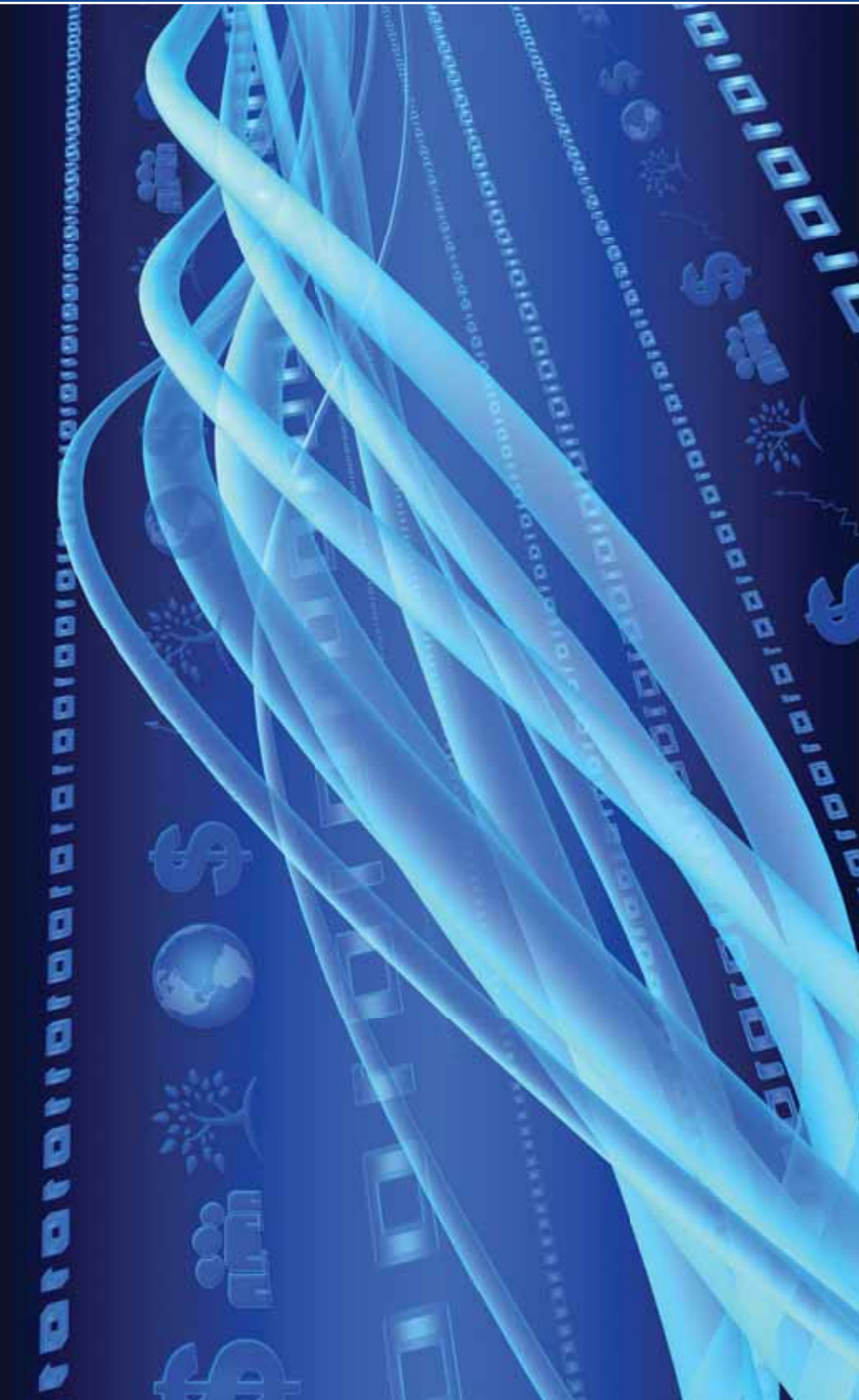




Carlisle 2007 Annual Report



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# **Carlisle Companies**

## **Carlisle Construction Materials Group**

## **Carlisle Transportation Products Group**

Carlisle Tire & Wheel  
Trail King

## **Carlisle Applied Technologies Group**

Carlisle FoodService Products  
Tensolite

## **Carlisle Specialty Products Group**

Motion Control  
Carlisle Industrial Brake & Friction  
Carlisle Power Transmission  
Johnson Truck Bodies

## **Carlisle Asia-Pacific**



GLOBALIZATION



GROWTH



MARGIN EXPANSION



CASH FLOW



PEOPLE

# Dear Shareholders:

In keeping with tradition, 2007 was another successful year for Carlisle. Revenue grew to a record \$2.9 billion, up 12.4% from the previous year, while earnings from continuing operations grew to \$213.0 million.

Despite record sales, 2007 was an unusual year as we had a number of our businesses contributing a high level of earnings while a few didn't fare as well. The market dynamics affecting Motion Control and Johnson Truck Bodies involved the buy-ahead of class 6, 7 and 8 heavy-duty trucks in the two years prior to 2007. This buy-ahead was driven by the newly mandated emission requirements that went into effect in January of 2007 and caused a dramatic reduction in the number of heavy trucks sold during the year. We also saw the impact of the slowdown in residential construction in a few of our businesses. We considered the market conditions and took the necessary steps during the third and fourth quarters to restructure these businesses giving us the best opportunity for a successful 2008.

The restructuring involved a number of facility closings and inventory adjustments. The most significant included the closure of the Fredericksburg, Virginia on-highway braking facility, a dramatic reduction of inventory in the on-highway braking business, a write-down of assets at our Cwmbran, Wales off-road braking facility and the closure of the Slinger, Wisconsin wheel manufacturing plant.

During the second half of the year we also focused our attention on cash management. Everyone within the company responded and did a terrific job managing cash. We ended the year with operating cash flow of \$259.3 million and an operating cash conversion rate of 120%.

While we were making the tactical changes mentioned earlier, we turned our attention to developing our five-year strategic plan. The strategies we developed focus on five key areas, which will further unlock shareholder value. The five areas include: Globalization, Growth, Margin Expansion, Cash Flow and People.

We believe the initiatives we have implemented around our strategic plan will provide us the momentum to double the size of our business and dramatically improve our profitability over the next decade. Let me briefly explain each element:

## *Globalization*

Globalization efforts will involve the addition of regional sales and marketing resources, particularly in the fastest-growing markets such as China and India. We recently attracted an experienced Asia-Pacific executive to fill the role of Regional President – Asia-Pacific. He has had past success marketing industrial and construction products throughout Asia. He comes to us with multiple years of experience in the region and currently lives in Shanghai, China. We feel there is a tremendous opportunity for our products outside of North America and we are confident that he and his team will broaden our geographic exposure immensely over the next few years. Concurrent with our global sales and marketing initiatives, we will continue to increase the utilization of our Asian manufacturing plants. Over the next few years we will be designing, manufacturing and selling our products regionally. To accomplish this, we will be adding engineering resources where we get the best return on our investment.

## *Growth*

Carlisle has been successful in the past growing our businesses organically and we will not turn our back on this past success. Our Compounded Annual Growth Rate (CAGR) over the past five years has been in excess of 14% and we expect this success to continue over the next five years. Product development will be at the core of this initiative. Our organic growth will be a direct result of our investment in new product development bringing our customers quality products along with unmatched service and expertise.

*“...the initiatives we have implemented  
...will provide us the momentum to  
double the size of our business and  
dramatically improve our profitability  
over the next decade.”*

We will also seek out and acquire profitable businesses that complement our current markets. We feel strongly that acquisitions must be a significant contributor to our long-term growth and our focus will be on acquiring businesses worldwide. Carlisle has a history of purchasing successful companies and we plan to continue this trend by pursuing companies within our spheres of knowledge. We will be seeking companies that allow us to expand our existing markets and give us an avenue into new markets.

### *Margin Expansion and Cash Flow*

We will continue to unlock value through margin expansion and increased cash flow. Currently our operating cash conversion rate is 120%, up from 73% in 2006. The best way to reach our goal is to improve our manufacturing processes and refine our inventory management techniques. We will be investing in new technologies that will streamline our processes throughout our company. Process improvement and inventory management will be driven by continuous improvement through the utilization of lean manufacturing techniques. Operating under a strategy that emphasizes doing more with less, we will be able to improve our margins by reducing our manufacturing costs and improve our quality by reducing our process times. These lean production practices will help us offset the raw material cost increases that all of our divisions are experiencing.

### *People*

The key to successfully implementing our strategies is people. We will ensure that we have the best and brightest employees to fuel our growth. There is no question that decisions are best made by those that fully understand their markets, their customers and their factories. To ensure that our people are empowered, we manage our businesses with people who have been given the authority and responsibility to make these decisions and then are appropriately compensated and held accountable for the results.

Our five strategic goals – globalization, growth, margin expansion, cash flow and people – will put us on the track to be a highly successful, diversified manufacturing company generating returns in the upper quartile of our peer group. To kick-start our strategic plan, we reorganized the company into four operating groups, utilizing existing talent and strengthening it with newfound talent. In addition to hiring Chris Koch as the Regional President of Asia-Pacific, we also added Fred Sutter, a successful operating general manager who also has experience in the Asia-Pacific region. Adding Chris and Fred to an already strong operations management team that includes John Altmeyer, Kevin Forster and Mike Popielec, all supported by Carol Lowe, Steve Ford and Scott Selbach, we are well-positioned to achieve our objectives.

When I came to Carlisle last year, I found a cadre of well-run manufacturing companies. I was attracted to Carlisle because it is a company that has significant brand equity in its respective markets, one that has been successful through solid execution and has a Board of Directors that is supportive of the idea of globalizing the business and growing it through acquisitions, creating shareholder value along the way. To continue this trend, we laid the groundwork for future success with a strong 2007. I would like to thank all of our employees for the continued support and commitment to our company and its vision. We enter 2008 with the confidence in our ability to increase shareholder value.

*David A. Roberts*

David A. Roberts

Chairman, President & Chief Executive Officer







## Financial Summary

(In thousands, except per share data)

Summary of Operations	2007	2006
Sales	\$ 2,876,383	\$ 2,559,410
Earnings before interest and income taxes	329,386	278,048
Income from continuing operations, net of tax	213,021	178,793
Net Income	\$ 215,637	\$ 217,075
Weighted average shares (diluted)	62,630	62,236
Earnings per share (diluted)		
Income from continuing operations	\$ 3.40	\$ 2.87
Net Income	\$ 3.44	\$ 3.49
Dividends per share	\$ 0.56	\$ 0.52
Comparative Balance Sheet	2007	2006
Assets		
Current Assets	\$ 1,023,192	\$ 1,007,510
Property, plant and equipment, net	537,637	458,480
Other Assets	427,965	441,096
Total	\$ 1,988,794	\$ 1,907,086
Liabilities and Shareholders' Equity		
Current Liabilities	\$ 388,187	\$ 470,842
Long-term Liabilities	481,712	468,922
Shareholders' Equity	1,118,895	967,322
Total	\$ 1,988,794	\$ 1,907,086

# GLOBALIZATION

Carlisle's global presence is most notable in its manufacturing capabilities, with several production and development facilities currently operating in China. However, nearly 90% of the company's sales are generated in the United States, so there is no denying that Carlisle is a U.S.-based company. While this sales mix has worked nicely over the past decade, Carlisle must expand its presence in order to capitalize on growing economies around the world. This expansion will not only offer the opportunity for significantly higher revenues, but will also help to create a diversity and resiliency that will allow Carlisle to withstand any downturn in the U.S. economy.

Expanding Carlisle's global presence in an effective manner requires a great deal of research and prepara-

tion. While many Carlisle divisions continue to establish the infrastructure necessary for adequate competition on a global level, others are already experiencing the benefits of their previous and ongoing efforts.



Carlisle Industrial Brake & Friction currently sells 44% of its products and services outside of North America. The company is targeting further growth in its global sales in Asia and is investigating brake acquisition opportunities in that region, which will further expand its international presence.

Carlisle FoodService Products (CFSP) also has a growing international presence, with more than 11% of its total sales coming from outside the U.S. In

2007, CFSP's international sales grew by more than 13%, with the strongest growth occurring in the Middle East.


Tensolite Company expanded its footprint internationally with the acquisition of Dongguan Qiaotou Yichang Wire and Cable Assembly Factory (Yichang). This has allowed Tensolite to expand its cable assembly activities globally and bring customers a low-cost manufacturing capability. This acquisition has added additional growth platforms for Tensolite in both domestic and foreign markets.

For those divisions that are not currently benefiting from high global sales, the focus in 2008 and beyond will be on expanding their exposure in regions that

are experiencing above-average growth compared to other economies throughout the world. The burgeoning markets in China, India and Eastern Europe are fueling large-scale growth opportunities that provide Carlisle with ample growth potential on a global level. The primary emphasis to address the growth in these foreign markets will be to expand existing global distribution networks and strengthen existing customer relationships.

Photos, this page (left to right): 1. Carlisle FoodService manufactures a wide variety of commercial and institutional cookware. 2. Carlisle Industrial Brake & Friction produces braking systems for off-highway vehicles. 3. A Carlisle Construction Materials project in Taipei, China. Photos, facing page (left to right): 1. Carlisle FoodService engineers cost-effective solutions for the foodservice industry, such as these beverage servers. 2. Tensolite's High Density Shielded Interconnect (HDSI) probe cables are used in test and measurement, and electronic monitoring applications and anywhere high speed digital signals are transmitted in a tight space.



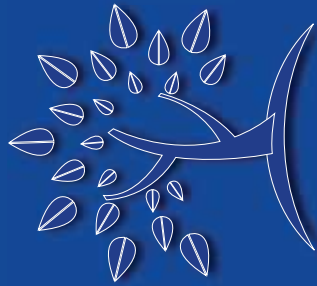


# GLOBALIZATION





# GROWTH

A stylized white line-art logo of a tree with many leaves, positioned to the left of the word "GROWTH".

# GROWTH

Growth in 2007 remained high for most Carlisle divisions, again outpacing many competitors within their respective markets. To continue that growth trend, Carlisle divisions will increase their presence in new or underserved markets and pursue the acquisition of high-return businesses.

Carlisle Construction Materials, Carlisle's largest division, ended 2007 with record sales and above-average growth. Two-thirds of that growth can be attributed to expansion within its existing markets, while the other third was due to the company's acquisition of Insulfoam, a leading manufacturer of

kets, while CPT will focus on creating value for its power transmission belts within the industry's replacement market. CPT also plans to expand its network of industry-leading distributors and market its products through increasing relationships with the best and most highly respected sources in every region it serves.

CTW and CPT also expect to gain considerable growth through their manufacturing customers and OEM partners. Both companies are working closely with their customers to develop and generate new growth platforms by designing equipment today that will meet the needs of tomorrow's markets.



expanded polystyrene insulation, in April. Insulation is a critical part of the energy management arena and represents a considerable growth area. Carlisle Construction Materials is using technology, such as lifecycle analysis software, to support and grow their share of this market.

New and increased market penetration is also a major initiative for Trail King. As the largest U.S. manufacturer of specialized trailers, Trail King experienced its second best year in 2007 due to strong growth in the wind- and oil-related industries.

Carlisle Tire & Wheel (CTW) and Carlisle Power Transmission (CPT) have developed a number of new products that will allow them to target previously underserved markets. CTW has introduced products for the agricultural and construction replacement mar-

Motion Control is laying the groundwork for future growth by developing products that will meet government standards regarding stoppage distance that are expected to be in effect by 2010. By introducing products that meet these regulatory requirements before they are implemented, Motion Control will establish itself as the industry's leader in innovation and technology.

Photos, facing page (left to right): 1. Carlisle SynTec recently introduced DryLight – a fully encapsulated skylight. 2. Hunter Panels manufactures energy-efficient polyiso insulation. Photos, this page (left to right): 1. Carlisle Tire & Wheel provides unmatched performance to the lawn and garden market. 2. Showplace in High Point, NC utilized a Carlisle SynTec TPO roofing system. 3. Carlisle Asia-Pacific plays a key role in Carlisle's globalization and growth strategies.



# MARGIN EXPANSION

Increasing margins has become particularly challenging due to the rising costs of raw materials in virtually all segments of the market. While increasing product prices remains an option to offset raw material cost increases, Carlisle has challenged itself to increase its margins without appreciably increasing prices. To accomplish this, Carlisle will focus its margin expansion initiatives in two key areas: increased manufacturing efficiencies and continued development of premium, high-performance products.

Committed to improving efficiency, Carlisle Construction Materials (CCM) has built six state-of-the-



art production facilities since 2003, adding more than 1.4 million square feet of manufacturing capacity to its existing operations. The equipment in these plants has significantly increased efficiency and reduced variations within the manufacturing process, and CCM will continue to focus on improving its operations in 2008 and beyond.

Lean manufacturing practices will be a key factor towards improving Carlisle's manufacturing efficiency. Many divisions are ahead of the curve with lean manufacturing, while others are beginning to implement the necessary processes and procedures to experience these benefits. To expedite the process, Carlisle is forming a dedicated team to develop and implement a standardized Carlisle Operating System based on lean manufacturing principles in 2008. The benefits of this system will be experienced in 2009 and beyond, as it will allow

us to more quickly integrate acquisitions and drive improvement across all operating divisions.

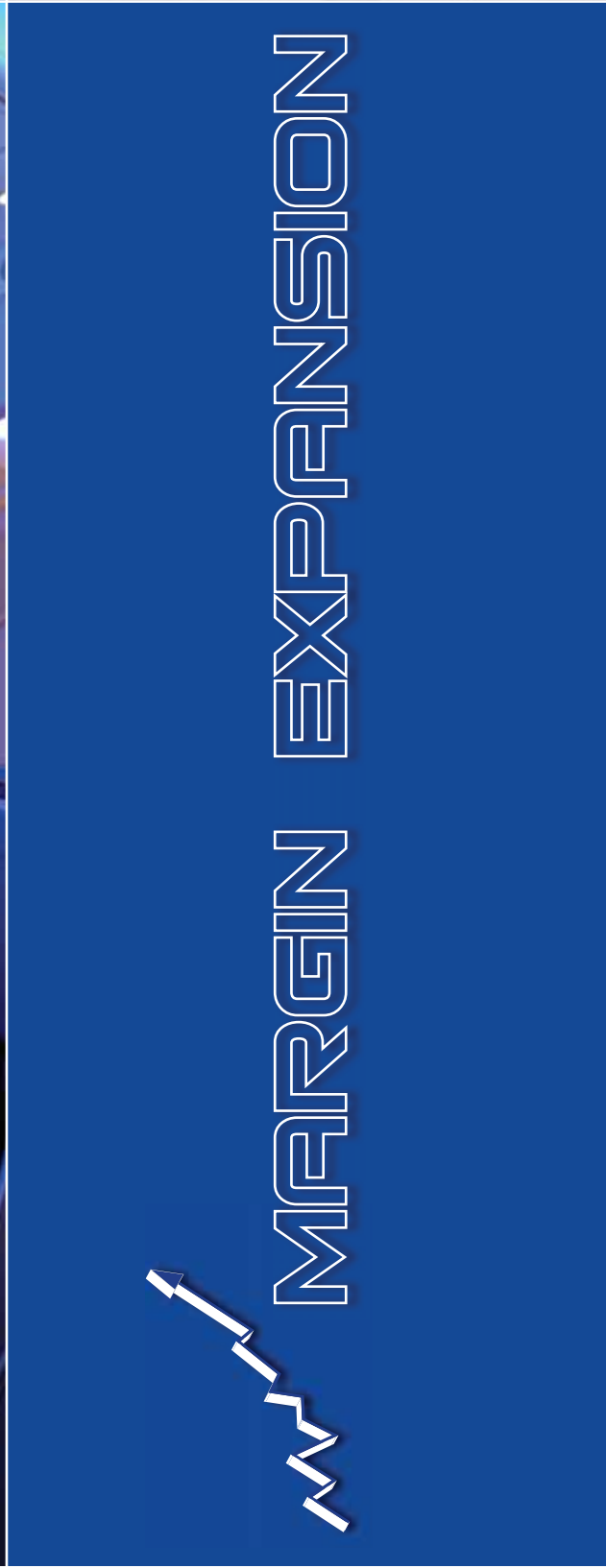
Every Carlisle Industrial Brake & Friction (CIBF) manufacturing facility is ISO certified, ensuring that manufacturing procedures are set up to eliminate waste and improve efficiency. Other Carlisle segments are also adopting similar practices.

Carlisle's companies, recognized in their respective markets for providing premium products and solutions, will continue to push for improved performance among the products they offer. CCM has made sig-

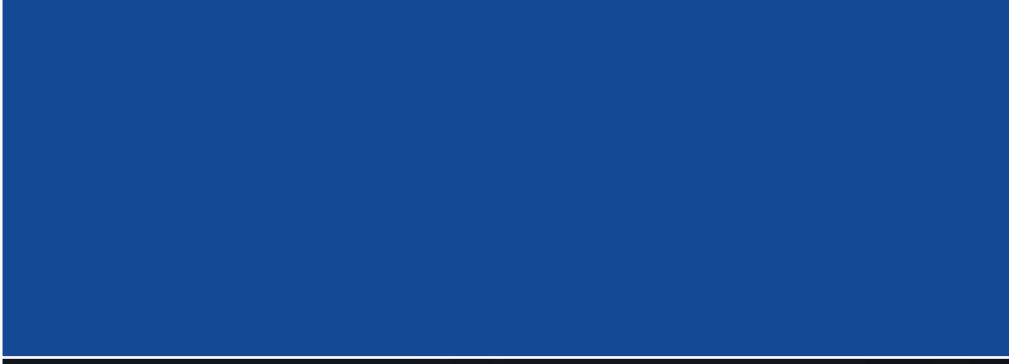
nificant advances in performance-based products for the building industry. Innovations such as Factory-Applied Tape (FAT™) and Self-Adhering Technology (SAT®) have attracted instant attention and generated increased sales.

Johnson Truck Bodies (JTB) expects to launch two newly developed, environmentally friendly systems for its refrigerated truck bodies in 2008. Both systems address increased environmental concerns and offer JTB a strong competitive advantage.

Photos, this page (left to right): 1. This John Deere combine uses more than 20 belts manufactured by Carlisle Power Transmission. 2. A Trail King employee inspects an I-beam that will become part of a gooseneck for a specialized trailer. 3. Carlisle SynTec manufactures a variety of single-ply roofing membranes. Photos, facing page (left to right): 1. Tensolite manufactures virtually all the wire, cable and fiber optic cables used on the new Boeing 787. 2. EcoStar® manufactures premium steep-slope roofing tiles and accessories.







# \$ CASH FLOW



# CASH FLOW

Increased cash flow is essential to the continued growth and future success of Carlisle. By increasing the amount of cash generated from sales revenue, Carlisle will be able to invest more money into the company and improve its operations.

To increase cash flow in 2008, Carlisle will continue to improve inventory management processes throughout all of its operations. In 2007, a number of our businesses saw significant improvements in their inventory management, and through the increased use of new technologies, Carlisle expects those gains to continue into 2008 and beyond.

ceived. This simple, effective system helps to improve communication between CTW and its customers, further enhancing its cash conversion capabilities by improving the invoicing and collection process.

In addition to the CIBF and CTW initiatives, other Carlisle businesses are also implementing EDI and similar inventory management procedures into their respective business practices. Carlisle Construction Materials continues to improve its inventory management through lean manufacturing procedures that emphasize reduced scrap and waste throughout the production process. These procedures, coupled with



Carlisle Industrial Brake & Friction (CIBF) is converting a significant portion of its net earnings into cash. CIBF anticipates this number to grow in 2008 and beyond as it continues to reduce inventory through the implementation of new locator, forecasting and planning systems in the U.S. and Wales, which will improve billing and expedite payment collections.

increased online and internet-based business activities, will help reduce inventory demands and increase cash flow.

Photos, facing page (left to right): 1. An application of Hunter Panels insulation in Scranton, PA. 2. Carlisle Tire & Wheel manufactures specialty tires and wheels that serve the ATV, golf car and other industries. Photos, this page (left to right): 1. Tensolite manufactures high-performance wire, cable, connectors and cable assemblies. 2. Johnson Truck Bodies manufactures insulated temperature-controlled truck bodies and trailers. 3. Carlisle Power Transmission produces high-performance industrial belts used in many markets including recreational vehicles.

CIBF and Carlisle Tire & Wheel (CTW) have also introduced and implemented Electronic Data Interchange (EDI) to many of their top customers. With approximately 50% of their customers online, this process of electronically transferring invoices and other business documents continues to improve both companies' inventory management.

CTW has also implemented an automated email service that notifies customers when an order has been re-

# PEOPLE

Carlisle employees are the key resource that will drive the company's strategic initiatives. Each division is characterized by an empowered entrepreneurial management structure that allows employees to utilize their expertise to run the day-to-day operations of their respective business units.

The proactive culture throughout Carlisle combines independence with accountability and continuous improvement. This environment is conducive to growth and development, which is why so many Carlisle employees have been recognized for their long tenures and unrivaled talent. These long-term employees and their individual expertise have resulted in strong customer

corporate strategy with the leadership required to execute that strategy, it will also hold the company's leaders accountable for the cultural strategies that support the business goals.

The Talent Development Process assists in the identification of employees with the highest leadership potential across the organization early in their careers. In addition, it helps to accelerate the development of high-potential talent and forms the foundation for Carlisle's succession plan.

Building on the success that has been seen with strong performance and career evaluations, Carlisle plans to



relationships and key industry partnerships that are critical factors in Carlisle's continued growth.

In addition to valuing long-term employees, Carlisle divisions place an emphasis on attracting up-and-coming talent. At one of our businesses, newly hired talent is often paired with long-tenured managers. This unique mentoring program creates a strong vehicle for continual innovation and growth while enabling unwavering consistency and performance.

Because employees are crucial to future success, Carlisle is currently expanding a Talent Development Process. The expansion of this program will ensure that the recruitment, development, promotion and retention of people is planned and executed in line with Carlisle's business goals. The program will not only connect the

emphasize continual growth for employees across the entire organization. This culture of independence and growth is evident as employee retention is high in many of the company's operations. This can be attributed to the commitment and value that Carlisle places on each employee, regardless of their title.

Photos, this page (left to right): 1. A Carlisle FoodService employee completes the production of a beverage server. 2. Employees in Dongguan City, China mold Tensolite cables onto connectors. 3. A Carlisle Power Transmission engineer monitors curing trials for a new belt customer. Photos, facing page (left to right): 1. A Carlisle Tire & Wheel employee welds a wheel center to a rim. 2. Carlisle SynTec was recognized by J.D. Power and Associates for excellence in customer satisfaction.





UT PEOPLE



## Board of Directors

**Donald G. Calder (a) (c) (d)**  
President, G.L. Ohrstrom & Co., Inc.

**Robin S. Callahan (a) (b) (d)**  
Past General Manager  
Distribution and Marketing, IBM

**Paul J. Choquette, Jr. (c) (d)**  
Chairman and Chief Executive Officer,  
Gilbane, Inc.

**Peter L. A. Jamieson (a) (b) (e)**  
Director, Jardine Strategic  
Holdings, Ltd.

**Peter F. Krogh (b) (c) (e)**  
Dean Emeritus and Distinguished  
Professor of International Affairs,  
Georgetown University, School of  
Foreign Service

**Stephen P. Munn (d)**  
Lead Director  
Former Chairman, President and  
Chief Executive Officer, Carlisle  
Companies Inc.

**David A. Roberts (d)**  
Chairman, President and  
Chief Executive Officer, Carlisle  
Companies Inc.

**Anthony W. Ruggiero (a) (d) (e)**  
Past Executive Vice President and Chief  
Financial Officer, Olin Corporation

**Lawrence A. Sala (a) (c) (e)**  
Chairman, Chief Executive Officer and  
President, Anaren, Inc.

**Eriberto R. Scocimara (b) (d)**  
President and Chief Executive Officer,  
Hungarian-American Enterprise Fund

**Magalen C. Webert (c) (e)**  
Investor in various corporations

- (a) Member of Audit Committee
- (b) Member of Compensation  
Committee
- (c) Member of Corporate  
Governance and Nominating  
Committee
- (d) Member of Executive Committee
- (e) Member of Pension and  
Benefits Committee

## Officers

**David A. Roberts**  
Chairman, President and  
Chief Executive Officer

**John W. Altmeyer**  
Group President,  
Carlisle Construction Materials

**Steven J. Ford**  
Vice President, Secretary and  
General Counsel

**Kevin G. Forster**  
Group President,  
Carlisle Specialty Products

**D. Christian Koch**  
Regional President,  
Carlisle Asia-Pacific

**Carol P. Lowe**  
Vice President and  
Chief Financial Officer

**Michael D. Popielec**  
Group President,  
Carlisle Applied Technologies

**Scott C. Selbach**  
Vice President,  
Corporate Development

**Fred A. Sutter**  
Group President,  
Carlisle Transportation Products

## Investor Information

**Annual Meeting:**  
12:00 noon, Monday, April 21, 2008 at  
Corporate Headquarters

**10-K Reports:**  
Are available online from the SEC, by  
written request to the Secretary, or at  
the company's website:  
[www.carlisle.com](http://www.carlisle.com)

**Change of Address, Dividend Checks,  
Lost Certificates and Ownership  
Transfers:**  
Contact the Registrar, Transfer and  
Dividend Disbursing Agent for the  
Company: Computershare Investor  
Services, LLC, 2 North LaSalle,  
Chicago, Illinois 60602,  
1.800.897.9071 or via the Internet:  
[www-us.computershare.com](http://www-us.computershare.com)

**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:  
Computershare Investor Services, LLC,  
2 North LaSalle, Chicago, Illinois  
60602, 1.800.897.9071 or via the  
Internet: [www-us.computershare.com](http://www-us.computershare.com)

**Exchange Listing:**  
The Company's ticker symbol on the  
New York Stock Exchange is CSL.

**Shareholder Services:**  
1.800.897.9071

**Website:**  
[www.carlisle.com](http://www.carlisle.com)







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704.501.1100 • [www.carlisle.com](http://www.carlisle.com)