plan for certain key employees and members of the Board of Directors), all of our funds were either in demand deposit accounts or investment instruments that meet high credit quality standards such as money market funds, government securities, or commercial paper.

Our domestic operations have limited currency exposure since substantially all transactions are denominated in U.S. dollars. However, our European operations are subject to currency exchange fluctuations. We continue to review our policies and procedures to control this exposure while maintaining the benefit from these operations and sales to European customers. As of February 28, 2015, the Company had cash balances in the following foreign currencies (with USD equivalents):

Currency Code	Currency Name	USD Equivalent at February 28, 2015	
GBP	British Pound	\$	10,584,461
EUR	Euro	\$	2,618,007
CNY	Chinese Yuan	\$	380,596
CAD	Canadian Dollar	\$	145,368

We will continue to review our current cash balances denominated in foreign currency in light of current tax guidelines, working capital requirements, infrastructure improvements and potential acquisitions.

We recognized a foreign currency translation loss for the six months ended February 28, 2015 in the amount of \$2,909,000 related to our European operations, which is recorded in other comprehensive income (loss) within our Statement of Equity and Statement of Comprehensive Income. We do not have or utilize any derivative financial instruments.

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We pay interest on our outstanding long-term debt at interest rates that fluctuate based upon changes in various base interest rates. The carrying value of our long-term debt was \$57,300,000 at February 28, 2014; inclusive of a \$2,000,000 draw taken on the Revolver that was paid back subsequent to February 28, 2015. See Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Sources of Capital and Note 12—Fair Value Measurements to the Consolidated Financial Statements for additional information regarding our outstanding long-term debt. The effect of an immediate hypothetical 10% change in variable interest rates would not have a material effect on our Consolidated Financial Statements.

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**Item 4 - Controls and Procedures**

*Evaluation of disclosure controls and procedures*

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We carry out a variety of ongoing procedures under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, to evaluate the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

*Changes in internal control over financial reporting*

Effective April 1, 2013, the Company began the process of implementing a single enterprise resource planning ( ERP ) computer system world-wide. During the past 23 months, the Company expanded its existing ERP modules to all of its domestic and international locations, expanding to the final previously existing location in December 2014, which resulted in changes to the Company's processes and procedures affecting its internal control over financial reporting. The Company also began the process of expanding the ERP computer system to the two newly acquired product lines in the second fiscal quarter, and plans to have them fully integrated by the end of the third quarter of fiscal 2015.

As part of the Company's succession plan, effective with its annual shareholders meeting held on February 3, 2015, and as approved by the board at that time, Adam P. Chase has been named President and Chief Executive Officer of Chase Corporation and Peter R. Chase, the former Chief Executive Officer, has been named Executive Chairman of Chase Corporation.

Otherwise, there have not been any changes in the Company's internal control over financial reporting during its most recent fiscal year that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Table of Contents**Part II OTHER INFORMATION****Item 1 Legal Proceedings**

We are involved from time to time in litigation incidental to the conduct of our business. Although we do not expect that the outcome in any of these matters, individually or collectively, will have a material adverse effect on our financial condition, results of operations or cash flows, litigation is inherently unpredictable. Therefore, judgments could be rendered or settlements entered into, that could adversely affect our operating results or cash flows in a particular period. We routinely assess all of our litigation and threatened litigation as to the probability of ultimately incurring a liability, and record our best estimate of the ultimate loss in situations where we assess the likelihood of loss as probable.

**Item 1A Risk Factors**

Please refer to Item 1A in our Annual Report on Form 10-K for the fiscal year ended August 31, 2014 for a complete discussion of the risk factors which could materially affect our business, financial condition or future results.

**Item 6 - Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
10.1	Asset Purchase and Sale Agreement dated as of January 28, 2015 between Henkel Corporation, as the Seller and Chase Corporation, as the Buyer
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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\* Furnished, not filed

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**Chase Corporation**

Dated: April 9, 2015

By: */s/ Adam P. Chase*  
Adam P. Chase,  
President and Chief Executive Officer

Dated: April 9, 2015

By: */s/ Kenneth J. Feroldi*  
Kenneth J. Feroldi,  
Treasurer and Chief Financial Officer