

CARLISLE COMPANIES INC
Form 10-K
February 29, 2008

[QuickLinks](#) -- Click here to rapidly navigate through this document

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

OR

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

Commission file number 1-9278

CARLISLE COMPANIES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

31-1168055

(I.R.S. Employer Identification No.)

**13925 Ballantyne Corporate Place, Suite 400,
Charlotte, North Carolina 28277**

(704) 501-1100
(Telephone Number)

(Address of principal executive office, including zip code)

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

Title of each class

Name of each exchange on which registered

Common stock, \$1 par value
Preferred Stock Purchase Rights

New York Stock Exchange
New York Stock Exchange

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

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

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

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

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

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

(Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller
reporting company)

Smaller reporting company

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

As of February 25, 2008, 60,104,390 shares of common stock of the registrant were outstanding; the aggregate market value of the shares of common stock of the registrant held by non-affiliates was approximately \$2,795,455,178 based upon the closing price of the common stock on the New York Stock Exchange on June 30, 2007.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on April 21, 2008 are incorporated by reference in Part III.

Part I

Item 1. Business

Overview

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

The Company's executive offices are located at 13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina. The Company's main telephone number is (704) 501-1100. The Company's Internet website address is www.carlisle.com. Through this Internet website (found in the "Investor Relations" link), the Company makes available free of charge its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and all amendments to those reports, as soon as reasonably practicable after these reports are electronically filed with or furnished to the Securities and Exchange Commission.

Management Philosophy/Business Strategy

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

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

The Company strives to be the low cost manufacturer in the various niche markets it serves. The Company is dedicated to achieving low cost positions and providing service excellence based on, among other things, superior quality, on-time delivery and short cycle times.

Acquisitions and Divestitures

The Company has a long-standing acquisition program. Traditionally, the Company has focused on acquiring new businesses that can be added to existing operations ("bolt-ons"). In addition, the Company considers acquiring new businesses which can operate independently from other Carlisle companies. Factors considered by the Company in making an acquisition include consolidation opportunities, technology, customer dispersion, operating capabilities and growth potential. For more details regarding acquisitions completed over the past three years, see Note 10 to the Consolidated Financial Statements in Item 8.

For more details regarding the consolidation and divestiture of the Company's businesses during the past three years, see Note 18 to the Consolidated Financial Statements in Item 8 and "Discontinued Operations", also in Item 1 below.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

Information on the Company's revenues, earnings and identifiable assets for continuing operations by industry segment for the last three fiscal years is as follows (amounts in thousands):

Financial Information About Industry Segments

	2007	2006(5)	2005(5)
Sales to Unaffiliated Customers(1)			
Construction Materials	\$ 1,365,403	\$ 1,111,184	\$ 865,652
Industrial Components	799,908	764,506	747,859
Specialty Products	181,396	174,478	138,899
Transportation Products	189,828	183,006	154,474
General Industry	339,848	326,236	287,020
Total	\$ 2,876,383	\$ 2,559,410	\$ 2,193,904

Earnings before interest and income taxes

Construction Materials(4)	\$ 240,577	\$ 175,870	\$ 136,721
Industrial Components	58,892	59,876	61,824
Specialty Products	5,108	9,697	17,515
Transportation Products	28,283	30,876	21,294
General Industry	38,196	30,189	17,646
Corporate(2)	(41,670)	(28,460)	(29,381)
Total	\$ 329,386	\$ 278,048	\$ 225,619

Identifiable Assets

Construction Materials	\$ 693,392	\$ 595,982	\$ 406,567
Industrial Components	636,407	603,228	536,864
Specialty Products	192,505	189,671	165,879
Transportation Products	66,587	56,907	50,435
General Industry	266,104	255,716	233,527
Corporate(3)	128,068	195,878	74,793
Total	\$ 1,983,063	\$ 1,897,382	\$ 1,468,065

- (1) Intersegment sales or transfers are not material
- (2) Includes general corporate expenses
- (3) Consists primarily of cash and cash equivalents, facilities, and other invested assets
- (4) Includes gain on sale of Icopal in 2007
- (5) 2006 and 2005 figures have been revised to reflect the change in accounting for inventory and discontinued operations

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

A reconciliation of assets reported above to total assets as presented on the Company's Consolidated Balance Sheets in Item 8 is as follows:

	2007	2006
Total Identifiable Assets by segment per table above	\$ 1,983,063	\$ 1,897,382
Assets held for sale of discontinued operations*	5,731	9,704
Total assets per Consolidated Balance Sheets in Item 8	\$ 1,988,794	\$ 1,907,086

* See Note 18 to the Consolidated Financial Statements in Item 8.

Description of Businesses by Reportable Segment

Construction Materials

The Construction Materials segment includes the construction materials business, which manufactures and sells rubber (EPDM) and thermoplastic polyolefin (TPO) roofing systems. In addition, the construction materials business markets and sells poly vinyl chloride (PVC) membrane and accessories purchased from third party suppliers. The Company also manufactures and distributes energy-efficient rigid foam insulation panels for substantially all roofing applications. Roofing materials and insulation are sold together in warranted systems or separately in non-warranted systems to the new construction, re-roofing and maintenance, general construction and industrial markets. Through its coatings and waterproofing operation, this business manufactures and sells liquid and spray-applied waterproofing membranes, vapor and air barriers, and HVAC duct sealants and hardware for the commercial and residential construction markets. In 2007, the Company acquired a leading manufacturer of block molded expanded polystyrene ("EPS") products used primarily as insulation in building and other construction applications. The majority of the construction materials products are sold through a network of authorized sales representatives and distributors.

The construction materials business operates manufacturing facilities located throughout the United States, its primary market. The construction materials business recently constructed new insulation facilities in Tooele, UT and Smithfield, PA. These two new insulation facilities complement the four existing insulation operations in Kingston, NY, Franklin Park, IL, Lake City, FL and Terrell, TX. EPDM manufacturing operations are located in Carlisle, PA and Greenville, IL. TPO facilities are located in Senatobia, MS and Tooele, UT.

In May 2007, the Company acquired 100% of the equity of Insulfoam LLC ("Insulfoam") from privately held Premier Industries, Inc of Tacoma, Washington, for approximately \$167.0 million. An additional working capital payment of \$1.3 million was made in February 2008. Refer to Note 10 in the Notes to the Consolidated Financial Statements in Item 8. Insulfoam is a leading manufacturer of block molded expanded polystyrene products used primarily as insulation in building and other construction applications. The acquisition broadens the Company's insulation portfolio and extends its reach into vertical areas of buildings where demands for energy efficiency and management will continue to increase. Insulfoam operates from thirteen production and fabrication facilities across the U.S.

Raw materials include EPDM polymer, TPO polymer, carbon black, processing oils, solvents, asphalt, methylene diphenyl diisocyanate (MDI), polyol, polyester fabric, black facer paper, oriented strand board (OSB) clay and various packaging materials. Critical raw materials generally have at least two vendor sources to better assure adequate supply. For raw materials that are single sourced, the vendor typically has multiple processing facilities. In general, this business believes that sufficient quantities of raw materials can be obtained through normal sources to avoid interruption of production in 2008.

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

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

The construction materials business' working capital practices include the following:

- (i) Standard accounts receivable payment terms of 45 days to 90 days.
- (ii) Standard accounts payable payment terms of 30 days to 45 days.
- (iii) Inventories are maintained in sufficient quantities to meet forecasted demand. Due to the seasonal demand of the construction market, inventories tend to be higher in the first quarter.

The construction materials business serves a large and diverse customer base; however, in 2007 one customer represented 18% of this segment's revenues. The loss of this customer could have a material adverse effect on segment revenues.

This business competes in the construction materials market, a market with numerous competitors that produce roofing, insulation and waterproofing products for commercial and residential applications. The level of competition within the market varies by product line. The construction materials business competes through pricing, innovative products, warranties and customer service. This business offers extended warranty programs on its installed roofing systems, ranging from five (5) years to thirty (30) years and, subject to certain exclusions, cover leaks in the roofing system attributable to a problem with the particular product or the installation of the product. In order to qualify for the warranty, the building owner must have the roofing system installed by an authorized roofing applicator an independent roofing contractor trained by the Company to install its roofing systems.

Industrial Components

The Industrial Components segment is comprised of the tire and wheel business and the power transmission belt business. The tire and wheel business is a manufacturer and distributor with facilities positioned in many locations throughout North America and China. The principal products manufactured are bias-ply, non-automotive rubber tires and stamped and roll-formed steel wheels. These products are sold by direct sales personnel to original equipment manufacturers ("OEMs"), mass merchandisers and various tire and wheel distributors located primarily in the U.S. and Canada. Primary markets served by the tire and wheel business include lawn and garden outdoor power equipment mass merchant, lawn and garden outdoor power equipment dealer, trailer, all-terrain vehicle, golf car, agriculture, and the related aftermarkets. The tire and wheel business also manufactures and sells styled wheels to the automotive aftermarket. Individual project managers are assigned to each of these various markets and are responsible for strategy development, product concept and development as well as product life cycle management.

The power transmission belt business manufactures and sells industrial belts and related components to OEMs, mass merchandisers and various wholesale and industrial distributors located primarily in the U.S. and Canada. It also sells processed raw materials to OEMs. All sales are made by direct sales personnel. Primary markets served by the power transmission belt business include lawn and garden, home appliance, power sports/recreational vehicles, fitness, agriculture, and the related aftermarkets. Manufacturing facilities are located in the U.S. and China.

In February 2007, the Company purchased the assets of Meixian Tengfei Tyre Co., Ltd. ("Meiyan") in Meizhou, Guangdong, China for \$19.6 million. Refer to Note 10 in the Notes to the Consolidated Financial Statements in Item 8. This acquisition provides the capability to produce steel-belted radial trailer tires. Additionally, it will provide enhanced manufacturing capabilities for larger tires for the agricultural and construction markets, which is a growth platform for the Industrial Components segment.

The tire and wheel business' primary raw materials include steel used to manufacture wheels, as well as rubber and other oil-based commodities required for tire production. Raw materials used by the power transmission belt business include rubber, various textile cords and oil based commodities required for belt production. Both companies source their raw materials worldwide to better assure adequate supply.

Despite rising prices, both businesses believe that sufficient quantities of their respective raw materials can be obtained through normal sources to avoid interruption of production in 2008.

Sales and earnings for both Industrial Components businesses tend to be somewhat higher in the first six (6) months of the year due to peak sales in the lawn and garden and agricultural markets.

The working capital practices of both businesses include:

- (i) Standard accounts receivable payment terms of 30 days to 90 days.
- (ii) Standard accounts payable payment terms of 30 days to 45 days.
- (iii) Inventories are maintained in sufficient quantities to meet forecasted demand and are generally higher in the fourth and first quarters to meet seasonal demand. Inventories tend to increase in the fourth quarter in advance of anticipated seasonal demand.

Both the tire and wheel and power transmission belt businesses have several significant OEM customers, with one customer accounting for 12% of segment sales in 2007.

The tire and wheel business competes globally against companies having manufacturing facilities in the Far East. The power transmission belt business also faces global competition with its major competitors having manufacturing operations in the United States, Mexico and China. For both businesses, product lines serving most markets tend to be price competitive. Both businesses strive to achieve competitive advantage through low cost production, distribution capability, customer service, quality and manufacturing flexibility.

Transportation Products

The Transportation Products segment is comprised of the specialty trailer business, which manufactures and sells trailers to a variety of markets. Sales are categorized as follows: (i) construction includes open-deck trailers used by contractors for hauling equipment to and from sites or by rental companies for equipment delivery, (ii) material hauling includes various dump trailer lines, such as steel bottom-dumps, side-dumps, end-dumps and live-bottoms as well as aluminum end dump and pneumatic bulk tank trailers, (iii) specialized includes large-capacity multi-unit trailers and specially designed trailers for specific hauling purposes, and (iv) commercial includes trailers sold for over-the-road hauling and general freight. Sales are made primarily in the United States, with less than 10% of sales to Canada and Mexico. A majority of sales in this business are to dealers with the balance sold direct to end-users such as rental companies, national accounts, heavy-haulers, waste haulers and OEM manufacturers. The specialty trailer business operates manufacturing facilities in the U.S., which is its primary market.

The specialty trailer business' raw materials include high-tensile steel, aluminum, lumber, tires, axles, suspensions and hydraulic and electrical components. Critical raw materials generally have at least two vendor sources to better assure adequate supply. The Company believes that sufficient quantities of their key raw materials can be obtained in 2008.

The operations of the specialty trailer business are generally not seasonal in nature.

This segment's working capital practices include:

- (i) Standard accounts receivable payment terms of 10 days to 30 days.
- (ii) Standard accounts payable payment terms of 10 days to 60 days.
- (iii) Inventories are maintained in sufficient quantities to meet forecasted demand.

This business serves a diverse customer base. No individual customer accounted for more than 10% of segment sales in 2007.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

The specialty trailer business' products compete primarily based on quality and options as well as price. The commercial and material hauling products compete primarily on price. Conversely, the large-capacity multi-unit trailers manufactured for specialized purposes tend to compete primarily on quality and options.

Specialty Products

Specialty Products includes the on-highway and off-highway motion control systems business. On-highway products include heavy-duty friction blocks, brake shoes and disc linings, as well as brake shoe remanufacturing and relining for on-highway Class 6, 7 and 8 trucks. These products are sold to heavy-duty truck and trailer OEMs, brake and axle OEMs, as well as through an aftermarket distribution channel by direct sales personnel.

Off-highway products include braking systems and specialty friction products for mining, construction, agricultural, industrial, and other off-highway equipment, as well as brake actuation systems for on-highway towed vehicles. These products are sold to heavy-duty equipment OEMs, clutch and brake OEMs, replacement part distributors and trailer distributors by direct sales personnel.

The motion control systems business operates manufacturing facilities in the United States, which is its primary market, Canada and China. In 2005, the Company acquired a heavy-duty brake lining and brake shoe facility in Hangzhou, China. The Hangzhou, China facility is used primarily to manufacture product to export to the United States. The off-highway business' products are sold into the European market through a light assembly, warehouse operation maintained in Zevenaar, The Netherlands as well as a facility in Pontypool, Wales. The Wales, U.K. facility was acquired to operate the Company's off-highway brake assets purchased from ArvinMeritor, Inc in 2005.

Raw materials used in on-highway friction and brake shoe product producing plants include fiberglass, phenolic resin, steel, metallic chips and various other organic materials. Although the supply of fiberglass, resin and metal chips has become more constrained, the Company has not encountered any significant availability issues for its on-highway key raw materials and believes that adequate quantities can be obtained in 2008. The raw materials used for off-highway products are diverse. These brake manufacturing operations require the use of various metal products such as castings, pistons, springs and bearings. With respect to its friction products, the raw materials are similar to those described for the on-highway products. This business believes that adequate quantities of all of its raw materials can be obtained in 2008.

Sales and earnings for the on-highway products tend to be strongest in the second quarter to coincide with increased truck and trailer maintenance typically scheduled in the spring. Sales and earnings for the off-highway motion products are not seasonal.

With respect to working capital, practices include the following:

- (i) Standard accounts receivable payment terms of 30 days to 60 days.
- (ii) Standard accounts payable payment terms of 30 days to 45 days.
- (iii) Inventories are maintained in sufficient quantities to meet forecasted demand.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

No customer accounted for more than 10% of segment sales in 2007, with the off-highway customer base being somewhat more diverse. The Company's relationships with its largest OEM customers impact aftermarket participation in that acceptance of product by these OEMs facilitates aftermarket sales.

Differentiation between competitors is based primarily on price.

General Industry (All Other)

The General Industry segment includes the Company's foodservice business, the high-performance wire and cable business, and the refrigerated truck body business.

The Company's foodservice products business manufactures and distributes (i) commercial and institutional foodservice permanentware, table coverings, cookware, display pieces, light equipment and supplies to restaurants, hotels, hospitals, nursing homes, schools and correctional facilities, and (ii) industrial brooms, brushes, mops and rotary brushes for industrial, commercial and institutional facilities. The company's product line is distributed from four primary distribution centers located in Charlotte, NC, Oklahoma City, OK, Reno, NV and Zevenaar, The Netherlands to wholesalers, distributors and dealers. These distributor and dealer customers, in turn, sell to commercial and non-commercial foodservice operators and sanitary maintenance professionals. Distributors and dealers are solicited through subcontracted manufacturer representatives and direct sales personnel. The foodservice business operates manufacturing facilities in the United States and Mexico, and sales are made primarily in North America and Europe.

On January 25, 2008, the Company acquired 100% of the equity of Dinex International, Inc. ("Dinex"), a leading supplier of foodservice products to the healthcare and other institutional industries, for \$95.0 million. Refer to Note 22 in the Notes to the Consolidated Financial Statements in Item 8. This acquisition complements the Company's core foodservice product categories and supports its growth initiatives in the healthcare, educational, corrections and other institutional foodservice markets. The purchase of Dinex will also allow the foodservice business to leverage its product and manufacturing capabilities into Dinex's established sectors.

The high-performance wire and cable business designs and manufactures high-performance wire, cable, connectors and cable assemblies, including RF/microwave connectors and cable assemblies, primarily for the aerospace, defense electronics and test and measurement industries. This business operates manufacturing facilities in the United States and China with the United States being the primary target market for sales. Sales are made by direct sales personnel.

On January 29, 2007, the Company purchased the assets of Dongguan Qiaotou Yichang Wire and Cable Assembly Factory, located in Guangdong, China, specializing in complex cable assemblies and wire harnesses for medical and industrial applications, for consideration of \$3.1 million and contingent additional payments of up to \$4.0 million based on the acquired company's future earnings. Refer to Note 10 in the Notes to the Consolidated Financial Statements in Item 8. The acquisition allows for expansion on a global basis and brings enhanced, low cost manufacturing capabilities.

The refrigerated truck bodies business manufactures and sells insulated refrigerated truck bodies to a variety of markets including food, dairy and home delivery. This business' main distribution channels are through a factory direct sales staff, and to a lesser extent through a limited dealer network. The refrigerated truck bodies business operates a single manufacturing facility in Rice Lake, WI and sells primarily into the U.S. market.

Raw materials used by the foodservice products business include polymer resins, stainless steel and aluminum. Key raw materials are typically sourced worldwide to better assure adequate supply. The Company believes that sufficient quantities of raw material can be obtained for this business through normal sources to avoid interruption of production in 2008.

Edgar Filing: CARLISLE COMPANIES INC - Form 10-K

The high-performance wire and cable business' raw materials include copper conductors that are plated with tin, nickel or silver, polyimide tapes, PTFE tapes, PTFE fine powder resin, thermoplastic resins, stainless steel, beryllium copper rod, machined metals and plastic parts and various marking and identification materials. Key raw materials are typically sourced worldwide to better assure adequate supply. The Company believes that sufficient quantities of raw material can be obtained for this business through normal sources to avoid interruption of production in 2008.

The raw materials and components used by the refrigerated truck bodies business include refrigeration compressors, eutectic holdover plates, mechanical blower refrigeration systems, hydraulic liftgates, fiberglass, polyester resins, polyurethane foam resins, steel, aluminum, plywood, and cast and stainless steel hardware. The availability of steel and petroleum-based materials could impact raw material costs. Overseas opportunities continue to be examined for cost savings. The Company believes that sufficient quantities of raw material can be obtained for this business through normal sources to avoid interruption of production in 2008, however, any change in lead times for delivery of customer-owned chassis could delay production.

The operations of the high-performance wire and cable and refrigerated truck bodies business are generally not seasonal in nature. Sales in the foodservice business are marginally stronger in the months of March through October.

The working capital practices of all businesses within the General Industry segment include:

- (i) Standard accounts receivable payment terms of 10 days to 60 days.
- (ii) Standard accounts payable payment terms of 10 days to 60 days.
- (iii) Inventories are maintained in sufficient quantities to meet forecasted demand.

Each business within this segment had significant customers in 2007, however, no individual customer accounted for more than 10% of segment sales in 2007.

All three businesses in this segment are engaged in markets that are generally highly competitive. The foodservice products business competes primarily on price, service and product performance. Product performance, either mechanical or electrical in nature, is the number one competitive criterion for the high-performance wire and cable business. The refrigerated truck bodies business competes primarily on quality and performance with an emphasis on thermal efficiency.

Discontinued Operations

In the second quarter of 2007, as part of its commitment to concentrate on its core businesses, the Company announced plans to exit the custom thermoset products molding operation ("thermoset molding operation") of the Specialty Products segment. In September 2006, the Company announced plans to exit the giftware business of the foodservice products business. The sale of the thermoset molding operation is expected to be completed by the second quarter of 2008, and the disposition of the giftware business was completed in 2007. In November of 2005 the Company announced plans to sell the systems and equipment businesses. The Company completed the sale of these operations in 2006. The assets of these operations have met the criteria for, and have been classified as "held for sale" in accordance with SFAS 144, "Accounting for the Impairment and Disposal of Long-Lived Assets." In addition, results of operations for these businesses, and any gains or losses recognized from their sale, are reported as "discontinued operations" in accordance with SFAS 144.

Principal Products

The Company's products are discussed above and in additional detail in Note 20 to the Consolidated Financial Statements in Item 8.

Intellectual Property

The Company owns or holds the right to use a variety of patents, trademarks, licenses, inventions, trade secrets and other intellectual property rights. The Company has adopted a variety of measures and programs to ensure the continued validity and enforceability of its various intellectual property rights. While the Company's intellectual property is important to its success, the loss or expiration of any particular intellectual property right would not materially affect the Company or any of its segments.

Backlog

Backlog of orders from continuing operations generally is not a significant factor in most of the Company's businesses, as most of the Company's products have relatively short order-to-delivery periods. Backlog of orders from continuing operations was \$293.9 million at December 31, 2007 and \$272.2 million at December 31, 2006; however, the majority of these orders are not firm in nature.

Government Contracts

At December 31, 2007, the Company had no material contracts that were subject to renegotiation of profits or termination at the election of the U.S. government.

Research and Development

The Company's research and development expenses from continuing operations were \$17.4 million in 2007 compared to \$15.1 million in 2006 and \$15.4 million in 2005.

Environmental Matters

Carlisle believes its operations generally are in substantial compliance with applicable regulations. In a few instances, particular plants and businesses have been the subject of administrative and legal proceedings with governmental agencies or private parties relating to the discharge or potential discharge of regulated substances. Where necessary, these matters have been addressed with specific consent orders to achieve compliance. Carlisle believes that continued compliance will not have any material impact on the Company's financial position and will not require significant capital expenditures.

Employees

The Company had approximately 13,000 employees in its continuing operations at December 31, 2007.

International

For foreign sales, export sales and an allocation of the assets of the Company's continuing operations, see Note 20 to the Consolidated Financial Statements in Item 8.

NYSE Affirmation

On May 30, 2007, Richmond D. McKinnish, the Company's then serving Chief Executive Officer, submitted to the New York Stock Exchange (the "NYSE") the Annual CEO Certification and certified therein that he was not aware of any violation by the Company of the NYSE's Corporate Governance listing standards.

Item 1A. Risk Factors

The Company's business, financial condition, results of operations and cash flows can be affected by a number of factors including but not limited to those set forth below, those set forth in our "Forward

Looking Statements" disclosure in Item 7 and those set forth elsewhere in this Annual Report on Form 10-K, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results.

The Company's objective is to achieve organic sales growth greater than the percentage growth of U.S. national gross domestic product. As the Company continues to grow organically through the construction of new plants and distribution centers, it must balance the benefits against the risks of expanding its business to a level that cannot be supported through its existing customer base or entry into new markets.

The Company's growth is partially dependent on the acquisition of other businesses. The Company has a long standing acquisition program and expects to continue acquiring businesses. Typically, the Company considers acquiring bolt-ons. Acquisitions of this type involve numerous risks, which may include potential difficulties in integrating the business into existing operations, increasing dependency on the markets served by certain businesses, and increased debt to finance the acquisitions. The Company also considers the acquisition of businesses which can operate independently of existing operations, which has an increased possibility of diverting management's attention from its core operations.

Material costs are a significant component of the Company's cost structure. The Company utilizes petroleum based products, steel and other commodities in its manufacturing processes. Raw materials account for approximately 72% of the Company's cost of goods sold. Significant increases in the price of these materials may not be recovered through sale price and could adversely affect operating results. The Company also relies on global sources of raw materials, which could be adversely impacted by slow or unfavorable shipping or trade arrangements, and global economic conditions.

The Company must balance the inventory it carries with market demand. A significant increase in demand for its products could result in additional inventory demand which could cause a short-term increase in the cost of inventory purchases. A significant decrease in demand could result in an increase of inventory on hand and as well as increased costs due to production cutbacks and inefficiencies.

The products manufactured may become obsolete due to design or technology changes. The Company's future operating success may depend upon its ability to redesign or find new applications for its current products or develop new products.

The Company faces increased international competition. The tire and wheel, power transmission belt and on-highway braking businesses compete against companies that leverage low cost manufacturing through facilities located outside the United States. While the Company has been price competitive, it may need to adjust its operating strategies to remain competitive against the off-shore competition.

The Company is expanding its operations into China. To compete globally against low-cost manufacturers with operations located outside the United States, the Company has expanded many of its operations into China. Conducting operations within China may cause the Company to be impacted by the political environment within China and trade relations between the United States and Chinese governments. Many of the products manufactured in China are sold in the North American market. Therefore the Company may be impacted by the cost and availability of shipping channels and amount of time required to ship the goods to the intended market. Revenues for sales of products manufactured in China for the North American market are generated predominately in U.S. Dollars. Many of the obligations incurred by these operations are settled in Chinese Renminbi or Hong Kong Dollars. Should the U.S. Dollar weaken significantly against the Renminbi or Hong Kong Dollar, the Company's results of operations could be adversely affected. The Company continues to monitor developments in China that may affect its strategy and will hedge its currency risk exposure when deemed effective and prudent. Recent tax law changes in China to reduce value added tax refunds on exported products and to conform income tax laws for both domestic and foreign owned companies may increase tax burdens for Carlisle's in-country operations.

The Company plans to grow through expansion of international sales. As the Company strives to reach this strategic goal, the Company may be impacted by the political environment in various countries and government trade relations with the U.S., as well as local country market factors. International sales expansion may also require an additional commitment to the Company's level of working capital.

The Company and the markets it serves can be negatively impacted by significant changes in interest rates. The Company may utilize interest rate swaps or other derivative instruments to mitigate its interest rate, currency and investment risk. Many of the markets served by Carlisle are impacted by interest rates. A significant rise in interest rates may curtail construction activities and other capital spending, as well as consumer spending, all of which could have an adverse impact on operating results.

The Company may be affected by credit market uncertainty. Continued or further credit market tightness or sustained market downturns may curtail construction activities and reduce customer spending, thereby adversely affecting the Company's operating results and affecting inventory values, particularly in the construction materials business.

The Company has significant concentrations in the general construction and lawn and garden markets. For the year ended December 31, 2007, approximately 47% of the Company's revenues, and 65% of its operating income were generated by the Construction Materials segment. Construction spending is affected by economic conditions, changes in interest rates, demographic and population shifts, and changes in construction spending by federal, state, and local governments. A decline in the commercial construction market, as well as certain other operations of the Company, could adversely affect the Company's performance.

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

Approximately 28% of revenues for the year ended December 31, 2007, and 22% of its operating income were generated by the Company's Industrial Components segment. The businesses in this segment rely heavily on the condition of the lawn and garden market. Softening in this market could place negative pressure on the Company's results of operations.

The commercial construction market and lawn and garden market can be affected by weather. Adverse weather conditions, such as heavy or sustained rainfall, cold weather and snow can limit construction activity and reduce demand for roofing materials. Weather conditions can also be a positive factor, as demand for roofing materials may rise after harsh weather conditions due to the need for replacement materials. The lawn and garden market is also affected by extreme weather conditions, which could reduce demand for outdoor power equipment.

The Company also serves many specialty niche markets and as such, may be negatively impacted by softening in those markets. In addition to having concentrations in the construction materials and lawn and garden markets, many of the markets served by Carlisle, including the specialty trailer, refrigerated truck bodies, and foodservice products markets, are smaller, niche markets that may experience cyclicity. These market cycles can span a number of years, and while the Company benefits from the upside of these cycles, downturns can negatively affect performance.

Item 1B Unresolved Staff Comments

None.

Item 2. Properties

The number, type, location and size of the Company's properties as of December 31, 2007 are shown on the following charts, by segment.

Segment	Number and Nature of Facilities			Square Footage (000's)	
	Manufacturing(1)	Warehouse(2)	Office	Owned	Leased
Construction Materials	31	7	17	3,400	1,321
Industrial Components	16	31	8	3,943	2,376
Specialty Products	8	1	1	813	318
Transportation Products	4	1	0	672	0
General Industry (Other)	12	8	2	851	946
Discontinued Operations	2	0	1	441	24
Corporate	0	0	4	0	25

Segment	Locations		
	North America	Europe	China
Construction Materials	54	1	0
Industrial Components	49	0	6
Specialty Products	7	2	1
Transportation Products	5	0	0
General Industry (Other)	21	0	1
Discontinued Operations	2	1	0
Corporate	2	0	2

(1) Also includes facilities which are combined manufacturing, warehouse and office space.

(2) Also includes facilities which are combined warehouse and office space.

Item 3. Legal Proceedings

The Company may be involved in various legal actions from time to time arising in the normal course of business. In the opinion of management, the ultimate outcome of such actions will not have a material adverse effect on the consolidated financial position of the Company, but may have a material impact on the Company's results of operations for a particular period.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Part II

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

The Company's common stock is traded on the New York Stock Exchange. As of December 31, 2007, there were 1,933 shareholders of record.

Quarterly cash dividends paid and the high and low prices of the Company's stock on the New York Stock Exchange in 2007 and 2006 were as follows:

2007	First	Second	Third	Fourth
Dividends per share	\$ 0.135	\$ 0.135	\$ 0.145	\$ 0.145
Stock Price				
High	\$ 47.21	\$ 47.83	\$ 51.54	\$ 49.23
Low	\$ 38.90	\$ 40.88	\$ 44.61	\$ 36.42
2006*	First	Second	Third	Fourth
Dividends per share	\$ 0.125	\$ 0.125	\$ 0.135	\$ 0.135
Stock Price				
High	\$ 41.28	\$ 44.50	\$ 42.75	\$ 45.18
Low	\$ 33.80	\$ 37.79	\$ 36.66	\$ 39.12

*

Adjusted for the 2-for-1 stock split in March 2007, see Note 1 in the Notes to the Consolidated Financial Statements in Item 8.

The Company's repurchases of equity securities for the period from October 1, 2007 through December 31, 2007 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 - 31, 2007	289,500	\$ 40.00	289,500	2,885,695
November 1 - 30, 2007	737,450	39.35	737,450	2,148,245
December 1- 31, 2007	401,488	39.89	401,488	1,746