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CARLISLE

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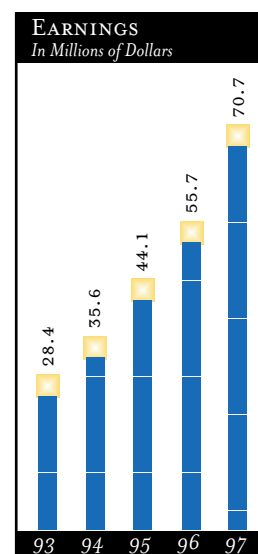
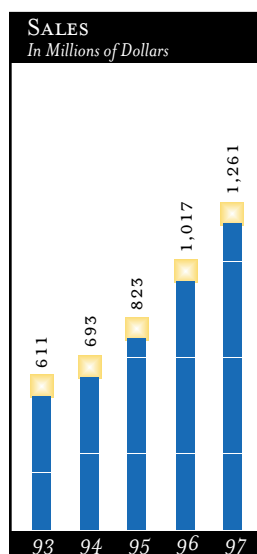
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*PRODUCTS AND SERVICES OFFERED THROUGH
CARLISLE BUSINESS SEGMENTS INCLUDE:*

Rubber (EPDM), fleece backed rubber and plastic (TPO) based membranes
and warranted roof systems used predominantly on non-residential flat roofs.
Roofing accessories, including flashings, fasteners, sealing tapes, coatings and waterproofings.
Adhesives, sealants and coatings for various applications.

Rubber and plastic auto parts.

Heavy duty truck brake linings and spring brakes.
Brake shoe remanufacturing and relining.
Off-highway braking systems and components.
Friction products for industrial applications.

CARLISLE

W H E R E G R E A T I D E A S C O M E T O G E T H E R

Aerospace and high-speed data communications wire and cable.

Standard and custom built lowbed trailers.
Heavy duty truck and trailer dump bodies.
Specialty trailers.

Self-contained 40' high cube intermodal refrigerated shipping
containers and related lease financing.

Commercial and institutional permanentware plastic foodservice products, including dinnerware, tumblers,
serving bowls, catering equipment, dishwashing racks, salad bar equipment and related accessories.
Fiber glass-reinforced and composite material trays.
Super-clear acrylic giftware resembling cut glass.
Specialty ceramic tableware.
Cleaning brushes for foodservice, janitorial and sanitation applications.

Pneumatic bias-ply tires (generally under 20" in diameter) and wheels.

Stainless steel processing equipment (food, dairy, beverage and pharmaceutical).

To Our SHAREHOLDERS

Carlisle Companies, Incorporated is a diversified manufacturing company with the overriding goal of providing value for our shareholders through the profitable growth, either internally or through acquisition, of our stable industrial product base. At the beginning of this decade, we set out to build this value by protecting and improving our core strengths in rubber, plastics and friction technologies; by investing for future growth; and by divesting non-essential activities. Our concentration has been on businesses that provide manufactured products to niche markets. Our goal has been to grow these businesses by increasing market shares, improving manufacturing processes and targeting new markets with expanded product lines. Over this period, Carlisle people have established a clear track record of success. After divesting several data communication companies in 1991 and 1992, over the past five years, Carlisle sales have grown at an average annual rate of 19%, with earnings increasing at an annual rate of nearly 24%.

On the strength of solid business plans in combination with generally favorable business conditions, Carlisle continued to achieve strong financial results last year.

In 1997:

- Sales increased 23.9% to \$1.26 billion.
- Net earnings increased 26.9% to \$70.7 million, or \$2.28 per share.
- Operating margins improved to 10.1% of sales.
- Return on beginning equity improved to 23.0%.
- Quarterly dividends were increased by 14.3% to \$0.14 per share.

Capital markets have recognized this financial success. Over the past two years, our share price has more than doubled. Since January 1, 1991, an investment in Carlisle has provided shareholders with an annualized return of 31%, significantly outpacing comparable market indices.

1997 ACCOMPLISHMENTS

Some of the accomplishments over the past year include:

- The aggressive growth of our automotive components business with the integration of the Engineered Plastics Division of Johnson Controls, acquired in October 1996, with our Geauga Company to form Carlisle Engineered Products.
- The expansion of our capacity to manufacture high quality low-bed trailers and dump bodies for both commercial and construction markets.
- The addition to our share of existing markets and the development of new markets for bias-ply tire and wheel assembly products through the introduction of new designs and the acquisition of several small tire and wheel companies.
- Additional acquisitions, similarly focused on strengths in specialty businesses, allowing us to develop new markets for an expanded product line, increase our presence as a global supplier of brake system components for heavy trucks and construction equipment, expand our waterproofing products to European and Asian construction markets, and broaden our foodservice product lines.
- The robust growth of our high performance wire products in response to demand for both aircraft and high-speed data communication applications.
- The improvement of manufacturing processes at our container manufacturing operations resulting in increased productivity.

- Maintaining our focus on the productive growth of our core businesses, by divesting Braemar, a small company engaged in the manufacturing of medical monitoring devices, and Carlisle Engineered Metals, a company engaged in manufacturing metal roofing products.
- Capitalizing on management strengths within Carlisle by realigning key management positions. Kem Scott, previously president of Carlisle SynTec, moved to our European office where his extensive operating experience, especially in the roofing market, will contribute to Carlisle's global expansion. John Altmeyer, formerly vice president of corporate development, became Carlisle SynTec's president. Scott Selbach, who previously headed Carlisle's European operations, was appointed vice president of corporate development.

TRANSITIONS IN BOARD AND MANAGEMENT

Our long-time friend and mentor, George L. Ohrstrom, Jr., will retire from Carlisle's Board of Directors in April 1998. George's rich insight, wise counsel and consistent support during his 35 years of service have been integral to Carlisle's success and will be missed. Personally, and on behalf of the Board of Directors, shareholders and employees, we want to thank George for his helpful guidance, and wish him well in the years ahead.

After more than 42 years in the foodservice industry, Robert K. Parmacek retired, effective January 1, 1998, as chief executive officer of Carlisle Foodservice. We congratulate Bob on his contributions to Carlisle and the foodservice industry. To ensure a smooth transition, Bob will remain chairman of Carlisle Foodservice Products through 1998.

OUTLOOK FOR THE FUTURE

We have tremendous confidence in the ability of Carlisle people to continue to achieve top-line growth through increased market share of our current products and disciplined expansion into new products and markets.

Carlisle's success, derived from the performance of our individual operating companies, is a measure of our commitment to continued profitable growth through the implementation of plans to expand market penetration and improve the productivity of manufacturing operations. The focus of this year's annual report is on that process and the people who implement it.

We appreciate your support in 1997, and look forward to our continued success.



For the Board of Directors
Stephen P. Munn
Chairman and Chief Executive Officer
March 4, 1998



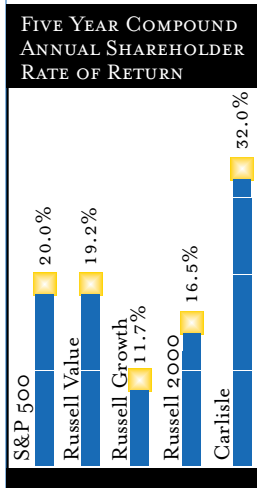
Dennis J. Hall
President

Critical Success FACTORS

We monitor our progress toward building shareholder value using several easily measurable factors. These factors remain constant, but we continually raise the individual targets. These critical success factors have been key to our strategic planning process since the beginning of this decade.

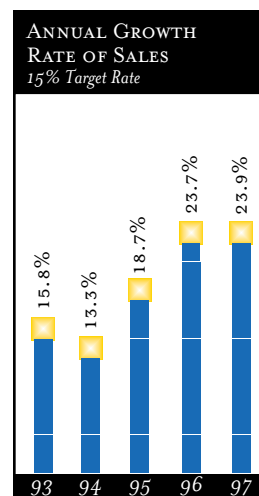
STOCK PRICE

The U.S. stock market has been shown to do a reasonable job of establishing value over the long term. Consequently, we view our stock price to be an important measure of progress. Our goal is to provide returns that exceed those provided by both the S&P 500 Index, which represents large U.S. corporations, and various Russell 2000 indices, which are representative of smaller companies. In 1997, our stock price, after adjusting for a 2 for 1 split in January, increased by 41%. By including dividends paid during the year, this appreciation produced a 43% return to our shareholders, exceeding returns on both the S&P 500 and Russell 2000 indices. Looking at our progress over a longer period, Carlisle shareholders have earned an annualized return of 32% over the past five years, significantly outpacing returns from comparable indices.



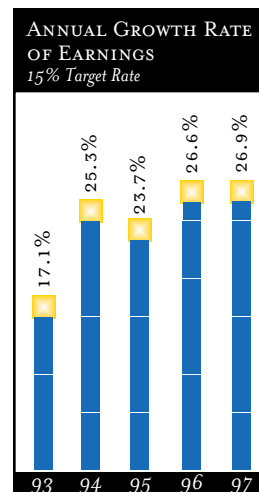
SALES GROWTH

Sales growth is one measure of the value we provide our customers, which we translate into value for shareholders. This growth comes from both broadening existing businesses and from extending our reach through acquisitions. Our ongoing goal is to increase sales by 15% annually. We exceeded this target in 1997 as sales grew 23.9%.

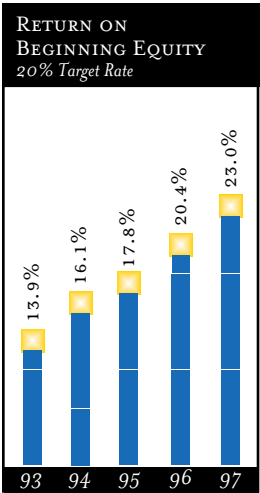


EARNINGS GROWTH

Net-after-tax earnings measure what is available to shareholders after accounting for all costs. For this important factor, our target is also annual growth of at least 15%. By recording earnings growth of 26.9% in 1997, we exceeded our goal for the sixth consecutive year.

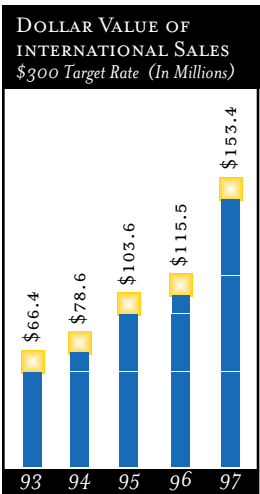


RETURN ON EQUITY



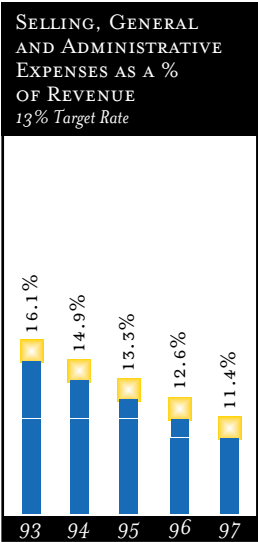
Equity measures the capital provided by shareholders, either from direct investment or from earnings retained in the company. The ratio of net-after-tax earnings to this equity capital reflects the return earned during the year on shareholders' investment as measured by historical cost. Our goal is to earn a 20% return on this equity capital. We exceeded that target in 1997, earning a 23% return on our beginning level of equity capital.

INTERNATIONAL GROWTH



International markets provide important opportunities for Carlisle. These markets allow us to not only expand our current products and markets, but also dampen the volatility of domestic business cycles. We have business development offices in both Europe and Hong Kong. Recognizing that it takes time to develop these international opportunities, we are committed to growing international sales from its current level of approximately \$153 million to \$300 million by the year 2001.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES



Selling, general and administrative expenses measure the cost to operate a business. We strive to incur costs solely as a means to increasing the value of the company. At the beginning of the decade, selling, general and administrative costs were over 17% of sales, which we believed to be excessive. To bring these costs under control, we initially established a goal of less than 15% of sales and subsequently reduced this target to 13%. This goal was achieved in 1997 with SG&A expenses totaling 11.4% of sales.

Strategic LEADERSHIP

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Our management philosophy dictates that decisions be made by those closest to the action. However, for a diversified manufacturing company to add value for shareholders, it must be more than simply the sum of its individual parts. We add value by integrating the strengths of each individual operation, ensuring a cohesive "big picture" context for each decision-making process. Our role as the unifying mechanism is to provide our operating companies with the resources they need to do the job. Sometimes, these resources are financial; at other times, corporate management simply provides a sounding board for ideas.

We believe it is important that decision-makers have a financial stake in the value of Carlisle. The total remuneration of key management is based on the success of their individual operating company as well as Carlisle's overall performance. Moreover, Carlisle people are shareholders. A significant portion of management pay consists of either restricted shares or options to purchase shares of Carlisle stock. Consequently, much of their reward depends on the market value of the Company. Additionally, most of the more than 5,000 eligible employees participate in our 401(k) program. Under this plan, the Company matches a portion of each employee's contribution with Carlisle stock, thereby directly linking the employee's financial growth to the performance of the Company. Carlisle people pay attention to the value they create for shareholders because they are shareholders.

Our leadership is focused on the intersection of strategic vision and operating effectiveness. The strategic planning process is where corporate management meets with each company president to review long-term goals. The objective of this process is to test logic, pinpoint weak arguments, enhance and develop good ideas and programs, and strengthen and clarify our thinking. Everyone is focused on building the business for the long term.

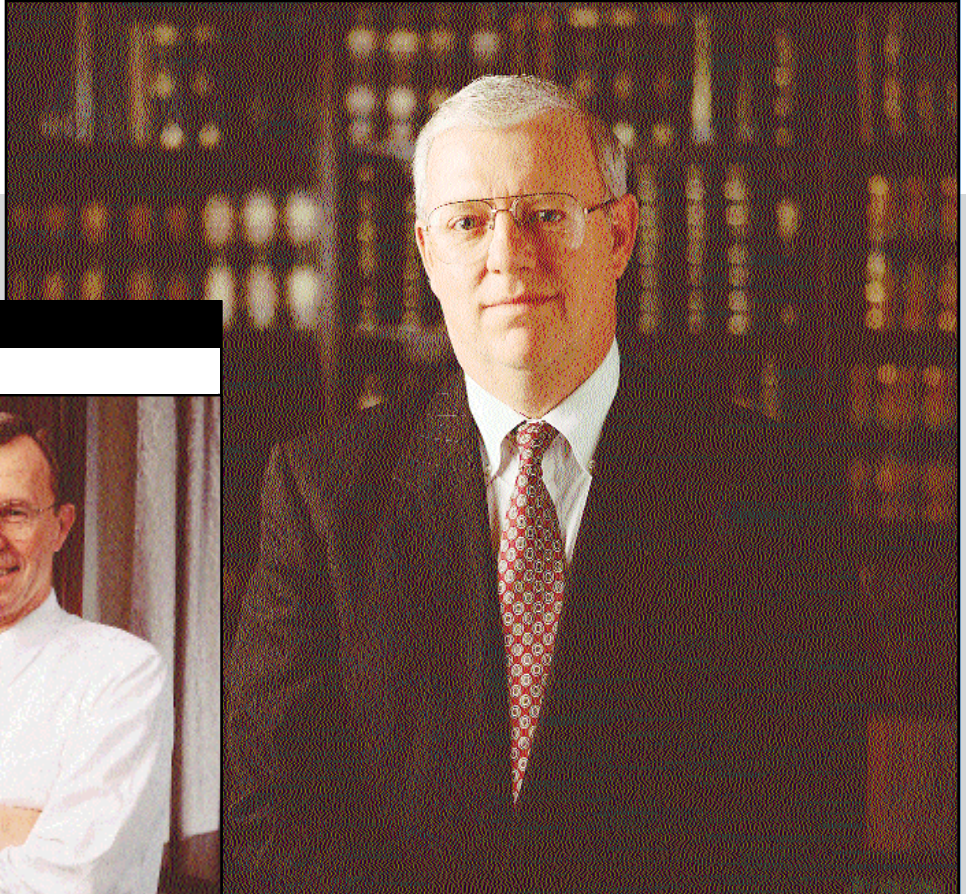
Annual financial targets, on the other hand, are established during the operating planning process. Operating plans are constructed by each company's management within the context of agreed strategies, and are reviewed and approved with corporate management. These plans become management's financial targets for the following year, and form the basis for calculating a portion of management's remuneration.

We have published and are committed to our long-standing goal of growing Carlisle at an average annual compounded rate of 15%. In developing plans to meet this target, we consider three factors. First, we look at the growth of our base markets. Second, we identify opportunities for adding new products and markets, as well as growing existing market shares. Finally, we close any remaining gap between our 15% target and these growth opportunities with acquisitions that either complement or supplement our businesses.

The combined strategic and operating planning process seeks to accommodate both the need to build our businesses and the need to maximize financial performance. Often, the strategic plan and operating plan pull in opposite directions. It is this tension that results in a balance between exploring new ideas and achieving our financial goals. The trade-off between strategic and operating plans can sometimes create uncertainty or ambiguity among our operating management, but failure to recognize this tension leads to complacency. Our management's proven ability to deal with this trade-off enables Carlisle to achieve solid financial results.

STEPHEN P. MUNN

CHAIRMAN AND CHIEF EXECUTIVE OFFICER



DENNIS J. HALL

PRESIDENT

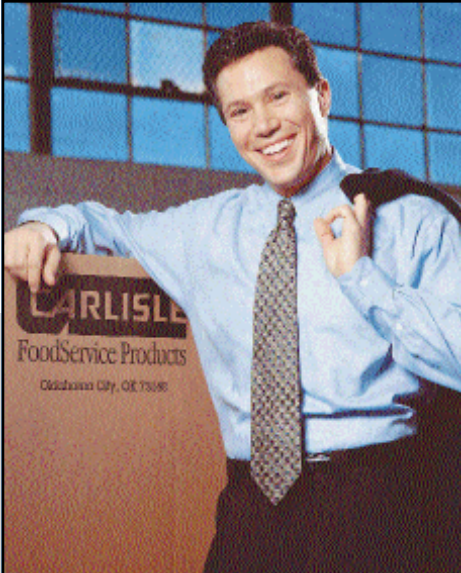


*"We don't produce
extraordinary plans;
we just execute well."*

*"Talent is plentiful;
it's the attitude of our people that makes Carlisle stand out."*

DAVID M. SHANNON

PRESIDENT,
CARLISLE FOODSERVICE PRODUCTS



"Better supply chain management is sustaining our competitive edge and distinguishing us as a world-class supplier."

ROBERT K. PARMACEK

CHAIRMAN,
CARLISLE FOODSERVICE PRODUCTS



"Our goal is to become the premier 'one-stop-shop' manufacturer of foodservice supplies for dealers and distributors on a global basis."

JOHN W. ALTMAYER

PRESIDENT, CARLISLE SYNTec



"Our organization strives to make the customer's total 'experience' so powerful that it creates expectations and demands that the competition cannot match."

ALLEN J. HOFMANN

PRESIDENT,
CARLISLE ENGINEERED PRODUCTS



"To be successful, you don't have to do extraordinary things. Just do things extraordinarily well."

HUGH A. FEHRENBACH

PRESIDENT, CARLISLE LEASING
INTERNATIONAL COMPANY



"It takes dedicated, talented employees focused on providing specialized services to meet customers' global requirements."

Growth of Our CORE BUSINESS

Carlisle's core business is to provide manufactured products and related services to construction, commercial and industrial markets. Our products and manufacturing processes are basic; nothing we do can become technologically obsolete overnight. Generally, we are the predominant supplier of products to the markets we serve. Our core products and markets include:

- Rubber roofing systems for commercial construction markets
- Friction and braking products for large over-the-road vehicles and construction equipment
- Custom molded, extruded and assembled components for the automotive market
- Specialty trailers and dump bodies for construction and commercial markets
- Refrigerated containers for worldwide steamship lines and shippers of perishable cargoes
- Specialty wire and cable for high-speed data transmission and aircraft markets
- Foodservice products for commercial and institutional markets
- Tires, wheels and assemblies for lawn and garden, trailer, golf car and recreational vehicle markets
- Stainless steel processing equipment

While these products are diverse, they all serve specialty markets where both cost and quality are important. Many of these markets experience cycles, but Carlisle's core businesses have consistently grown at rates that exceed those of the domestic economy. This growth is achieved by increasing our share of current markets, extending current products to new markets and bringing additional products to our existing markets.

In 1997, the manufacturing operations were reorganized at Carlisle Engineered Products, and sales channels were rationalized to provide highly engineered component parts both to major automobile manufacturers and to major suppliers of automotive systems. The company's customer base has been diversified to where it now provides component parts to almost all light vehicle platforms.

We continue to make the capital investments necessary to enhance the position of Carlisle Engineered Products as a critical supplier of components to the automotive industry. These investments consist primarily of the acquisition of additional molding capacity, but also include a joint venture with Lander Plastics, an important supplier to the British and other European automotive markets. This joint venture extends our ability to supply automotive components globally.

Carlisle SynTec has extended its product offerings to construction markets through the addition and growth of TPO and FleeceBACK[™] products. These products bring higher quality roofing technology to certain applications in construction markets by providing easier installation and consequently lower overall costs. We continue to expand in casual dining and institutional foodservice markets by increasing product offerings to appropriate distributors.

Additional capital investments are required to further exploit available growth opportunities. Capital expenditures in 1997 and proposed expenditures in 1998 call for investments to expand manufacturing capacity as a means to maximize returns to shareholders.

Growth from ACQUISITIONS

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Acquisitions of successful businesses that either complement or supplement our core businesses are an important avenue for growth at Carlisle. Our acquisition activity is part of an overall strategy to grow a business. We seldom find ourselves engaged with other firms bidding for a particular company. Our acquisitions tend to be transactions negotiated with either individual owners of private companies or division management within large public companies. Our criteria and discipline are such that we forgo opportunities where prices reach levels that would not add value for our shareholders.

Acquisition opportunities are usually identified by the management of Carlisle's individual businesses through their day-to-day activity in the marketplace. These potential acquisitions are typically smaller companies with annual revenues from \$10 million to \$100 million. Much of the necessary analysis and due diligence activity is carried out not by corporate staff, but by the management of the division responsible for the eventual integration of the acquired company. Carlisle is an "operating" company, which integrates its acquisitions with appropriate businesses; we do not acquire firms solely for the purpose of turning around and divesting them again.

We typically seek businesses with successful management already in place; we do not look for "turn-around" situations. Frequently, our acquisition candidates simply lack the physical, financial or human resources that would allow them to reach their potential. By furnishing the missing resources, Carlisle often provides an environment conducive to unprecedented growth for the newly integrated entity.

1997 was a record year in terms of the number of acquisitions made by Carlisle. While none of these acquisitions had an immediate large-scale impact on overall corporate sales and earnings, each provided a strategic opportunity to expand our current business in the marketplace.

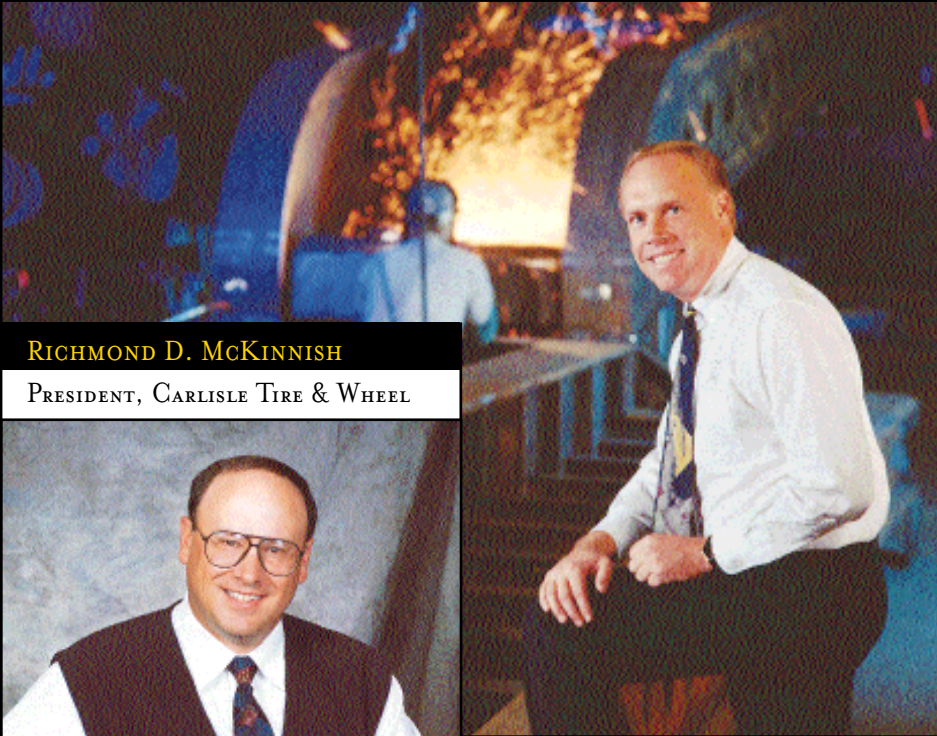
We completed five acquisitions of small bias-ply tire and wheel manufacturers and distributors last year. These acquisitions extend both our product offerings and geographic distribution of small tire and wheel assemblies to lawn and garden, trailer and other original equipment manufacturers.

Carlisle purchased a small spring brake manufacturing company, which expands our current product offerings to the heavy duty truck markets. A small, privately owned manufacturer of brushes for the janitorial and sanitation market was added, which complements current products at Carlisle Foodservice. With the acquisition of Hardcast Europe, a Netherlands manufacturer and distributor of adhesive and sealing products to the European construction and industrial tape markets, we extend our key products globally.

We are also ready to take appropriate action when an acquisition does not prove to be successful. In 1997, we divested the operations of Carlisle Engineered Metals, a metal roofing company purchased in 1993 which failed to fit with our existing businesses. Braemar, a small manufacturer of medical monitor devices, was also sold last year.

JERRY N. THOMSEN

PRESIDENT, TRAIL KING INDUSTRIES



RICHMOND D. MCKINNISH

PRESIDENT, CARLISLE TIRE & WHEEL



"Carlisle Tire & Wheel completed five acquisitions in 1997; we are excited about our new product and service capabilities."

"Trail King's rapid growth can be attributed to our strong customer focus and our ability to meet and exceed our customers' expectations."

SCOTT C. SELBACH

VICE PRESIDENT, CORPORATE DEVELOPMENT



"We continue to add companies that enhance our capabilities and can grow with us far into the future."

WAYNE R. KINSEY

PRESIDENT, MOTION CONTROL INDUSTRIES



"Through technology, we strive to 'get to the future first.'"

JOHN S. BARSANTI

PRESIDENT,
WALKER STAINLESS EQUIPMENT



"Our manufacturing combines the capital and the human resources necessary for strong, enduring growth."

JOHN E. BERLIN

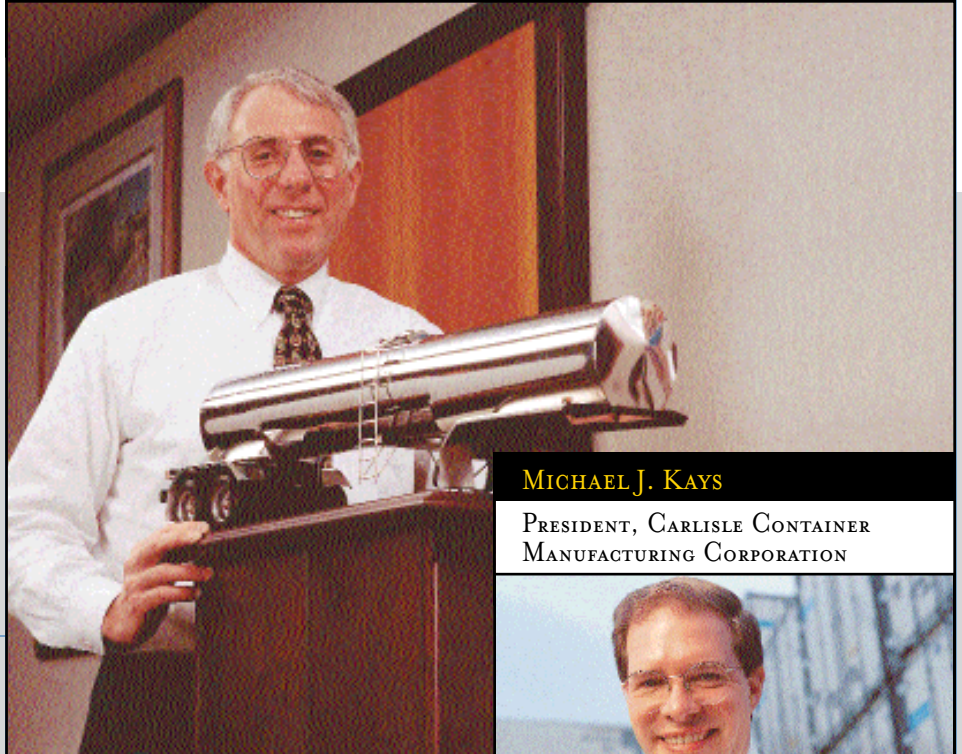
PRESIDENT, TENSOLITE COMPANY



"Teamwork is key. It has unleashed our people by allowing them to operate in an environment that encourages risk. Instead of punishing mistakes, we use them as examples upon which to build."

RICHARD S. HUSTED

PRESIDENT, CARLISLE PERISHABLE CARGO



"Once you have embraced the Carlisle Lean Enterprise System, you will never again feel comfortable with the status quo."

MICHAEL J. KAYS

PRESIDENT, CARLISLE CONTAINER
MANUFACTURING CORPORATION



"The energy of strong people can generate either friction or momentum. Successful teams accept only the latter."

Improving Our Manufacturing PROCESSES

Carlisle manufactures the following products: steel and aluminum specialty trailers; dump bodies; wheels; stainless steel processing equipment and refrigerated containers; bias-ply rubber tires and EPDM rubber roofing materials; a wide variety of molded plastic components for automotive and foodservice markets; sophisticated wire and cable products; and heavy duty friction and braking products.

To add value for our customers and to grow in our markets, we must outperform our competitors with regard to product cost, quality and delivery. Success in these factors is achieved through a commitment to continuous improvement in our manufacturing processes. Implementation of Lean Enterprise Methods is a principal strategy for realizing efficiencies across all Carlisle operations.

We examine all phases of providing a product to our customers, from concept design to manufacturing, marketing, order handling and distribution. Our goal is the elimination of non-value-added costs while creating processes that are quick, agile and efficient.

To support implementation of the Carlisle Lean System, we are making investments in new, enterprise-wide information systems as well as exploring new uses for our existing manufacturing capacity and raw material sourcing. Since Carlisle people are the key to creating change, we also continue to make substantial investments in manufacturing training programs.

Carlisle saw growth in providing low-bed trailers and aluminum and steel dump bodies to construction markets through the integration of manufacturing operations at Green Pond, Alabama; Brookville, Pennsylvania and Mitchell, South Dakota. This integration not only contributed to increasing sales levels by bringing manufacturing operations closer to our customers, it also adds to profitability through production efficiencies.

Carlisle kept pace with the growing demands for high-speed data and aircraft by maintaining a concerted effort to improve the productivity of manufacturing processes at Tensolite's Florida plant. Throughout the year, we consistently responded to the call of Boeing and other aircraft manufacturers' growing demand for high quality wire and cable products.

The efficiency of Carlisle's container manufacturing plant was improved, doubling its rate of production and significantly reducing the amount of time to produce a container, all with no increase in resources. These improvements contribute significantly to the excellent results of our specialized container strategy.

Flexibility in RESOURCES

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Carlisle is committed to a decentralized philosophy where the management team within each separate company thinks and acts like entrepreneurs. For Carlisle to be more than the sum of its individual parts, however, value must be created from integrating our businesses into a single organization. This is achieved by mobilizing both capital and management resources among our varied components.

At the corporate level, financial assets and human resources must be properly distributed to assure maximum productivity. In order to have the right people in the right places at the right time, we have made several key management moves recently.

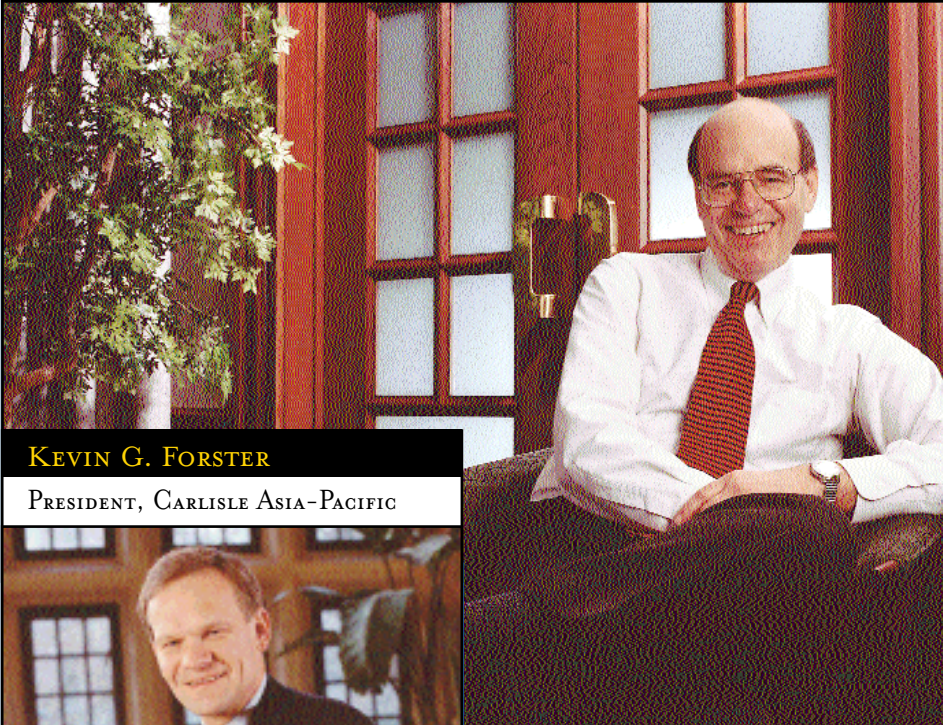
Carlisle people move from positions of corporate responsibilities to become president of an operating company; they move from top management positions at individual companies to developing international markets for all Carlisle companies; and they move from international development to corporate development. This flexibility not only ensures a management team experienced in many phases of Carlisle, it also ensures that fresh thinking is applied to the ongoing challenge of growing our businesses productively.

Critical to any realignment of resources is the availability of information regarding specific needs and assets at hand to fill those needs. Our shared resources promote the development of information systems necessary for effective decision-making at both the corporate and operating levels.

Carlisle seeks to link activities only where the benefits from utilizing combined company resources significantly outweigh any possible loss of energy and enthusiasm incurred by reducing individual company autonomy. For example, we have convened a purchasing group and a logistics group to pool the shared requirements of the individual companies. This has realized important cost savings in meeting our raw material needs for several commodities. It also facilitates constructive dialogue among our operations regarding emerging technologies that may apply to multiple product offerings.

ROBERT J. RYAN, JR.

VICE PRESIDENT, TREASURER AND CHIEF FINANCIAL OFFICER



KEVIN G. FORSTER

PRESIDENT, CARLISLE ASIA-PACIFIC



"The presence of Carlisle's team in Asia enables us to swiftly respond to our customers and to the changing market conditions in this dynamic region."

"It's management that creates shareholder value."

ELLEN M. GALL

CORPORATE CONTROLLER



"Carlisle offers challenging opportunities; it's up to the individual to take them."

KEM W. SCOTT

PRESIDENT, CARLISLE EUROPE

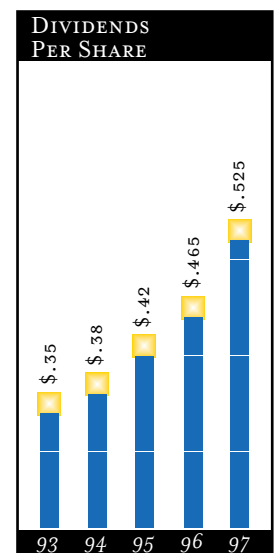
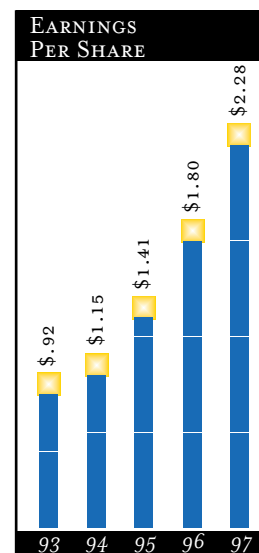
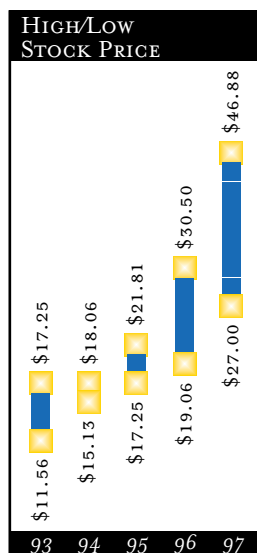


"Europe is experiencing a vibrant merger-and-consolidation boom as Europeans begin to unshackle their natural competitive forces."

Financial STATEMENTS

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OVERVIEW

Carlisle Companies Incorporated sales grew to \$1.26 billion in 1997, up 24%, or \$243.0 million, from 1996 sales of \$1.02 billion. This increase is due to the expansion of product lines and market shares of Carlisle's core businesses and the integration into existing operations of several acquisitions made in 1996.

In 1997, net earnings reached \$70.7 million, or \$2.28 per share of common stock, a 27% increase over 1996 net earnings of \$55.7 million, or \$1.80 per share. This increase in earnings is attributable to the higher sales level, and the improved operating margins resulting from our continued focus on manufacturing and distribution costs.

In 1996, sales increased 24%, or \$195.0 million, due to continued growth in core businesses, as well as acquisitions made in 1996 and to the full-year effect of acquisitions made in 1995. Net earnings increased 26%, or \$11.6 million, in 1996, reflecting both the increased sales levels and reductions in costs.

Although not having a significant effect on this year's sales or earnings, a record number of acquisitions were completed in 1997. Throughout the year, we acquired several small bias-ply tire and wheel manufacturing and distributing companies, which extend both our product offerings and geographic distribution of tire and wheel assemblies to lawn and garden, trailer and other original equipment manufacturers. These transactions were as follows: (i) The City Machine & Wheel Company, (ii) The Neilsen Wheel Company, Inc., (iii) Conestoga Tire & Rim, Inc., (iv) Wheeltech North America, Inc. and (v) Tilden Corporation. In April, we purchased Overland Brake Incorporated, a small spring-brake manufacturing company, complementing our heavy duty friction products. In December, we purchased Zimmerman Brush Co., a small, privately owned manufacturer of brushes for the janitorial and sanitation market. Also, in December, we signed letters of intent to purchase Hardcast Europe, a Dutch manufacturer of specialty adhesive and sealant products for the European construction market, and to establish a joint venture with Lander Plastics, a British manufacturer of plastic automotive components. The Hardcast Europe acquisition was completed in January 1998. In addition, we completed

the following divestitures in 1997: (i) in February, we divested the remaining operations of Carlisle Engineered Metals, a metal roofing company, and, (ii) in October, we sold Braemar, Inc., a small manufacturer of medical monitoring devices.

Several acquisitions made in 1996 were integrated into Carlisle during 1997. These 1996 acquisitions include the following: (i) Insul-Foam, Inc., which brought new technology to the EPDM rubber roofing market, (ii) Intero, Inc. and Unique Wheel, Inc., manufacturers of steel and aluminum wheels and rims, (iii) Scherping Systems, Inc. and Scherping Controls, Inc., companies that design and manufacture in-plant processing equipment for the cheese industry, (iv) Hartstone, Inc., which designs and manufactures ceramic tableware, and (v) The Engineered Plastics Division of Johnson Controls, Inc., which manufactures highly engineered plastic components for the automotive industry.

OPERATING SEGMENTS

Construction Materials segment sales declined by 0.9% to \$322.2 million in 1997, as a slight increase in sales of the ongoing business was offset by the effect of the divestiture of the remaining assets of Carlisle Engineered Metals. The 1997 earnings of \$49.4 million in this segment were up 13.3% over 1996 earnings of \$43.6 million, reflecting improving margins from a changing product mix, improved warranty results and the elimination of losses due to the divestiture of the metal roofing company. The 1996 sales of \$325.2 million reflect an increase of 6% over 1995 sales of \$308.3 million. An 18.8% jump in 1996 over 1995 earnings is attributable to the increased sales levels and improved operating margins.

Transportation Products segment sales reached \$521.2 million in 1997, 40.3%, or \$149.7 million, over 1996 sales of \$371.5 million. The 1996 sales level is an increase of 33.2%, or \$92.7 million, over the 1995 level. The increases in 1997 sales reflect the full-year effect of the consolidation of the Engineered Plastics Division of Johnson Controls, acquired in October 1996, with Geauga Company to form Carlisle Engineered Products, which supplies highly engineered plastic, rubber and metal components to the automotive industry. Also contributing to the 1997 sales growth in this segment are the continued robust sales of aircraft wire,

increased direct sales of refrigerated containers, penetration of additional channels of distribution of heavy duty friction products to the aftermarket, and increased sales of specialty trailers to construction markets. The 1996 sales increase reflects record sales gains from all operations, and, to a lesser extent, companies acquired in 1996 and 1995. Operating earnings in this segment climbed 64.0%, or \$17.6 million, to \$45.1 million. This increase reflects the higher level of sales of components to the automotive industry, aircraft wire and specialty trailers, as well as increased margins due to improved manufacturing processes in the specialty trailer business and especially in the refrigerated container business.

General Industry segment sales grew 30.0%, or \$96.3 million, to \$417.1 million in 1997. This increase is primarily due to internal growth of tire and wheel assemblies, plastic foodservice products and in-plant processing equipment through expanding our market shares of current products and extending existing products to new markets. The full-year effect of acquisitions made in 1996 and acquisitions made in 1997 account for approximately 29% of the increase in 1997 sales in this segment. In 1996, sales in this segment increased 36.0%, or \$85.5 million, to \$320.8 million, reflecting both growth in internal businesses and acquisitions. Operating earnings in this segment in 1997 increased 26.3%, or \$10.6 million, to \$50.9 million, reflecting the higher level of sales. Segment earnings in 1996 were \$40.3 million, a 35.9% or \$10.6 million increase over 1995 earnings. The increase in 1996 sales results from the contribution of the specialty wheel businesses of Intero and Unique Wheel acquired in March 1996 and from market share gains in the lawn and garden, trailer and golf car markets.

FINANCIAL RESULTS

Total costs, which include raw material, manufacturing, selling, general and administrative costs, expressed as a percentage of total sales, continued to decline in 1997 to 89.9% of sales, down from 90.5% of sales in 1996. In 1995, these costs were 90.7% of sales. This decline in total costs reflects an ongoing focus on improving purchasing, manufacturing and distribution of products throughout all Carlisle operations.

Gross margins, expressed as a percent of sales, represent what is left after costs of purchasing raw materials and of manufacturing products (i.e., cost of goods sold) are subtracted from sales. These margins declined from 24.0% of sales in 1995 to 23.4% in 1996 and 22.7% in 1997. While operations across all segments maintained consistent gross margins generally, this decline largely reflects the changing mix in Carlisle's total sales. In 1997, operations with lower gross margins, but also with lower corresponding selling, general and administrative costs, represent greater proportions of total Carlisle sales.

Selling and administrative costs, expressed as a percent of sales, declined from 13.3% in 1995 to 12.6% in 1996 and 11.4% in 1997, reflecting both disciplined cost control throughout all operations and the increasing proportion of activities with lower cost structures in Carlisle's overall sales.

Interest expense increased to \$16.5 million in 1997 from \$9.1 million in 1996 and \$6.1 million in 1995, due to the increasing level of debt used to finance acquisitions and capital expenditures and relatively constant interest rates.

Income taxes for financial reporting purposes have remained constant at an effective rate of 39.5% of earnings before tax in 1997, 1996 and 1995, generally reflecting stable federal and state tax rates. Taxes are discussed more completely in the Notes to Consolidated Financial Statements.

Accounts receivable were \$184.8 million, an increase of 16.6% over the 1996 level of \$158.5 million. This increase is consistent with a higher level of sales, partially offset by an increasing portion of sales from businesses that require a lower investment in accounts receivable, and an ongoing effort to manage receivables at all operations. The 1996 level of accounts receivable represents a 25.2% increase over 1995, and is primarily attributable to acquisitions made during the year.

Inventories, valued primarily by the last-in, first-out (LIFO) method, were \$180.3 million at year-end 1997, a 31.5% increase over the 1996 year-end level of \$137.1 million. Approximately one-third of this increase is due to acquisitions made during the year, while normal seasonal buildup, strong demand and backlogs at most operations explain the remaining two-thirds. The year-end 1996 inventory level increased \$15.4 million over 1995 levels, or 12.7%, due primarily to acquisitions made during the year.

Capital expenditures totaled \$59.5 million in 1997, a significant increase over the 1996 level of \$35.0 million. This increase is primarily attributable to investments in injection-molding and blow-molding equipment to meet growth opportunities in Carlisle's automotive components operation. Additionally, other significant projects in 1997 included plant and equipment to manufacture TPO roofing membranes, additional warehousing space for finished specialty tire and wheel assemblies and EPDM roofing products, increased production capacity of heavy duty friction products, increased capacity to produce Tufflite™ wire and in-plant processing equipment for the food and pharmaceutical industries. In 1996, the major projects included equipment to produce a pressure-sensitive tape line for EPDM rubber roofing systems, presses and tire building machines for a specialty tire plant in Trinidad, and cable wrapping equipment for Tufflite™ wire.

LIQUIDITY, CAPITAL RESOURCES AND ENVIRONMENTAL

Cash flows provided by operating activities were \$83.0 million in 1997, a slight decline from \$86.0 million in 1996. This decline is primarily due to higher levels of inventories offsetting increases in net earnings and depreciation and amortization charges to earnings. Cash flows from operating activities were \$55.7 million in 1995. Cash used in investing activities was \$93.2 million, a decrease from the 1996 level of \$165.4 million, resulting from lower levels of acquisitions in 1997, partially offset by the increased level of capital expenditures. In 1995, the cash used in investing activities was \$100.7 million, which includes acquisition expenditures of \$67.0 million. The net cash provided by financing activities in 1997 was \$3.6 million, which reflects increases in debt offset by dividend payments and stock repurchases. The cash provided by financing activities of \$84.5 million in 1996 was essentially due to increases in debt financing.

Carlisle has a \$125.0 million revolving credit facility available for acquisitions and general corporate purposes. In January 1997, Carlisle issued to the public \$150.0 million of ten-year bonds at a rate of 7.25%. The net proceeds from these bonds were used to repay amounts outstanding under the revolving credit facility and to fund other needs throughout 1997. The Company's primary sources of liquidity and capital are cash flows from operations and borrowing capacity. Carlisle continues to maintain substantial flexibility to meet anticipated needs for liquidity and capital investment opportunities.

Carlisle management recognizes the importance of the Company's responsibilities toward matters of environmental concern. Programs are in place to monitor and test facilities and surrounding environments, and, where practical, to recycle materials. Carlisle has not incurred any material charges relating to environmental matters in 1997 or in prior years, and none are currently anticipated.

The Company has remediation programs in place for its systems that are not currently Year 2000 compliant. The total cost is not expected to have a material impact on the Company's operations, liquidity or capital resources. However, we are unable to predict all the implications of the Year 2000 issue as it relates to our customers, suppliers and other entities.

BACKLOG AND FUTURE OUTLOOK

Backlog was \$281.6 million at December 31, 1997, compared to \$200.8 million in 1996. This 40.2% increase in backlog reflects stronger positions at all major operations within the Company, and especially in the container manufacturing operation.

Our companies have developed consistent strategies to grow their businesses both internally and through acquisitions. In 1997, Carlisle management continued to increase market shares, improve manufacturing processes and target new markets with expanded products to complement the Company's core strengths. With a record backlog, management is confident that our ongoing commitment to these proven strategies will yield favorable results in 1998.

ACCOUNTING PRONOUNCEMENT

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131 (SFAS 131), "Disclosures about Segments of an Enterprise and Related Information." This statement adopts the management approach to classifying the segments of an enterprise, which is different from the current industry approach. The provisions of this statement will be implemented with the year ending December 31, 1998.

CONSOLIDATED STATEMENTS OF EARNINGS AND SHAREHOLDERS' EQUITY

For years ended December 31. In thousands except per share data.

	1997	1996	1995
Net sales	\$ 1,260,550	\$ 1,017,495	\$ 822,534
Cost and expenses:			
Cost of goods sold	974,089	779,797	624,860
Selling and administrative expenses	143,246	128,676	109,236
Research and development expenses	15,824	11,900	12,339
	1,133,159	920,373	746,435
Other income (deductions):			
Investment income	1,172	666	2,020
Interest expense	(16,502)	(9,062)	(6,075)
Other, net	4,723	3,314	814
	(10,607)	(5,082)	(3,241)
Earnings before income taxes	116,784	92,040	72,858
Income taxes	46,118	36,360	28,777
Net earnings	\$ 70,666	\$ 55,680	\$ 44,081
Average shares outstanding (000's) - basic	30,235	30,281	30,759
Basic earnings per share	\$ 2.34	\$ 1.84	\$ 1.43
Average shares outstanding (000's) - diluted	31,025	30,953	31,266
Diluted earnings per share	\$ 2.28	\$ 1.80	\$ 1.41

	Common Stock	Additional Paid-In Capital	Retained Earnings	Cost of Shares In Treasury
Balance at December 31, 1994	\$ 19,665	\$ 7,958	\$ 282,919	\$ (62,692)
Net earnings	-	-	44,081	-
Cash dividends - \$0.420 per share	-	-	(12,928)	-
Exercise of stock options & other	-	1,358	-	2,344
Purchase of 496,616 treasury shares	-	-	-	(9,448)
Balance at December 31, 1995	19,665	9,316	314,072	(69,796)
Net earnings	-	-	55,680	-
Cash dividends - \$0.465 per share	-	-	(14,129)	-
Exercise of stock options & other	-	3,765	-	3,098
Purchase of 649,966 treasury shares	-	-	-	(14,168)
	19,665	13,081	355,623	(80,866)
Two-for-one stock split	19,666	(12,601)	(7,065)	-
Balance at December 31, 1996	39,331	480	348,558	(80,866)
Net earnings	-	-	70,666	-
Cash dividends - \$0.525 per share	-	-	(15,868)	-
Exercise of stock options & other	-	1,350	-	3,295
Purchase of 550,980 treasury shares	-	-	-	(18,110)
Balance at December 31, 1997	\$ 39,331	\$ 1,830	\$ 403,356	\$ (95,681)

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

As of December 31. In thousands except share data.

	1997	1996
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,732	\$ 8,312
Receivables, less allowances of \$5,180 in 1997 and \$4,097 in 1996	184,796	158,463
Inventories	180,331	137,092
Deferred income taxes	28,462	25,036
Prepaid expenses and other	22,212	17,030
Total current assets	417,533	345,933
Property, plant and equipment, net	294,165	264,238
Other assets		
Patents, goodwill and other intangibles	121,772	108,648
Investments and advances to affiliates	16,467	11,976
Receivables and other assets	11,279	9,854
Deferred income taxes	-	1,814
Total other assets	149,518	132,292
	\$ 861,216	\$ 742,463
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt, including current maturities	\$ 24,332	\$ -
Accounts payable	75,936	74,338
Accrued expenses	125,815	96,310
Total current liabilities	226,083	170,648
Long-term liabilities		
Long-term debt	209,642	191,167
Product warranties	73,715	71,478
Deferred compensation and other liabilities	2,940	1,667
Total long-term liabilities	286,297	264,312
Shareholders' equity		
Preferred stock, \$1 par value. Authorized and unissued 5,000,000 shares		
Common stock, \$1 par value. Authorized 50,000,000 shares;		
issued 39,330,624 shares	39,331	39,331
Additional paid-in capital	1,830	480
Retained earnings	403,356	348,558
Cost of shares in treasury - 9,171,915 shares in 1997 and		
8,979,300 shares in 1996	(95,681)	(80,866)
Total shareholders' equity	348,836	307,503
	\$ 861,216	\$ 742,463

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For years ended December 31. In thousands.

	1997	1996	1995
OPERATING ACTIVITIES			
Net earnings	\$ 70,666	\$ 55,680	\$ 44,081
Reconciliation of net earnings to cash flows:			
Depreciation	32,477	25,320	20,331
Amortization	6,278	4,438	2,899
(Gain)/Loss on sales of property, equipment and business	(993)	216	570
Changes in assets and liabilities, excluding effects of acquisitions and divestitures:			
Current and long-term receivables	(19,659)	(13,237)	(8,616)
Inventories	(31,118)	(5,837)	(17,324)
Accounts payable and accrued expenses	9,245	16,667	1,928
Prepaid, deferred and current income taxes	10,887	(4,260)	(993)
Long-term liabilities	3,279	4,939	7,429
Other	1,924	2,106	5,398
Net cash provided by operating activities	82,986	86,032	55,703
INVESTING ACTIVITIES			
Capital expenditures	(59,531)	(34,990)	(37,467)
Acquisitions, net of cash	(45,380)	(133,719)	(67,006)
Sales of property, equipment and business	15,815	3,489	2,794
Other	(4,090)	(155)	1,014
Net cash used in investing activities	(93,186)	(165,375)	(100,665)
FINANCING ACTIVITIES			
Proceeds from short-term debt	13,458	-	-
Proceeds from long-term debt	150,000	124,358	-
Reductions of long-term debt	(125,860)	(11,604)	(436)
Dividends	(15,868)	(14,129)	(12,928)
Purchases of treasury shares	(18,110)	(14,168)	(9,448)
Net cash provided by (used in) financing activities	3,620	84,457	(22,812)
Change in cash and cash equivalents	(6,580)	5,114	(67,774)
Cash and cash equivalents			
Beginning of year	8,312	3,198	70,972
End of year	\$ 1,732	\$ 8,312	\$ 3,198

See accompanying Notes to Consolidated Financial Statements.

SUMMARY OF ACCOUNTING POLICIES

Basis of Consolidation.

The consolidated financial statements include the accounts of the Company and its subsidiaries. Investments in affiliates where the Company does not have majority control, none of which are significant, are accounted for under the equity method. All material intercompany transactions and accounts have been eliminated.

Revenue Recognition.

The Company recognizes revenues from product sales upon shipment to the customer. The substantial majority of the Company's product sales are to customers in the United States.

Use of Estimates.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents.

Debt securities with a remaining maturity of three months or less when acquired are considered cash equivalents. Cash and cash equivalents are stated at cost, which approximates market value.

Inventories.

Inventories are valued at lower of cost or market. Cost for inventories is determined for a majority of the Company's inventories by the last-in, first-out (LIFO) method with the remainder determined by the first-in, first-out (FIFO) method.

Property, Plant and Equipment.

Property, plant and equipment are stated at cost. Costs allocated to property, plant and equipment of acquired companies are based on estimated fair value at the date of acquisition. Depreciation is principally computed on the straight line basis over the estimated useful lives of the assets. Asset lives are 20 to 40 years for buildings, 5 to 15 years for machinery and equipment and 3 to 10 years for leasehold improvements.

Patents, Goodwill and Other Intangibles.

Patents and other intangibles, recorded at cost, amounted to \$5.3 million and \$6.9 million at December 31, 1997 and 1996, respectively (net of accumulated amortization of \$14.6 million and \$12.8 million, respectively), and are amortized over their remaining lives, which average five years.

Goodwill, representing the excess of acquisition cost over the fair value of specifically identifiable assets acquired, was \$116.5 million and \$101.8 million at December 31, 1997 and 1996, respectively (net of accumulated amortization of \$7.8 million and \$3.6 million, respectively), and is amortized on a straight line basis over various periods not exceeding 30 years. The Company evaluates the recoverability of goodwill based on the estimated, undiscounted future cash flows attributable to the operations with which the goodwill is associated.

Product Warranties.

The Company offers warranties on the sales of certain of its products and records an accrual for estimated future claims. Such accruals are based upon historical experience and management's estimate of the level of future claims.

Leases.

The Company is obligated under various noncancelable operating leases for certain facilities and equipment. Rent expense was \$5.4 million, \$2.6 million and \$2.8 million, in 1997, 1996, and 1995, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Continued

Income Taxes.

Deferred tax assets and liabilities are recognized for the future tax consequences of the differences between financial statement carrying amounts of assets and liabilities and their respective tax bases. These balances are measured using enacted tax rates expected to apply to taxable income in the years in which such temporary differences are expected to be recovered or settled. If a portion or all of a deferred tax asset is not expected to be realized, a valuation allowance is recognized.

Net Earnings Per Share.

In 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings per Share." SFAS No. 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Basic earnings per share excludes the dilutive effects of options, warrants, and convertible securities. Diluted earnings per share gives effect to all dilutive securities that were outstanding during the period. All earnings per share amounts have been presented or restated to conform to the SFAS No. 128 requirements. The only difference between basic and diluted earnings per share of the Company is the effect of dilutive stock options.

Fair Value of Financial Instruments.

The estimated fair market values of the Company's financial instruments approximate their recorded values.

Reclassifications.

Certain reclassifications have been made to prior years' information to conform to 1997 presentation.

INVENTORIES

The components of inventories are:

<i>In Thousands</i>	1997	1996
FIFO cost (approximates current costs):		
Finished goods	\$ 111,403	\$ 82,253
Work in process	23,250	17,574
Raw materials	60,375	51,872
	\$ 195,028	\$ 151,699
Excess of FIFO cost over LIFO value	(14,697)	(14,607)
	\$ 180,331	\$ 137,092

PROPERTY, PLANT & EQUIPMENT

The components of property, plant and equipment are:

<i>In Thousands</i>	1997	1996
Land	\$ 6,804	\$ 6,316
Buildings & leasehold improvements	123,432	114,384
Machinery & equipment	383,560	341,296
Projects in progress	25,686	21,016
	\$ 539,482	\$ 483,012
Accumulated depreciation	(245,317)	(218,774)
	\$ 294,165	\$ 264,238

BORROWINGS

Long-term debt includes:

<i>In Thousands</i>	1997	1996
Short-term obligations to be refinanced	\$ -	\$ 124,358
7.25% senior notes due 2007	150,000	-
8.09% senior notes due 1998-2002	48,000	48,000
Industrial Development and Revenue Bonds due through 2014	12,460	12,505
Other, including capital lease obligations	10,056	7,005
	\$ 220,516	\$ 191,868
Less current maturities	(10,874)	(701)
	\$ 209,642	\$ 191,167

On January 28, 1997, the Company issued \$150 million in notes due in 2007 at an interest rate of 7.25%. The net proceeds were used to repay all amounts outstanding under the Company's revolving credit facility, to repay other short-term indebtedness, and for general corporate purposes.

In 1997, the Company amended its revolving credit facility with various banks to reduce the amount from \$150 million to \$125 million. As of December 31, 1997, \$123 million was available under this facility. The Company has available unsecured lines of credit from banks of \$20 million, of which \$18.5 million was available as of December 31, 1997.

At December 31, 1997, letters of credit amounting to \$19.5 million were outstanding, primarily to provide security under insurance arrangements and certain borrowings.

The weighted average interest rates on the revenue bonds for 1997 and 1996 were 4.2% and 3.5%, respectively.

The debt facilities contain various restrictive covenants and limitations, all of which were complied with in 1997 and 1996. The industrial development and revenue bonds are collateralized by the facilities and equipment acquired through the proceeds of the related bond issuances.

Cash payments for interest were \$12.3 million in 1997, \$6.9 million in 1996, and \$5.9 million in 1995.

The aggregate amount of long-term debt maturing in each of the next five years is approximately \$10.9 million in 1998, \$11.4 million in 1999 through 2001, and \$10.4 million in 2002.

ACQUISITIONS

In each of the last three years, the Company has completed various acquisitions, all of which have been accounted for as purchases. Results of operations for these acquisitions, which have been included in the consolidated financial statements since their respective acquisition dates, did not have a material effect on consolidated operating results of the Company in the years of acquisition.

SHAREHOLDERS' EQUITY

On October 4, 1996, the Company's Board of Directors authorized a two-for-one stock split which was completed on January 15, 1997 to shareholders of record on January 2, 1997. The split resulted in the issuance of 19,665,312 new shares of common stock, including 4,489,650 shares issued as treasury shares. In addition, authorized shares were increased from 25,000,000 to 50,000,000. All references in the financial statements to average number of shares outstanding and related prices, per share amounts, and stock option plan data have been restated to reflect this split.

The Company has a Shareholders' Rights Agreement which is designed to protect shareholder investment values. A dividend distribution of one Preferred Stock Purchase Right for each outstanding share of the Company's common stock was declared, payable to shareholders of record on March 3, 1989. The Rights will become exercisable under certain circumstances, including the acquisition of 25% of the Company's common stock, or 40% of the voting power, in which case all rights holders except the acquiror may purchase the Company's common stock at a 50% discount. If the Company is acquired in a merger or other business combination, and the Rights have not been redeemed, rights holders may purchase the acquiror's shares at a 50% discount. On August 7, 1996, the Company amended the Shareholders' Rights Agreement to, among other things, extend the term of the Rights until August 6, 2006.

Common shareholders of record on May 30, 1986 are entitled to five votes per share. Common stock acquired subsequent to that date entitles the holder to one vote per share until held four years, after which time the holder is entitled to five votes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Continued

EMPLOYEE STOCK OPTIONS & INCENTIVE PLAN

The Company maintains an Executive Incentive Program for executives and certain other employees of the Company and its operating divisions and subsidiaries. The Program contains a plan, for those who are eligible, to receive cash bonuses and/or shares of restricted stock. The program also has a stock option plan available to certain employees who are not eligible to receive cash or restricted stock awards.

At December 31, 1997, 24,885 nonvested shares were outstanding and 2,190,266 shares were available for issuance under the Company's restricted stock plan.

The activity under the stock option plan is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 1994	1,253,272	\$ 11.60
Options granted	442,000	17.87
Options exercised	(211,476)	9.49
Options surrendered	(4,798)	12.32
Outstanding at December 31, 1995	1,478,998	\$ 13.77
Options granted	396,000	20.73
Options exercised	(175,892)	10.05
Options surrendered	(2,276)	12.32
Outstanding at December 31, 1996	1,696,830	\$ 15.77
Options granted	214,000	29.50
Options exercised	(340,584)	11.71
Outstanding at December 31, 1997	1,570,246	\$ 18.52
Available for grant at December 31, 1997	74,182	

The following tables summarize information about stock options outstanding as of December 31, 1997:

Options Outstanding

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Years	Weighted Average Exercise Price
\$ 8.07 - 9.78	175,732	4.5	\$ 9.01
\$ 12.32 - 17.25	367,182	6.6	\$ 15.07
\$ 17.32 - 19.63	392,000	8.0	\$ 17.63
\$ 19.88 - 29.50	635,332	9.3	\$ 23.69
	1,570,246		

Options Exercisable

Range of Exercise Prices	Number Exercisable	Weighted Average Exercise Price
\$ 8.07 - 9.78	175,732	\$ 9.01
\$ 12.32 - 17.25	367,182	\$ 15.07
\$ 17.32 - 19.63	392,000	\$ 17.63
\$ 19.88 - 29.50	362,221	\$ 22.47
	1,297,135	

At December 31, 1996, 1,285,497 options were exercisable at a weighted average price of \$14.52.

In accordance with the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," the Company applies APB Opinion 25 and related interpretations in accounting for its stock compensation plans, and, accordingly, does not recognize compensation cost for its stock option plan. Compensation cost was estimated using the Black-Scholes model with the following assumptions: dividend yield of 1.75 percent; a life of 7 years; volatility of 24 percent; and risk-free interest rate of 6 percent. The weighted-average fair value of those stock options granted in 1997, 1996, and 1995 was \$9.61, \$6.75 and \$5.82, respectively. If the Company had elected to recognize compensation cost based on the fair value of the options granted at grant date as prescribed by SFAS No. 123, the pro-forma effect on net earnings and

earnings per share, in 1997, 1996 and 1995, would have been approximately \$1.5 million or \$.05 per share, \$1.1 million or \$.03 per share and \$0.5 million or \$.02 per share, respectively. Pursuant to the transition provisions of SFAS No. 123, the pro-forma effect includes only the vested portion of options granted during and after 1995. Options vest over a three year period.

RETIREMENT PLANS

The Company maintains defined benefit retirement plans for the majority of its employees. Benefits are based primarily on years of service and earnings of the employee. Plan assets consist primarily of publicly-listed common stocks and corporate bonds.

Pension expense includes:

<i>In Thousands</i>	1997	1996	1995
Service cost	\$ 4,366	\$ 3,374	\$ 2,335
Interest cost on projected benefit obligation	6,734	6,122	5,682
Actual return on plan assets	(17,976)	(12,376)	(16,338)
Net amortization and deferral	10,496	5,856	10,318
Total pension expense	\$ 3,620	\$ 2,976	\$ 1,997

The projected benefit obligation was determined using an assumed discount rate of 7.25% in 1997 and 7.75% in 1996 and 1995. The assumed rate of compensation increase was 4% in 1997 and 4.5% in 1996 and 1995; and the expected rate of return on plan assets was 8.75% in 1997, 1996 and 1995.

Additionally, the Company maintains a retirement savings plan covering substantially all employees other than those employees under collective bargaining agreements. Plan expense was \$4.7 million, \$3.2 million, and \$2.7 million, in 1997, 1996 and 1995, respectively.

The Company also has a limited number of unfunded post-retirement benefit programs for which the expense, inclusive of the components of service costs, interest costs and the amortization of the unrecognized transition obligation, was approximately \$0.4 million in 1997 and \$0.6 million in 1996 and 1995. The present value of the Company's obligation under these plans is not significant.

The funded status of the plans at December 31 was:

<i>In Thousands</i>	1997	1996
Actuarial present value of accumulated benefit obligation		
Vested	\$ 80,936	\$ 72,709
Non-vested	6,362	1,435
	\$ 87,298	\$ 74,144
Plan assets at fair value	\$ 104,015	\$ 90,737
Projected benefit obligation	(99,551)	(86,135)
Plan assets in excess of projected benefit obligation	4,464	4,602
Unamortized transition asset	(3,589)	(4,285)
Unrecognized prior service costs	(3,889)	3,031
Unrecognized net gains	(9,078)	(11,695)
Accrued pension expense	\$ (12,092)	\$ (8,347)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Continued

INCOME TAXES

The provision for income taxes was as follows:

<i>In Thousands</i>	1997	1996	1995
Currently payable			
Federal	\$ 39,262	\$ 27,954	\$ 24,828
State, local and other	8,242	9,788	7,742
	\$ 47,504	\$ 37,742	\$ 32,570
Deferred (benefit)			
Federal	\$ (1,363)	\$ (1,238)	\$ (3,563)
State, local and other	(23)	(144)	(230)
	\$ (1,386)	\$ (1,382)	\$ (3,793)
Total provision	\$ 46,118	\$ 36,360	\$ 28,777

Deferred tax assets (liabilities) are comprised of the following at December 31:

<i>In Thousands</i>	1997	1996
Product warranty	\$ 35,346	\$ 34,232
Inventory reserves	3,197	2,703
Doubtful receivables	1,719	2,423
Employee benefits	12,114	7,206
Other, net	12,088	9,699
Deferred assets	\$ 64,464	\$ 56,263
Depreciation	(37,394)	(29,037)
Other, net	(1,606)	(376)
Deferred liabilities	\$ (39,000)	\$ (29,413)
Net deferred tax assets	\$ 25,464	\$ 26,850

No valuation allowance is required for the deferred tax assets based on the Company's past tax payments and estimated future taxable income.

A reconciliation of taxes computed at the statutory rate with the tax provision is as follows:

<i>In Thousands</i>	1997	1996	1995
Federal income taxes at statutory rate	\$ 40,875	\$ 32,214	\$ 25,500
State income taxes, net of federal income tax benefit	3,842	2,912	2,706
Other, net	1,401	1,234	571
	\$ 46,118	\$ 36,360	\$ 28,777
Effective income tax rate	39.5%	39.5%	39.5%

Cash payments for income taxes were \$30.7 million, \$40.5 million, and \$28.7 million in 1997, 1996 and 1995, respectively.

SEGMENT INFORMATION

The Company's operations are classified into the following business segments:

Construction Materials - the principal products of this segment are rubber, plastic and fleece back sheeting used predominantly on non-residential flat roofs and related roofing accessories, including flashings, fasteners, sealing tapes, coatings and waterproofings. The markets served include new construction, re-roofing and maintenance of low slope roofs, water containment, HVAC sealants, and coatings and waterproofings.

Transportation Products - the principal products of this segment are heavy duty friction and braking systems for truck and off-highway equipment, rubber and plastic automotive components, high grade aerospace wire and speciality electronic cable, specialty trailers, self-contained 40-foot perishable cargo shipping containers, standard and custom-built high payload trailers and dump bodies. Customers include truck OEMs, shipping lines, heavy equipment and truck dealers and aftermarket distributors, commercial haulers, automotive OEMs and systems suppliers, and dairy product distributors.

General Industry - the principal products of this segment

include small bias-ply rubber tires, stamped and roll-formed wheels, commercial and institutional plastic foodservice permanentware and catering equipment, fiber glass and composite material trays and dishes, ceramic tableware, specialty rubber and plastic cleaning brushes and stainless steel processing equipment and their related process control systems. Customers include golf car manufacturers, power equipment manufacturers, boat and utility trailer manufacturers, foodservice distributors and dealers, and dairy and pharmaceutical processors.

Corporate - includes general corporate and idle property expenses. Corporate assets consist primarily of cash and cash equivalents, facilities, and other invested assets.

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

<i>In Thousands</i>	<i>Sales</i>	<i>Earnings Before Income Taxes</i>	<i>Assets</i>	<i>Depreciation And Amortization</i>	<i>Capital Spending</i>
1997					
Construction materials	\$ 322,228	\$ 49,398	\$ 177,270	\$ 6,401	\$ 8,109
Transportation products	521,181	45,101	338,770	16,738	24,856
General industry	417,141	50,912	320,205	14,723	26,357
Interest, net	-	(15,337)	-	-	-
Corporate	-	(13,290)	24,971	893	209
	\$ 1,260,550	\$ 116,784	\$ 861,216	\$ 38,755	\$ 59,531
1996					
Construction materials	\$ 325,165	\$ 43,582	\$ 183,836	\$ 6,220	\$ 6,580
Transportation products	371,517	27,495	309,125	11,637	16,960
General industry	320,813	40,260	225,282	11,201	11,360
Interest, net	-	(8,396)	-	-	-
Corporate	-	(10,901)	24,220	700	90
	\$ 1,017,495	\$ 92,040	\$ 742,463	\$ 29,758	\$ 34,990
1995					
Construction materials	\$ 308,327	\$ 36,676	\$ 169,476	\$ 5,810	\$ 9,622
Transportation products	278,867	20,241	210,700	9,617	14,175
General industry	235,340	29,627	143,606	7,076	13,404
Interest, net	-	(4,055)	-	-	-
Corporate	-	(9,631)	18,641	727	266
	\$ 822,534	\$ 72,858	\$ 542,423	\$ 23,230	\$ 37,467

QUARTERLY FINANCIAL DATA

Unaudited

<i>In thousands except share data.</i>	<i>First</i>	<i>Second</i>	<i>Third</i>	<i>Fourth</i>	<i>Year</i>
1997 Net sales	\$ 287,819	337,372	315,707	319,652	\$1,260,550
Gross margin	\$ 63,592	76,712	75,089	71,068	\$ 286,461
Operating expenses	\$ 38,319	38,925	40,273	41,553	\$ 159,070
Net earnings	\$ 13,421	20,980	19,518	16,747	\$ 70,666
Basic earnings per share	\$ 0.44	0.69	0.65	0.56	\$ 2.34
Diluted earnings per share	\$ 0.43	0.68	0.63	0.54	\$ 2.28
Dividends per share	\$ 0.1225	0.1225	0.1400	0.1400	\$ 0.5250
Stock price: High - Low	\$ 35 ⁵ / ₈ - 29 ¹ / ₄	37 - 27	46 ⁷ / ₈ - 34 ³ / ₄	46 ³ / ₄ - 39 ⁵ / ₈	
1996 Net sales	\$ 225,121	262,315	252,603	277,456	\$1,017,495
Gross margin	\$ 52,371	64,484	62,638	58,205	\$ 237,698
Operating expenses	\$ 33,733	35,273	35,551	36,019	\$ 140,576
Net earnings	\$ 10,639	16,441	15,461	13,139	\$ 55,680
Basic earnings per share	\$ 0.35	0.54	0.51	0.43	\$ 1.84
Diluted earnings per share	\$ 0.35	0.53	0.50	0.42	\$ 1.80
Dividends per share	\$ 0.1100	0.1100	0.1225	0.1225	\$ 0.4650
Stock price: High - Low	\$ 22 ⁹ / ₁₆ - 19 ¹ / ₁₆	28 ³ / ₁₆ - 21 ⁵ / ₈	28 ¹ / ₁₆ - 24 ¹ / ₄	30 ¹ / ₂ - 26 ⁷ / ₈	

The 1996 and first three quarters of 1997 earnings per share amounts have been restated to comply with Statement of Financial Accounting Standards No. 128, "Earnings Per Share."

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of Carlisle Companies Incorporated:

We have audited the accompanying consolidated balance sheets of Carlisle Companies Incorporated (a Delaware corporation) and subsidiaries as of December 31, 1997 and 1996 and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carlisle Companies Incorporated and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

New York, New York

January 26, 1998

CONSTRUCTION MATERIALS

Carlisle SynTec Incorporated
1285 Ritner Highway,
P.O. Box 7000
Carlisle, Pennsylvania 17013
(717) 245-7000

Primary Products: Rubber (EPDM), fleece back rubber and plastic (TPO) based membranes used predominantly on non-residential flat roofs. Related roofing accessories, including flashings, fasteners, sealing tapes, coatings and water-proofings. Sealants and coatings for various applications. Markets: Sheetting for non-residential new construction, re-roofing and roof maintenance markets. Sealants and coatings for roofing, general construction, industrial and maintenance markets.
John W. Altmeyer, President

TRANSPORTATION PRODUCTS

Carlisle Engineered Products
100 Seventh Avenue, Suite 100
Chardon, Ohio 44024
(216) 286-7111

Primary Products: Rubber and plastic auto parts. Markets: Automotive and light truck manufacturers, tier I component suppliers.
Allen J. Hofmann, President

Carlisle Perishable Cargo
250 South Clinton St.
Syracuse, NY 13202
(315) 474-2500

Primary Products: Self-contained 40' high cube intermodal refrigerated shipping containers, perishable cargo consulting and related lease financing. Market: Shipping lines.
Richard S. Husted, President, Carlisle Perishable Cargo
Michael J. Kays, President, Carlisle Container Manufacturing
Hugh A. Fehrenbach, President, Carlisle Leasing International

Motion Control Industries
1031 E. Hillside Drive
Bloomington, Indiana 47401
(812) 336-3811

Primary Products: Truck and off-highway equipment heavy duty friction and braking systems, parts and brake linings. Brake shoe remanufacturing and relining. Markets: Truck manufacturers, aftermarket distributors of truck parts and fleet operators.
Wayne R. Kinsey, President

Tensolite
100 Tensolite Drive
St. Augustine, Florida 32092
(904) 829-5600

Primary Products: Aerospace grade high speed data communications wire. Markets: Aerospace, data processing and communication equipment manufacturers.
John E. Berlin, President

Trail King Industries
300 East Norway, P.O. Box 1064
Mitchell, South Dakota 57301
(605) 996-6482

Primary Products: Standard and custom built lowbed trailers. Heavy duty truck and trailer dump bodies. Other specialty trailers. Markets: Heavy equipment dealers, commercial haulers and industrial operations.
Jerry N. Thomsen, President

GENERAL INDUSTRY

Carlisle FoodService Products
12 N.E. 36th Street
Oklahoma City, Oklahoma 73152
(405) 528-3011

Primary Products: Commercial and institutional permanentware plastic foodservice products, including dishes, cups, tumblers, trays, serving bowls, catering equipment, dishwashing racks, salad bar equipment and related accessories. Fiber glass reinforced and composite material trays and dishes. Super-clear acrylic items resembling cut glass. Specialty ceramic tableware. Cleaning brushes. Markets: Foodservice distributors and dealers, janitorial and sanitation operations, gift and department stores.
Robert K. Parmacek, Chairman
David M. Shannon, President

Carlisle Tire & Wheel
23 Windham Boulevard
Aiken, South Carolina 29801
(803) 643-2900

Primary Products: Smaller pneumatic bias-ply tires (generally under 20" in diameter) and wheels. Markets: Manufacturers of outdoor power equipment, trailers and golf cars; related aftermarket parts distributors.
Richmond D. McKinnish, President

Walker Stainless Equipment
625 State Street, P.O. Box 202
New Lisbon, Wisconsin 53950
(608) 562-3151

Primary Products: Transportation, storage and processing equipment for sanitary applications. Markets: Food, dairy and pharmaceutical processors.
John S. Barsanti, President

SIX-YEAR SUMMARY

In thousands except share data.

	1997	1996	1995	1994	1993	1992
SUMMARY OF OPERATIONS						
Net sales	\$ 1,260,550	1,017,495	822,534	692,650	611,270	528,052
Gross margin	\$ 286,461	237,698	197,674	176,368	158,478	138,861
Selling & administrative expenses	\$ 143,246	128,676	109,236	102,992	98,449	86,876
Research & development	\$ 15,824	11,900	12,339	11,933	11,165	10,724
Interest and other expenses, net	\$ 10,607	5,082	3,241	2,652	1,952	1,541
Net earnings from continuing operations	\$ 70,666	55,680	44,081	35,568	28,378	24,228
Basic earnings per share	\$ 2.34	1.84	1.43	1.17	0.93	0.79
Diluted earnings per share	\$ 2.28	1.80	1.41	1.15	0.92	0.79
Net earnings from discontinued operations	\$ -	-	-	-	-	471
Basic & diluted earnings per share	\$ -	-	-	-	-	0.01
Net earnings	\$ 70,666	55,680	44,081	35,568	28,378	24,699
Basic earnings per share	\$ 2.34	1.84	1.43	1.17	0.93	0.80
Diluted earnings per share	\$ 2.28	1.80	1.41	1.15	0.92	0.80
FINANCIAL POSITION						
Net working capital	\$ 191,450	175,285	153,709	164,669	144,474	162,088
Property, plant and equipment, net	\$ 294,165	264,238	193,134	158,238	142,229	122,051
Total assets	\$ 861,216	742,463	542,423	485,283	420,363	383,250
Long-term debt	\$ 209,642	191,167	72,725	69,148	59,548	69,098
% of total capitalization	37.5	38.3	21.0	21.8	21.3	25.3
Shareholders' equity	\$ 348,836	307,503	273,257	247,850	220,523	204,202
OTHER DATA						
Average shares outstanding (000's) - basic	30,235	30,281	30,759	30,519	30,590	30,533
Average shares outstanding (000's) - diluted	31,025	30,953	31,266	30,960	30,956	30,674
Dividends paid	\$ 15,868	14,129	12,928	11,605	10,705	10,076
Per share	\$ 0.525	0.465	0.420	0.380	0.350	0.330
Capital expenditures	\$ 59,531	34,990	37,467	31,082	28,490	19,924
Depreciation & amortization	\$ 38,755	29,758	23,230	21,940	20,688	18,806
Shareholders of record	2,068	2,145	2,054	2,350	2,186	2,494

All share and per share amounts have been restated to reflect the two-for-one stock split on June 1, 1993 and January 15, 1997.

Earnings per share amounts prior to 1997 have been restated to comply with Statement of Financial Accounting Standards No. 128, "Earnings Per Share." See the Notes to Consolidated Financial Statements.

SHAREHOLDER INFORMATION

ANNUAL MEETING

12:00 noon., April 20, 1998,
at corporate headquarters.

10-K REPORTS

10-K reports are available on-line
from the SEC or by written request to
the Secretary.

CHANGE OF ADDRESS, DIVIDEND CHECKS, LOST CERTIFICATES AND OWNERSHIP TRANSFERS

Contact the Registrar, Transfer and
Dividend Disbursing Agent for
the company:

Harris Trust and Savings Bank
P.O. Box 775
Chicago, Illinois 60690.

DIVIDEND REINVESTMENT PLAN

Shareholders may elect to have
regular cash dividends automatically
reinvested in the Company's common
stock and, periodically, additional
shares may be purchased for cash.
Brokerage commissions and all
other service charges are paid for
by the Company. For detailed
information, contact:

Harris Trust and Savings Bank
P.O. Box A-3309
Chicago, Illinois 60690.

EXCHANGE LISTING

The Company's ticker symbol on the
NYSE is CSL.

BOARD OF DIRECTORS

MAGALEN O. BRYANT ^(c) ^(d)

Investor in various corporations

DONALD G. CALDER ^(a) ^(b)

President, G.L. Ohrstrom & Co., Inc.,
a private investment firm

PAUL J. CHOQUETTE, JR. ^(a) ^(d)

President, Gilbane Building Company

HENRY J. FORREST ^(b)

Past President and Chief Operating Officer,
Inter-City Products Corporation

DENNIS J. HALL

President of the Company

PETER L.A. JAMIESON ^(b) ^(d)

Chairman, Robert Fleming & Co., Ltd.
Deputy Chairman, Robert Fleming
Holdings, Ltd.

PETER F. KROGH ^(b) ^(d)

Dean Emeritus and Distinguished Professor
of International Affairs, Georgetown University
School of Foreign Service

STEPHEN P. MUNN ^(a)

Chairman and Chief Executive Officer
of the Company

GEORGE L. OHRSTROM, JR. ^(a) ^(c)

Chairman, G.L. Ohrstrom & Co., Inc.

ERIBERTO R. SCOCIMARA ^(a) ^(c) ^(d)

President, Hungarian-American
Enterprise Fund

^(a) Member of Executive Committee

^(b) Member of Audit Committee

^(c) Member of Compensation Committee

^(d) Member of Pension and Benefits Committee

OFFICERS

STEPHEN P. MUNN

Chairman and
Chief Executive Officer

DENNIS J. HALL

President

ROBERT J. RYAN, JR.

Vice President, Treasurer
and Chief Financial Officer

SCOTT C. SELBACH

Vice President,
Corporate Development

STEVEN J. FORD

Vice President, Secretary
and General Counsel

KEM W. SCOTT

President, Europe

KEVIN G. FORSTER

President, Asia-Pacific