2009 Annual Report
2010 Notice and Proxy Statement

Ingersoll Rand

Inspiring Progress™

Creating and Sustaining Safe, Comfortable and Efficient Environments

Our Vision

We are dedicated to driving progress for our shareholders, employees and communities by achieving:

Dramatic Growth,
by focusing on innovative solutions for our customers

Operational Excellence,
by pursuing continuous improvement in all of our operations

Dual Citizenship,
by bringing together the talents of all Ingersoll Rand people to leverage the capabilities of our global enterprise

Ingersoll Rand
Inspiring Progress™

Ingersoll Rand (NYSE:IR) is a world leader in creating and sustaining safe, comfortable and efficient environments in commercial, residential and industrial markets. Our people and our family of brands—including Club Car®, Hussmann®, Ingersoll Rand®, Schlage®, Thermo King® and Trane®—work together to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and increase industrial productivity and efficiency. We are a $13 billion global business committed to sustainable business practices within our company and for our customers.

Club Car HUSSMANN Ingersoll Rand SCHLAGE THERMO KING TRANE

Message from the Chairman and the President and Chief Executive Officer

We will long remember the lessons we learned in 2009. In what was the most challenging economic climate since the Great Depression, and certainly the most difficult business environment many Ingersoll Rand people have ever experienced, we discovered more about our capabilities and commitment to persevere than we could have under less daunting circumstances. The progress our people achieved despite the difficulties we faced gives us great confidence about our company's future and our ability to build upon Ingersoll Rand's long history of success.

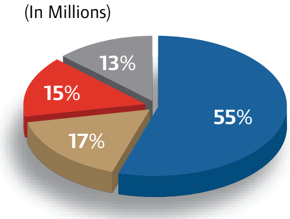
Despite extraordinarily turbulent markets and challenging global economic conditions throughout 2009, our company delivered upon its commitments to customers and shareholders and emerged well positioned as a leading diversified industrial firm. We realized significant benefits from the first full year of Trane as part of Ingersoll Rand, and have uncovered substantially greater long-term opportunities for our combined businesses. We achieved unprecedented improvement in key operational and financial areas, notably in productivity, working capital and cash generation, and we are confident that we can consistently achieve similar levels of performance in these areas on an annual basis.

Our 2009 revenues declined by 19% compared with 2008 on a pro forma basis, reflecting the substantial reduction in demand across the global markets we serve. We did not expect that rate of decline when we began the year, but we quickly realized that the economic climate was much worse than even some of the more pessimistic predictions. Accordingly, by the end of the first quarter of 2009 we recalibrated our revenue and earnings expectations. Despite a continued slide in revenue projections, we achieved the midpoint of our revised earnings forecast, driven largely by outstanding productivity performance, and again demonstrated that our people are well prepared to meet and surpass difficult challenges.

Our productivity performance, combined with synergies that we continue to derive from the Trane acquisition and a significant reduction in working capital, contributed to $1.6 billion of available cash flow* in 2009, which was substantially greater than the amount of cash we expected to generate for the year. We reduced working capital as a percentage of sales from the previous annual range of 7% to 9% to a level of 2% to 3% by the end of 2009. We are confident that we have permanently removed a sizable amount of working capital from our balance sheet, which will further enhance our cash generation capability.

By outperforming our cash-generation target, we were able to dramatically improve our balance sheet and liquidity. We met all of our debt maturities in 2009, paid off our short-term commercial paper and receivables securitization program, and exceeded our debt reduction targets. Most importantly, we continued to support our growth imperative by investing in innovation, refreshing core product technologies, and increasing the overall value we offer to customers through enhanced service offerings.

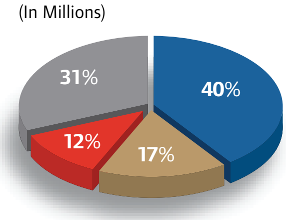
Revenues
(In Millions)



- Climate Solutions $7,293.7
- Industrial Technologies $2,181.0
- Residential Solutions $2,001.5
- Security Technologies $1,719.1

Total Revenues: $13,195.3

Segment Operating Income
(In Millions)



- Climate Solutions $406.9
- Industrial Technologies $171.8
- Residential Solutions $122.9
- Security Technologies $323.7

*Cash flow from operating activities of both continuing operations and discontinued operations, less capital expenditures of $204.2 million, and excluding $62.8 million of cash outflow from the repurchase of receivables under the trade receivables securitization program.

The newly introduced Trane® XB300 residential air conditioning system provides a reliable, efficient and cost-competitive solution to meet a variety of consumer needs, from single-family new construction, multi-family housing or homeowners who require a lower cost option.

Trane® introduced more new commercial products in 2009 than in its previous 20 years combined, including this Precedent™ rooftop unit, which delivers high reliability, easy installation, low maintenance, and reduced operating costs and upfront expense for commercial building owners.

Building a Top-Tier Performer

Having met the challenges of a difficult year, our company is poised to consistently deliver operating and financial results that characterize a top-tier diversified industrial company. We know what we need to accomplish, year-in and year-out, to rank among the upper echelon of diversified industrial companies, and we are making the moves necessary to achieve that goal.

Primarily, we are continuing our focus on productivity to drive cost reduction, margin expansion and cash generation, and we are accelerating our pursuit of innovation, which will drive revenue growth by enabling market-changing solutions, expanded share of our markets, and improved pricing based on superior value.

Creating a Productivity Culture

Our success in generating substantial productivity improvement in 2009 gave us important insight into the methods and mindsets necessary to create a productivity culture within Ingersoll Rand. A productivity culture recognizes that although economic and market conditions may fluctuate, competition and costs will continue to apply pressure on gross margins and profitability. With that mindset, we are tackling three major areas of opportunity to generate real cost reduction on a year-over-year basis: plant capacity utilization, business integration, and continued synergies resulting from common and improved Trane and Ingersoll Rand business activities, including global sourcing.

A new Ingersoll Rand® centrifugal air compressor platform with more than 50 design improvements advances industry standards for reliability, efficiency and productivity.

Currently, our plant capacity utilization rate is well below where we want it to be, which results in a sizable amount of unabsorbed overhead that burdens our company's cost structure. Fundamentally, addressing capacity utilization will require reducing our manufacturing footprint to more appropriately reflect foreseeable demand trends across our markets and leveraging our overall improved plant performance. In addition, we have many opportunities across our company to establish multi-business and multi-brand manufacturing facilities. For example, our new facility in Wujiang, China, hosts manufacturing for five of our businesses, where historically we would have had four or five smaller plants dedicated to each individual business.

Our business integration initiatives are primarily intended to organize around key end markets, improve our customer focus and leverage manufacturing, engineering and market-facing activities. Reorganizing our businesses also enables us to reduce costs. By combining our heating, ventilating, air conditioning and refrigeration (HVAC+R) businesses into one, which we call Climate Solutions, and our consumer-facing businesses into a platform we call Residential Solutions, we have made important progress in our long-term plan to improve our cost structure.

For example, today the Climate Solutions business comprises a world-class HVAC+R organization that features the market-leading Hussmann, Thermo King and Trane brands. At the same time, the new organization enabled a reduction in overhead costs of approximately $80 million. The Residential Solutions business presents a unified face to the consumer, led by our Schlage and Trane brands and the strength of a technology platform that enables homeowners to take control of the way they manage energy efficiency and security. At the same time, by integrating these businesses, we reduced overhead costs by approximately $10 million.

We continue to benefit from ongoing synergies related to the acquisition of Trane, even beyond the benefits of business integration. Through 2009 we have generated approximately $300 million in synergy savings and expect to realize another $100 million in

2010. In total, along with the savings associated with the creation of Climate Solutions and Residential Solutions, we are on target to achieve cumulative three-year synergies savings of $500 million by the end of 2010.

Accelerating Innovation

The key to our enduring success lies in continuously creating value for our customers through consistently improving products and services, as well as market-changing customer-driven innovations that create truly differentiated solutions. We have initiated a renewed emphasis on innovation because the differentiated solutions offer unique value to our customers and strengthen our ability to realize pricing that drives margin expansion.

We expect that in 2010 our revenues related to innovation, which we define as new products or services introduced over the last three years, will comprise approximately 18% of our overall revenues. Our goal is to exceed 25% in revenues related to innovation in the near future.

Our focus on innovation also applies to manufacturing processes, marketing, sales and service activities, and back-office operations—essentially, everything we do that impacts our customers' experiences with us and our ability to work more effectively and efficiently. As a result, we are engaging all employees in the pursuit of innovation, seeking breakthrough ideas in every corner of the enterprise and expanding our portfolio of opportunities for dramatic growth and ongoing productivity improvement.

Sustainability is Our Business Mission

In recent years we have dedicated a significant portion of this report to the company's sustainability efforts. We continue to enhance our ability to help customers increase the energy efficiency of their operations and reduce their environmental impact. At the same time, we are expanding programs and initiatives to implement sustainable business practices. More information about these actions can be found in our 2009 Sustainability Report, which will be available at the company's website (www.ingersollrand.com) in mid-May 2010.

Increasingly, the line between our sustainability efforts and our business activities is becoming harder to distinguish. In fact, these two missions complement and reinforce each other, to the point where what's good for our business is good for advancing sustainable business practices, and vice versa. When we find ways to reduce the energy intensity of our operations, we save money and achieve progress toward our sustainability goals. When customers turn to our products and expertise to improve their energy efficiency and reduce their overall environmental impact, we fulfill our business purpose and we influence sustainable business practices across our markets.

Whether the focus is reducing emissions, reducing energy costs, using products that are engineered to reduce material waste, or constructing a "green" building, we offer a growing collection of products and solutions to help businesses meet their sustainability goals. We have more than 700 professionals who have attained Leadership in Energy and Environmental Design (LEED) certification, and we use that expertise to help our customers and to improve our own facilities.

We have set public sustainability goals to drive continuous improvement in our company. Among our goals, by 2018 we plan to reduce our rate of energy use by 25 percent and reduce our rate of greenhouse gas emissions by 25 percent, normalized by revenue.

We partner with organizations that are at the forefront of sustainability and climate change issues. We are members of the Business Roundtable's SEE Change and Climate RESOLVE initiatives, the U.S. Department of Energy's Save Energy Now leader program, the U.S. Environmental Protection Agency's Climate Leaders and GreenChill programs, and the Clinton Climate Change Initiative.

In November 2009, we launched a program involving our top 500 global suppliers, representing 80 percent of our direct material spend, to help suppliers reduce the environmental impact of their business practices as part of Ingersoll Rand's long-

Recently introduced Lifeline Premier Series merchandisers (top) **combine several Hussmann® energy-saving and design innovations to create an aesthetically pleasing, energy-efficient and revenue-enhancing frozen-food aisle for grocery store operations.**

The new Thermo King® T-series refrigeration units (right) **for trucks establish new standards for cost and fuel savings, reliability and performance, quiet and clean operation, and ease of use and service.**

Zero-emission low-speed vehicles (LSV) from Club Car® provide dependable, energy-efficient transportation worldwide in settings such as residential neighborhoods, urban environments, college and industrial campuses, and military bases.

Besides offering enhanced lock functionality for current applications, new AD-Series electronic locks from Schlage® can be quickly and easily reconfigured to address continuously evolving technologies and designs.

term sustainability efforts. We are collecting data relating to the supply chain's greenhouse gas emissions and reduction targets, among other areas.

Fundamentally, we are in the business of creating and sustaining safe, comfortable and efficient environments. At its core, this mission is about improving quality of life around the world and the health of our environment. Recognizing that we have an important role to play in both of these areas, in 2009 we announced our plan to establish Ingersoll Rand's Center for Energy Efficiency and Sustainability.

The Center will provide a global forum for thought leadership around energy efficiency and environmental sustainability for the markets we serve. It will engage employees, customers, business partners, and representatives from government, non-government and academic institutions in the pursuit of innovative approaches to energy efficiency and sustainable business practices, as well as sponsor the related promulgation of industry standards, development of technologies, educational programs, and primary research.

The Center will formally launch on April 22, 2010, coinciding with the 40th anniversary of Earth Day. We are excited to offer our employees, customers and many other important constituents a focal point for advancing knowledge and innovation to address critical business challenges and social concerns relating to energy efficiency and sustainability. Also, we expect our company to benefit directly from the Center's activities through the improved operating practices, product technologies, and new alliances that emerge. We look forward to reporting the Center's progress in the years ahead.

A Renewed Confidence

We have learned what is required to become a top-tier diversified industrial firm. Our progress in 2009 allowed us to reach the top quartile among diversified industrials in a number of financial and operational categories important to our success, including productivity, operating cash flow and working capital. Our goal is to achieve and maintain top-quartile performance across all the categories we track.

We have tremendous opportunities to make significantly greater progress over the next several years, progress which will firmly establish our status as a premier diversified industrial firm. Today's Ingersoll Rand has immense potential resulting from the natural linkages that connect our businesses and augment their individual capabilities. These linkages include global markets, manufacturing centers of excellence, integrated supply chain, technology platforms, common tools and processes through our Business Operating System, and strategic brands that coalesce around our central business mission of safety, comfort and efficiency. In addition, we have the ability to dramatically change the cost structure of our company. The progress we have already achieved in our cost structure, the insights we have gained, and the processes we have instituted over the past year lend important momentum toward continued improvement.

Ingersoll Rand people have demonstrated that they can meet and overcome some of the more difficult business challenges our company has ever faced. Regardless of the pace of recovery across our global markets, our people are prepared to continue delivering market-leading customer solutions, steady improvement in all of our operations, and financial results that reward our shareholders' confidence in Ingersoll Rand. We know that the best is yet to come for our company, and we hope you are as eager as we are to see our successful future unfold.

Herbert L. Henkel
Chairman

Michael W. Lamach
President and Chief Executive Officer

April 2010

2010 Notice and Proxy Statement

Ingersoll-Rand plc
Registered in Ireland No. 469272

U.S. Mailing Address:
One Centennial Avenue
Piscataway, NJ 08855
(732) 652-7000

NOTICE OF 2010 ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of Ingersoll-Rand plc will be held on Thursday, June 3, 2010, at 2:30 p.m., local time, at Dromoland Castle, Newmarket-on-Fergus, Co. Clare, Ireland, to consider and vote upon the following proposals:

1. By separate resolutions, to re-elect as directors for a period of 1 year expiring at the end of the Annual General Meeting of Shareholders of Ingersoll-Rand plc in 2011, the following 12 individuals:

   (a) Ann C. Berzin
   (b) John Bruton
   (c) Jared L. Cohon
   (d) Gary D. Forsee
   (e) Peter C. Godsoe
   (f) Edward E. Hagenlocker
   (g) Constance J. Horner
   (h) Michael W. Lamach
   (i) Theodore E. Martin
   (j) Orin R. Smith
   (k) Richard J. Swift
   (l) Tony L. White

2. To consider and approve an advisory proposal relating to the company's executive pay-for-performance compensation policies and procedures.
3. To approve the appointment of PricewaterhouseCoopers as independent auditors of the company and authorize the Audit Committee of the Board of Directors to fix the auditors' remuneration.
4. To conduct such other business properly brought before the meeting.

Only shareholders of record as of the close of business on April 6, 2010, are entitled to receive notice of and to vote at the Annual General Meeting.

Directions to the meeting can be found in Appendix A of the attached Proxy Statement.

Whether or not you plan to attend the meeting, please provide your proxy by either using the internet or telephone as directed in the accompanying proxy card or filling in, signing, dating, and promptly mailing the accompanying proxy card in the enclosed.

By Order of the Board of Directors,

BARBARA A. SANTORO
Vice President—Corporate Governance and Secretary

Registered Office:
170/175 Lakeview Dr.
Airside Business Park
Swords, Co. Dublin
Ireland

IF YOU ARE A SHAREHOLDER WHO IS ENTITLED TO ATTEND AND VOTE, THEN YOU ARE ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON YOUR BEHALF. A PROXY IS NOT REQUIRED TO BE A SHAREHOLDER IN THE COMPANY. IF YOU WISH TO APPOINT AS PROXY, ANY PERSON OTHER THAN THE INDIVIDUALS SPECIFIED ON THE PROXY CARD, PLEASE CONTACT THE COMPANY SECRETARY AT OUR REGISTERED OFFICE.

April 20, 2010

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Ingersoll-Rand plc

U.S. Mailing Address:
One Centennial Avenue
Piscataway, NJ 08855
(732) 652-7000

PROXY STATEMENT

INFORMATION CONCERNING VOTING AND SOLICITATION

In this Proxy Statement, "Ingersoll Rand," the "Company," "we," "us" and "our" refer to Ingersoll-Rand plc, an Irish public limited company, or, for any information prior to July 1, 2009, to Ingersoll-Rand Company Limited, a Bermuda company. This Proxy Statement and the enclosed proxy card are first being mailed to you on or about April 20, 2010.

Why Did I Receive This Proxy Statement?

We sent you this Proxy Statement, together with the enclosed proxy card, because our Board of Directors is soliciting your proxy to vote at the Annual General Meeting of Shareholders to be held on June 3, 2010. This Proxy Statement summarizes the information you need to know to vote on an informed basis.

Why Are There Two Sets Of Financial Statements Covering The Same Fiscal Period?

Under applicable U.S. securities laws, we are required to send to you our Form 10-K for our fiscal year ended December 31, 2009, which includes our financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). These financial statements are included in the mailing of this Proxy Statement. Under Irish company law, we are required to provide you with our Irish Statutory Accounts for our 2009 fiscal year, including the reports of our Directors and auditors thereon, which accounts have been prepared in accordance with Irish law. The Irish Statutory Accounts will be made available on the Company's website at http://investor.shareholder.com/ir/downloads.cfm and will be laid before the Annual General Meeting of Shareholders to be held on June 3, 2010.

How Do I Attend The Annual General Meeting?

All shareholders are invited to attend the Annual General Meeting. **Either an admission ticket or proof of ownership of the Company's ordinary shares, as well as a form of personal identification, must be presented in order to be admitted to the Annual General Meeting.** If you are a shareholder of record, your admission ticket is attached to the enclosed proxy card. If you plan to attend the Annual General Meeting, please vote your proxy, but keep the admission ticket and bring it to the Annual General Meeting together with a form of personal identification.

If your shares are held in the name of a bank, broker or other holder of record and you plan to attend the Annual General Meeting, you must present proof of your ownership of the Company's ordinary shares, such as a bank or brokerage account statement, together with a form of personal identification to be admitted to the Annual General Meeting. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, **along with proof of your ownership of the Company's ordinary shares,** to:

Secretary
Ingersoll-Rand plc
170/175 Lakeview Dr.
Airside Business Park
Swords, Co. Dublin
Ireland

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted at the Annual General Meeting.

Who May Vote?

You are entitled to vote if you owned the Company's ordinary shares at the close of business on April 6, 2010, which we refer to as the record date. At that time, there were 321,586,248 of the Company's ordinary shares outstanding and entitled to vote. Each share of the Company's ordinary shares that you own entitles you to one vote on all matters to be voted on a poll at the Annual General Meeting.

How Do I Vote?

Shareholders of record can cast their votes by proxy by:

- using the internet and voting at the website as directed on the enclosed proxy card;
- calling the telephone number provided on the enclosed proxy card; or
- completing, signing and returning the enclosed proxy card.

To vote your shares directly, you may attend the Annual General Meeting and cast your vote in person or you may appoint a proxy (who does not have to be a shareholder) to attend the Annual General Meeting on your behalf and cast your vote in accordance with the instructions which you have given on your proxy.

Shareholders who hold their shares through a bank, brokerage firm or nominee must vote their shares in the manner prescribed by such bank, brokerage firm or nominee. If you hold your shares through a bank, brokerage firm or nominee and wish to vote in person at the Annual General Meeting, you must obtain a legal proxy from the bank, brokerage firm or nominee that holds your shares. You will need to bring the legal proxy with you to the meeting and hand it in with a signed ballot that you can request at the meeting. You will not be able to vote your shares at the Annual General Meeting without a legal proxy and a signed ballot. Even if you plan to attend the Annual General Meeting, we recommend that you also vote by proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

The internet and telephone voting procedures are designed to authenticate votes cast by use of a control number contained on the enclosed proxy card. The procedures allow shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. If you are a shareholder of record and you would like to vote by using the internet or telephone, please refer to the specific instructions contained on the enclosed proxy card. If you vote by using the internet or telephone, you do not need to return the enclosed proxy card. In order to be timely processed, an internet or telephone vote must be received by 5:00 p.m. Eastern Time on June 2, 2010.

How May Employees Vote Under Our Employee Plans?

If you participate in the Ingersoll-Rand Company Employee Savings Plan, the Ingersoll-Rand Company Employee Savings Plan for Bargained Employees, the Ingersoll-Rand Retirement Savings Plan for Participating Affiliates in Puerto Rico or the Trane 401(k) and Thrift Plan, then you may be receiving these materials because of shares held for you in those plans. In that case, you may use the enclosed proxy card to instruct the plan trustees of those plans how to vote your shares, or give those instructions over the internet. They will vote these shares in accordance with your instructions and the terms of the plan.

If you do not provide voting instructions for shares held for you in any of these plans, the plan trustees will vote these shares in the same ratio as the shares for which voting instructions are provided.

May I Revoke My Proxy?

You may revoke your proxy at any time ***before it is voted at the Annual General Meeting*** in any of the following ways:

- by notifying the Company's Secretary in writing: c/o Ingersoll-Rand plc, 170/175 Lakeview Dr., Airside Business Park, Swords, Co. Dublin, Ireland;

- by submitting another properly signed proxy card with a later date or another internet or telephone proxy at a later date; or
- by voting in person at the Annual General Meeting.

You may not revoke a proxy merely by attending the Annual General Meeting. To revoke a proxy, you must take one of the actions described above.

How Will My Proxy Get Voted?

If you properly complete, sign and date the enclosed proxy card and send it to us or properly deliver your proxy over the telephone or the internet, your proxy holder (one of the individuals named on the enclosed proxy card) will vote your shares as you have directed. Under the rules of The New York Stock Exchange ("NYSE"), if your broker or nominee is a member of the NYSE and holds your shares in its name, the broker or nominee may vote your shares on Item 3 (routine matter) if it does not receive instructions from you. However, your broker or nominee may not vote your shares on Items 1 and 2 (non-routine matters) if it does not receive instructions from you and, accordingly, such shares will not be counted as votes for or against the non-routine matters, but rather will be regarded as votes withheld and will not be counted in the calculation of votes for or against the resolution.

If you do not specify on the enclosed proxy card that is sent to the Company (or when giving your proxy over the internet or telephone) how you want to vote your shares, the proxy holders will vote them "FOR" the election of all nominees for director as set forth under Item 1, "FOR" the approval of the advisory (non-binding) proposal set forth in this Proxy Statement under Item 2 and "FOR" the approval of appointment of independent auditors under Item 3.

What Constitutes A Quorum?

The presence (in person or by proxy) of shareholders entitled to exercise a majority of the voting power of the Company on the record date is necessary to constitute a quorum for the conduct of business. Abstentions and broker non-votes (shares held by a broker or nominee that are represented at the Annual General Meeting, but with respect to which the broker or nominee is not empowered to vote on a proposal) are treated as "shares present" for the purposes of determining whether a quorum exists.

What Vote Is Required To Approve Each Proposal?

The affirmative vote of a majority of the Company's ordinary shares represented and voting at the Annual General Meeting is required to approve each proposal.

Although abstentions and broker non-votes are counted as "shares present" at the Annual General Meeting for the purpose of determining whether a quorum exists, they are not counted as votes cast either for or against the resolution and, accordingly, will not affect the outcome of the vote.

Who Pays The Expenses Of This Proxy Statement?

We have hired Georgeson Inc. to assist in the distribution of proxy materials and the solicitation of proxies for a fee estimated at $19,600, plus out-of-pocket expenses. Proxies will be solicited on behalf of the Board of Directors by mail, in person and by telephone. We will bear the cost of soliciting proxies. We will also reimburse brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy materials to the persons for whom they hold shares.

How Will Voting On Any Other Matter Be Conducted?

Although we do not know of any matters to be presented or acted upon at the Annual General Meeting other than the items described in this Proxy Statement, if any other matter is proposed and properly presented at the Annual General Meeting, the proxy holders will vote on such matters in accordance with their best judgment.

PROPOSALS REQUIRING YOUR VOTE

Item 1. Election of Directors

The Company uses a majority of votes cast standard for the election of directors in uncontested elections. A majority of the votes cast means that the number of votes cast "for" a director nominee must exceed the number of votes cast "against" that director nominee. In contested elections, the vote standard will continue to be a plurality of the votes cast. If a director is not re-elected in a non-contested director election, the director shall tender his or her resignation to the Board of Directors and the Corporate Governance and Nominating Committee will make a recommendation to the Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the Corporate Governance and Nominating Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election.

Each director of the Company, other than Mr. Henkel and Ms. Nachtigal, is being nominated for election for a one-year term expiring at the end of the 2011 Annual General Meeting or until their successors, if any, are elected and qualified. As previously announced, both Mr. Henkel and Ms. Nachtigal have indicated their intention to retire from the Board of Directors, upon completion of their one-year term expiring at the end of the 2010 Annual General Meeting.

The Board of Directors recommends a vote FOR the directors nominated for election listed under proposals 1(a) through (l) below.

(a) Ann C. Berzin—age 58, director since 2001

- Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (insurer of municipal bonds and structured finance obligations), a subsidiary of General Electric Capital Corporation, from 1992 to 2001.
- Current Directorships:
  - Constellation Energy Group, Inc.
  - Kindred Healthcare, Inc.
- Other Directorships Held in the Past Five Years: None
- Other Activities: Director, ArtsConnection

  Ms. Berzin's extensive experience in finance at a global diversified industrial firm and her expertise in complex investment and financial products and services bring critical insight to the company's financial affairs, including its borrowings, capitalization, and liquidity. In addition, Ms. Berzin's relationships across the global financial community strengthen Ingersoll Rand's access to capital markets. Her board memberships provide deep understanding of trends in the energy and healthcare sectors, both of which present ongoing challenges and opportunities for Ingersoll Rand.

(b) John Bruton—age 62, director since February 2010

- European Union Commission Head of Delegation to the United States from 2004-2009.
- Prime Minister of the Republic of Ireland from 1994-1997.
- Current Directorships: None
- Other Directorships Held in the Past Five Years: None

  Mr. Bruton's long and successful career of public service on behalf of Ireland and Europe provides extraordinary insight into critical regional and global economic, social and political issues, all of which directly influence the successful execution of the company's strategic plan. In particular, Mr. Bruton's leadership role in transforming Ireland into one of the world's leading economies as well as on behalf of the governing document for managing the Euro lend substantial authority to the company's economic and financial oversight.

(c) **Jared L. Cohon—**age 62, director since 2008

- President of Carnegie Mellon University since 1997 and also appointed Professor of Civil and Environmental Engineering and Professor of Engineering and Public Policy.
- Dean of the School of Forestry and Environmental Studies at Yale University from 1992 to 1997.
- Faculty member in the Department of Geography and Environmental Engineering at Johns Hopkins University from 1973 to 1992 where he also held various administrative positions, including Vice Provost for Research.
- Current Directorships: None
- Other Directorships Held in the Past Five Years:
    - Mellon Financial Services Corporation
    - Trane Inc.
- Other Activities:
    - Appointed by President George W. Bush to serve on his Homeland Security Advisory Council in 2002 and reappointed in 2010 by President Barack Obama.

Dr. Cohon's extensive career in academics, including 13 years as president of an institution known throughout the world for its leadership in the fields of computer science, robotics, and advanced-technology teaching and research, offers the company tremendous insight into the latest developments in areas critical to commercial innovation and manufacturing process improvement. As an authority on environmental and water resource systems analysis, Dr. Cohon also brings unique perspectives on sustainable business practices, both within our own operations and on behalf of our customers and communities. In addition, Dr. Cohon's more than nine years of service as a member of Trane Inc.'s board provides critical insight into that part of the company's business.

(d) **Gary D. Forsee—**age 60, director since 2007

- President, University of Missouri System since February 2008.
- Chairman of the Board (from 2006-2007) and Chief Executive Officer (from 2005-2007) of Sprint Nextel Corporation.
- Chairman of the Board and Chief Executive Officer of Sprint Corporation from 2003 to 2005.
- Vice Chairman—Domestic Operations of BellSouth Corporation from 2002 to 2003.
- Vice Chairman and President of BellSouth International from 2001 to 2002.
- Current Directorships:
    - Great Plains Energy Inc.
- Other Directorships Held in the Past Five Years:
    - Goodyear Tire & Rubber Co.
    - Sprint Corporation
    - Sprint Nextel Corporation
- Other Activities:
    - Trustee, National Board of Trustees, Boy Scouts of America
    - Trustee, National Association of Basketball Coaches Foundation

- Trustee, Midwest Research Institute
- Executive Advisory Board, Wind Point Partners

In addition to his broad operational and financial expertise, Mr. Forsee's experience as chairman and chief executive officer with the third largest U.S. firm in the global telecommunications industry offers a deep understanding of the challenges and opportunities within markets experiencing significant technology-driven change. His current role as president of a major university system provides insight into the company's talent development initiatives, which remain a critical enabler to Ingersoll Rand's long-term success. Mr. Forsee's membership on the board of an energy services utility also benefits the company as it seeks to achieve more energy efficient operations and customer solutions.

(e) Peter C. Godsoe—age 71, director since 1998

- Chairman of the Board and Chief Executive Officer of The Bank of Nova Scotia (a Canadian-based international bank) from 1995 until retirement in 2004.
- Current Directorships:
  - Barrick Gold Corporation
  - Onex Corporation
  - Rogers Communications Inc.
- Other Directorships Held in the Past Five Years:
  - Fairmont Hotels & Resorts Inc.
  - Lonmin plc
  - Sobeys Inc.
  - Templeton Emerging Markets Investment Trust plc
- Other Activities:
  - Director, Perimeter Institute for Theoretical Physics
  - Director, Canadian Council of Christians and Jews
  - Director, Mount Sinai Hospital

Mr. Godsoe's nearly four decades of experience with a major Canadian bank, including a decade as its chairman and chief executive officer, brings valuable discernment to all aspects of Ingersoll Rand's financial affairs. His international perspective provides important insight into global financial markets and his deep understanding of financial instruments lends critical guidance for the company's financing arrangements and overall financial position. The company also benefits from Mr. Godsoe's board memberships, which comprise precious-metals production, telecommunications and private equity firms that enhance our visibility into key economic trends and technological developments.

(f) Edward E. Hagenlocker—age 70, director since 2008

- Vice-Chairman of Ford Motor Company from 1996 until his retirement in 1999.
- Chairman of Visteon Automotive Systems from 1997 to 1999.
- Current Directorships:
  - Air Products and Chemicals, Inc.
  - AmeriSourceBergen Corporation

- Other Directorships Held in the Past Five Years:
  - Alcatel-Lucent
  - Lucent Technologies Inc.
  - Office Max Corporation
  - Trane Inc.

  Mr. Hagenlocker's nearly 35 years in the automotive industry, including experience as the vice chairman of the largest independent U.S. automotive company and as chairman of a major automotive systems supplier, brings to Ingersoll Rand extensive expertise in global manufacturing, engineering, design, marketing and channel management, as well as consumer-focused business disciplines. Mr. Hagenlocker's seven years of service as a member of Trane Inc.'s board provides critical insight into that part of the company's business. In addition, his board memberships include businesses engaged in the manufacture of specialty and atmospheric gases for industrial processes, which provides insight into new technologies for our operations, and pharmaceutical distribution and services, which enhances our understanding of trends and developments in the healthcare sector.

(g) Constance J. Horner—age 68, director since 1994

- Guest Scholar at the Brookings Institution from 1993 to 2005.
- Commissioner of U.S. Commission on Civil Rights from 1993 to 1998.
- Assistant to the President and Director of Presidential Personnel from 1991 to 1993.
- Deputy Secretary, U.S. Department of Health and Human Services from 1989 to 1991.
- Current Director of:
  - Pfizer Inc.
  - Prudential Financial, Inc.
- Other Directorships Held in the Past Five Years: None
- Other Activities:
  - Trustee, The Prudential Foundation
  - Fellow, National Academy of Public Administration

  Ms. Horner's substantial leadership experience and public-policy expertise resulting from her service in two presidential administrations and several U.S. government departments provides Ingersoll Rand with important perspective on matters that directly affect the company's operations and financial affairs. In particular, Ms. Horner has deep insight into employee relations, talent development, diversity, operational management and healthcare through her leadership positions at various federal departments and commissions. Ms. Horner's board memberships afford ongoing engagement in the areas of healthcare, risk management and financial services, all of which have a direct influence on Ingersoll Rand's success.

(h) Michael W. Lamach—age 46, director since February 2010

- President and Chief Executive Officer (since February 2010) of the Company.
- President and Chief Operating Officer of the Company from February 2009 to February 2010.
- Senior Vice President and President, Trane Commercial Systems, of the Company from June 2008 to September 2009.
- Senior Vice President and President, Security Technologies, of the Company from February 2004 to June 2008.

- Current Director of:
  - Iron Mountain Incorporated
- Other Directorships Held in the Past Five Years: None

  Mr. Lamach's extensive career of successfully leading global businesses, including six years with Ingersoll Rand, brings significant experience and expertise to the company's management and governance. His 25 years of business leadership encompasses global automotive components, controls, security and HVAC systems businesses, representing a broad and diverse range of products and services, markets, channels, applied technologies, and operational profiles. In his most recent role as president and chief operating officer of the company, he was instrumental in driving strong productivity improvement and cost savings across the company's global operations. Mr. Lamach's board membership with a leading information management systems firm provides ongoing insight into trends and developments in the critical areas of data security and information protection and retention.

(i) Theodore E. Martin—age 70, director since 1996

- President and Chief Executive Officer of Barnes Group Inc. (manufacturer and distributor of automotive and aircraft components and maintenance products) from 1995 until retirement in 1998.
- Current Directorships:
  - C. R. Bard, Inc.
  - Strong Tool Company
  - Unisys Corporation
- Other Directorships Held in the Past Five Years:
  - Applied Biosystems Inc.
- Other Activities:
  - Chairman, Edna McConnell Clark Foundation
  - Trustee (emeritus), Syracuse University

  Mr. Martin's experience as chief executive officer of a diversified global industrial firm lends valuable and direct expertise across all aspects of Ingersoll Rand's operational and financial activities. In particular, Mr. Martin's leadership of a large industrial manufacturing organization provides practical insight to help drive the company's long-term productivity initiatives. His board memberships, which include organizations at the forefront of healthcare products and information technology, enhance the company's access to important developments in these sectors.

(j) Orin R. Smith—age 74, director since 1995

- Chairman and Chief Executive Officer of Engelhard Corporation (provider of specialty chemical products, engineered materials and industrial commodities management services for various industries) from 1995 until retirement in 2000.
- President and Chief Executive Officer of Engelhard Corporation from 1984 to 1995.
- Current Directorships: None
- Other Directorships Held in the Past Five Years:
  - Applied Biosystems Inc.
  - Vulcan Materials Company

- Other Activities:
  - Trustee, Centenary College
  - Trustee, Duxbury Bay Maritime School
  - Trustee, Naval War College Foundation

  Mr. Smith's distinguished career, including as chairman and chief executive officer for a leading global specialty chemicals and engineered materials firm, provides a wealth of insight for the company's operational and financial affairs as well as an expert resource in the areas of applied technology and product innovation. His other board memberships have included firms engaged in construction, insurance, banking and trading, all of which are relevant to the company's strategic business plan.

(k) Richard J. Swift—age 65, director since 1995

- Chairman of Financial Accounting Standards Advisory Council from January 2002 until December 2006.
- Chairman, President and Chief Executive Officer of Foster Wheeler Ltd. (provider of design, engineering, construction, manufacturing, management and environmental services) from 1994 until 2001.
- Current Directorships:
  - CVS Caremark Corporation
  - Hubbell Incorporated
  - Kaman Corporation
  - Public Service Enterprise Group
- Other Directorships Held in the Past Five Years: None

  Mr. Swift's experience as chairman and chief executive officer of a global engineering firm and his five-year leadership of the advisory organization to a major accounting standards board imparts substantial expertise to all of the company's operational and financial matters. His leadership of an organization that was instrumental in some of the world's most significant engineering projects enables unique insight into the complex systems involved in the efficient and effective development of buildings and industrial operations, which represent key global market segments for Ingersoll Rand's products and services. Mr. Swift's board memberships include firms engaged in the manufacture and distribution of industrial, electrical and electronic products, which directly correspond to key elements of the company's growth and operational strategies.

(l) Tony L. White—age 63, director since 1997

- Chairman, President and Chief Executive Officer of Applied Biosystems Inc. (a developer, manufacturer and marketer of life science systems and genomic information products) from 1995 until retirement in 2008.
- Executive Vice President of Baxter International Inc. (provider of medical products and services) from 1993 to 1995.
- Current Directorships:
  - C.R. Bard, Inc.
- Other Directorships Held in the Past Five Years:
  - Applied Biosystems Inc.
  - AT&T Corp.

- Other Activities:
  - Director, Singapore Government Development Agency SPRING (Standards, Productivity and Innovation)

    Mr. White's extensive management experience, including 13 years as chairman and chief executive officer of an advanced-technology life sciences firm, provides substantial expertise and guidance across all aspects of Ingersoll Rand's operational and financial affairs. In particular, Mr. White's leadership of an organization whose success was directly connected to innovation and applied technologies aligns with the company's own focus on innovation as a key source of growth. The company benefits from Mr. White's ongoing board memberships, where developments related to biotechnology and healthcare delivery systems can offer instructive process methodologies to accelerate our innovation efforts.

Item 2. Approval of Executive Pay-For-Performance Compensation Policies and Procedures

Many of our shareholders have expressed an interest in a non-binding advisory vote on the overall executive pay-for-performance compensation policies and procedures employed by the Company, as described in the Compensation Discussion and Analysis (CD&A) in this Proxy Statement. We believe that both the Company and shareholders benefit from responsive corporate governance policies and constructive and consistent dialogue. Thus, with Board of Directors' approval, the Company announced in October 2008 that the Company would provide shareholders with the right to cast an advisory vote on our compensation program at the annual meeting of our shareholders.

This proposal, commonly known as a "Say-on-Pay" proposal, gives you as a shareholder the opportunity to endorse or not endorse our executive pay program and policies through the following resolution:

> **"Resolved, that the shareholders approve the overall executive pay-for-performance compensation policies and procedures guided by the Company's five design principles (general program competitiveness, pay for performance, internal parity, alignment with various business strategies and shareholder alignment) and employed by the Company, as described in the Compensation Discussion and Analysis in this Proxy Statement."**

Because your vote is advisory, it will not be binding upon the Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

In considering your vote, please be advised that our compensation policies and procedures are guided by five design principles, as described in the CD&A in this Proxy Statement:

- *General program competitiveness*
- *Pay for performance*
- *Internal parity*
- *Alignment with various business strategies*
- *Shareholder alignment*

By following these five design principles, we believe that our compensation policies and procedures enable a pay-for-performance culture and are strongly aligned with the long-term interests of our shareholders.

The Board of Directors recommends a vote FOR this proposal approving the pay-for-performance compensation policies and procedures employed by the Company.

Item 3. Approval of Appointment of Independent Auditors

Shareholders are being asked to appoint our independent auditors and to authorize the Audit Committee of our Board of Directors to set the auditors' remuneration. At the Annual General Meeting, shareholders will be asked to appoint PricewaterhouseCoopers ("PwC") as our independent auditors for the fiscal year ending December 31, 2010, and to authorize the Audit Committee of our Board of Directors to set the independent auditors' remuneration. PwC has been acting as our independent auditors for many years and, both by virtue of its long familiarity with the Company's affairs and its ability, is considered best qualified to perform this important function.

Representatives of PwC will be present at the Annual General Meeting and will be available to respond to appropriate questions. They will have an opportunity to make a statement if they so desire.

The Board of Directors recommends a vote FOR the proposal to appoint PwC as independent auditors of the Company and to authorize the Audit Committee of the Board of Directors to set the auditors' remuneration.

Audit Committee Report

While management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls, the Audit Committee reviews the Company's audited financial statements and financial reporting process on behalf of the Board of Directors. The independent auditors are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. The Audit Committee monitors those processes. In this context, the Audit Committee has met and held discussions with management and the independent auditors regarding the fair and complete presentation of the Company's results. The Audit Committee has discussed significant accounting policies applied by the Company in its financial statements, as well as alternative treatments. Management has represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with United States generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Audit Committee also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (Communication With Audit Committees), as adopted by the Public Company Accounting Oversight Board (United States).

In addition, the Audit Committee has received and reviewed the written disclosures and the letter from PwC required by the Public Company Accounting Oversight Board regarding PwC's communications with the Audit Committee concerning independence and discussed with PwC the auditors' independence from the Company and its management in connection with the matters stated therein. The Audit Committee also considered whether the independent auditors' provision of non-audit services to the Company is compatible with the auditors' independence. The Audit Committee has concluded that the independent auditors are independent from the Company and its management.

The Audit Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets separately with the internal and independent auditors, with and without management present, to discuss the results of their examinations, the evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, for filing with the Securities and Exchange Commission (the "SEC"). The Audit Committee has selected PwC, subject to shareholder approval, as the Company's independent auditors for the fiscal year ending December 31, 2010.

AUDIT COMMITTEE

Richard J. Swift (Chair)
Ann C. Berzin
Peter C. Godsoe
Edward E. Hagenlocker
Theodore E. Martin

Fees of the Independent Auditors

The following table shows the fees paid or accrued by the Company for audit and other services provided by PwC for the fiscal years ended December 31, 2009 and 2008:

	2009	2008
Audit Fees(a)	$15,510,000	$16,671,000
Audit-Related Fees(b)	493,000	100,000
Tax Fees(c)	4,600,000	3,890,000
All Other Fees(d)	12,000	301,000
Total	$20,615,000	$20,962,000

(a) Audit Fees for the fiscal years ended December 31, 2009 and 2008, respectively, were for professional services rendered for the audits of the annual consolidated financial statements of the Company and include quarterly reviews, statutory audits, issuance of consents, comfort letters and assistance with, and review of, documents filed with the SEC. Audit fees for December 31, 2009 and December 31, 2008, also include fees related to the audit of internal controls.

(b) Audit-Related Fees consist of assurance and related services that are reasonably related to performing the audit and review of our financial statements. Audit-Related Fees for the year ended December 31, 2009 include services related to audits of employee benefit plans and certain services associated with abandoned and unclaimed property work. The Audit-Related Fees for the year ended December 31, 2008 include services related to audits performed in connection with dispositions, audits of employee benefit plans and special reports pursuant to agreed-upon procedures.

(c) Tax Fees for the year ended December 31, 2009 include consulting and compliance services in the U.S. and non-U.S. locations. Tax Fees for the year ended December 31, 2008 include consulting services in the U.S. and non-U.S. locations and tax compliance services primarily in non-U.S. locations.

(d) All Other Fees for the year ended December 31, 2009 include license fees for technical accounting software. All Other Fees for the year ended December 31, 2008 include consulting services in the U.S. and non-U.S. locations and license fees for technical accounting software.

The Audit Committee has adopted policies and procedures which require that the Audit Committee pre-approve all non-audit services that may be provided to the Company by its independent auditors. The policy: (i) provides for pre-approval of an annual budget for each type of service; (ii) requires Audit Committee approval of specific projects over $100,000, even if included in the approved budget; and (iii) requires Audit Committee approval if the forecast of expenditures exceeds the approved budget on any type of service. The Audit Committee pre-approved all of the services described under "Audit-Related Fees," "Tax Fees" and "All Other Fees." The Audit Committee has determined that the provision of all such non-audit services is compatible with maintaining the independence of PwC.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of April 6, 2010 (the "Record Date"), the beneficial ownership of our ordinary shares by (i) each current director and director nominee of the Company, (ii) each current executive officer of the Company named in the Summary Compensation Table below, and (iii) all current directors and executive officers of the Company as a group:

Name	Ordinary Shares(a)	Notional Shares(b)	Options Exercisable Within 60 Days(c)
A.C. Berzin	10,917	14,199	9,000
J. Bruton	—	—	—
J.L. Cohon	19,720	1,640	81,792
G.D. Forsee	13,813	—	—
P.C. Godsoe	6,000	36,533	—
E.E. Hagenlocker	8,261	558	40,608
H.L. Henkel	17,562	435,197	2,689,291
C.J. Horner	1,791	32,260	—
T.E. Martin	13,695	57,308	13,500
O.R. Smith	34,834	45,023	13,500
R.J. Swift	11,484	44,600	9,000
T.L. White	17,260	33,789	13,500
M.W. Lamach	18,178	44,157	350,911
S. R. Shawley	59,363	30,354	254,145
S. B. Hochhauser	7,665	1,659	17,500
P. Nachtigal	86,662	—	455,561
All current directors and executive officers as a group (23 persons)(d)	367,433	867,547	4,466,737

(a) Represents ordinary shares held directly, unvested shares, including any RSUs or Performance Share units, that vest or are distributable within 60 days of the Record Date and ordinary shares held by the trustee under the Ingersoll-Rand Company Employee Savings Plan ("ESP") for the benefit of executive officers. No director or executive officer of the Company owns 1% or more of the Company's ordinary shares.

(b) Represents ordinary shares and ordinary share equivalents notionally held under the IR Directors Deferred Compensation Plan (the "DDCP I") and the IR Directors Deferred Compensation and Stock Award Plan II (the "DDCP II" and, together with the DDCP I, referred to as the "DDCP Plans") (both of which are referred to below under the heading "Compensation of Directors"), the IR Executive Deferred Compensation Plan (the "EDCP Plan I") and the IR Executive Deferred Compensation Plan II (the "EDCP Plan II" and, together with the EDCP Plan I, the "EDCP Plans") and the Trane Deferred Compensation Plan (the "TDCP"); the directors and executive officers have no voting or investment power with respect to these shares or share equivalents.

(c) Represents ordinary shares as to which directors and executive officers had options exercisable within 60 days of the Record Date, under the Company's Incentive Stock Plans.

(d) The Company's ordinary shares beneficially owned by all directors and current executive officers as a group (including shares issuable under exercisable options) aggregated approximately 1.5% of the total outstanding ordinary shares. Ordinary shares and ordinary share equivalents notionally held under the DDCP Plans, the EDCP Plans and the TDCP and common share equivalents resulting from dividends on deferred stock awards are not counted as outstanding shares in calculating these percentages because they are not beneficially owned; the directors and executive officers have no voting or investment power with respect to these shares or share equivalents.

The following table sets forth each shareholder which, as of the Record Date, is known by us to be the beneficial owner of more than 5% of the outstanding ordinary shares of the Company:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(a)
AXA Assurances I.A.R.D Mutuelle AXA Assurances Vie Mutuelle, 26, rue Drouot 75009 Paris, France AXA 25, avenue Matignon 75008 Paris, France AXA Financial, Inc. 1290 Avenue of the Americas New York, New York 10104 (collectively, the "AXA Group")	36,650,516(b)	11.4%
Fidelity Management and Research LLC 82 Devonshire Street Boston, MA 02109	32,585,723(c)	10.1%
Wellington Management Company, LLP 75 State Street Boston, MA 02109	20,229,384(d)	6.3%

(a) The ownership percentages set forth in this column are based on the Company's outstanding ordinary shares on the Record Date and assumes that each of the beneficial owners continued to own the number of shares reflected in the table above on such date.

(b) Information regarding the AXA Group and their stockholdings was obtained from a Schedule 13G (Amendment No. 1) filed with the SEC on February 12, 2010. The filing indicated that, as of December 31, 2009, certain members of the AXA Group had sole voting power as to 29,277,974 of such shares and sole dispositive power as to 36,650,516 of such shares.

(c) Information regarding Fidelity Management and Research LLC and its stockholdings was obtained from a Schedule 13G (Amendment No. 1) filed with the SEC on February 16, 2010. The filing indicated that, as of December 31, 2009, Fidelity Management and Research LLC had sole voting power as to 4,380,731 of such shares and sole dispositive power as to 32,585,723 of such shares.

(d) Information regarding Wellington Management Company, LLP and its stockholdings was obtained from a Schedule 13G filed with the SEC on February 12, 2010. The filing indicated that, as of December 31, 2009, Wellington Management Company, LLP had shared voting power as to 14,940,124 of such shares and shared dispositive power as to 20,229,384 of such shares. Wellington Management Company, LLP had no sole voting or dispositive power as to any of such shares.

Equity Compensation Plan Information

The following table provides information as of December 31, 2009, with respect to the Company's ordinary shares that may be issued under equity compensation plans:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights*	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by security holders	33,073,312	$29.70	14,970,427
Equity compensation plans not approved by security holders	—	—	—
Total	33,073,312	$29.70	14,970,427

* Includes shares that have been earned by plan participants who have elected to defer the distribution of such shares.

Proxy Statement

CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our Corporate Governance Guidelines, together with the charters of the various Board committees, provide a framework for the corporate governance of the Company. The following is a summary of our Corporate Governance Guidelines. You can find a copy of our Corporate Governance Guidelines, which include our guidelines for determining the independence of directors, attached to this Proxy Statement as Appendix B. In addition, our Corporate Governance Guidelines, as well as the charters of each of our Board committees, are available on our website at *www.ingersollrand.com* under the heading “Investor Relations—Corporate Governance.”

Role of the Board of Directors

The Company’s business is managed under the direction of the Board of Directors. The role of the Board is to oversee the management and governance of the Company and monitor senior management’s performance.

Board Responsibilities

The Board’s core responsibilities include:

- selecting, monitoring, evaluating and compensating senior management;
- assuring that management succession planning is ongoing;
- reviewing the Company’s financial controls and reporting systems;
- reviewing the Company’s ethical standards and compliance procedures; and
- evaluating the performance of the Board, Board committees and individual directors.

Board Leadership Structure

The positions of Chairman of the Board and CEO at the Company are held by the same person, except in unusual circumstances, such as during a CEO transition. This policy has worked well for the Company. It is the Board’s view that the Company’s corporate governance principles, the quality, stature and substantive business knowledge of the members of the Board, as well as the Board’s culture of open communication with the CEO and senior management are conducive to Board effectiveness with a combined Chairman and CEO position.

In addition, the Board has a strong, independent Lead Director and it believes this role adequately addresses the need for leadership and an organizational structure for the independent directors. The Board appoints a Lead Director for a three-year minimum term from among the Board’s independent directors. The Lead Director coordinates the activities of all of the Board’s independent directors. The Lead Director is the principal confidant to the CEO and ensures that the Board has an open, trustful relationship with the company’s senior management team. In addition to the duties of all directors, as set forth in the Company’s Governance Guidelines, the specific responsibilities of the Lead Director are as follows:

- Chair the meetings of the independent directors when the Chairman is not present;
- Ensure the full participation and engagement of all Board members in deliberations;
- Lead the Board in all deliberations involving the CEO’s employment, including hiring, contract negotiations, performance evaluations, and dismissal;
- Counsel the CEO on issues of interest/concern to directors and encourage all directors to engage the CEO with their interests and concerns;
- Work with the CEO to develop an appropriate schedule of Board meetings, seeking to ensure that the directors can perform their duties responsibly, while not interfering with the flow of Company operations;
- Work with the CEO to develop the Board and Committee agendas and approve the final agendas;

- Keep abreast of key Company activities and advise the CEO as to the quality, quantity and timeliness of the flow of information from Company management that is necessary for the directors to effectively and responsibly perform their duties; although Company management is responsible for the preparation of materials for the Board, the Lead Director may specifically request the inclusion of certain material;
- Engage consultants who report directly to the Board and assist in recommending consultants that work directly for Board Committees;
- Work in conjunction with the Corporate Governance and Nominating Committee in compliance with Governance Committee processes to interview all Board candidates and make recommendations to the Board;
- Assist the Board and Company officers in assuring compliance with and implementation of the Company's Governance Guidelines; work in conjunction with the Corporate Governance Committee to recommend revisions to the Governance Guidelines;
- Coordinate, develop the agenda for and chair executive sessions of the Board's independent directors; act as principal liaison between the independent directors and the CEO on sensitive issues;
- Work in conjunction with the Corporate Governance and Nominating Committee to identify for appointment the members of the various Board Committees, as well as selection of the Committee chairs;
- Make commitment to serve in role of Lead Director for a minimum of three years; and
- Help set the tone for the highest standards of ethics and integrity.

Board Risk Oversight

The Board has oversight responsibility of the processes established to report and monitor systems for material risks applicable to the Company. The Board focuses on the Company's general risk management strategy and the most significant risks facing the Company and ensures that appropriate risk mitigation strategies are implemented by management. The Board has delegated to its various committees the oversight of risk management practices for categories of risk relevant to their functions. For example, the Audit Committee oversees risks associated with the Company's systems of disclosure controls and internal controls over financial reporting as well as the Company's compliance with legal and regulatory requirements. The Finance Committee oversees risks associated with foreign exchange, insurance, credit and debt. The Corporate Governance and Nominating Committee oversees risks associated with sustainability. The Compensation Committee considers risks related to the attraction and retention of talent and risks related to the design of compensation programs and arrangements. The full Board is responsible for considering strategic risks and succession planning and, at each Board meeting, receives reports from each Committee as to risk oversight within their areas of responsibility.

The Company has appointed the Chief Financial Officer as its Chief Risk Officer and, in that role, the Chief Risk Officer periodically reports on risk management policies and practices to the relevant Board Committee or to the full Board so that any decisions can be made as to any required changes in the Company's risk management and mitigation strategies or in the Board's oversight of these.

Finally, as part of its oversight of the Company's executive compensation program, the Compensation Committee considers the impact of the Company's executive compensation program, and the incentives created by the compensation awards that it administers, on the Company's risk profile. In addition, the Company reviews all of its compensation policies and procedures, including the incentives that they create and factors that may reduce the likelihood of excessive risk taking, to determine whether they present a significant risk to the Company. Based on this review, the Company has concluded that its compensation policies and procedures are not reasonably likely to have a material adverse effect on the Company.

Director Compensation and Stock Ownership

It is the policy of the Board that directors' fees be the sole compensation received from the Company by any non-employee director. The Company has a share ownership requirement of 20,000 ordinary shares for all non-employee directors. Directors are required to spend at least $50,000 annually to purchase ordinary shares until they reach the 20,000 share ownership level.

Board Size and Composition

The Board consists of a substantial majority of independent, non-employee directors. In addition, our Corporate Governance Guidelines require that all members of the committees of the Board must be independent directors. The Board has the following four standing committees: Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Finance Committee. The Board of Directors has determined that each member of each of these committees is "independent" as defined in the NYSE listing standards. Committee memberships and chairs are rotated periodically.

Board Diversity

The Company's policy on Board diversity relates to the selection of nominees for the Board. In selecting a nominee for the Board, the Corporate Governance and Nominating Committee considers the skills, expertise and background that would complement the existing Board and ensure that its members are of sufficiently diverse and independent backgrounds, recognizing that the Company's businesses and operations are diverse and global in nature. The Board has three female directors, one African-American director and one Hispanic director out of a total of 14 directors, as of the date of this Proxy Statement.

Board Advisors

The Board and its committees may, under their respective charters, retain their own advisors to carry out their responsibilities.

Executive Sessions

The Company's independent directors meet privately in regularly scheduled executive sessions, without management present, to consider such matters as the independent directors deem appropriate. These executive sessions are required to be held no less than twice each year.

Board Evaluation

The Corporate Governance and Nominating Committee assists the Board in evaluating its performance and the performance of the Board committees. Each committee also conducts an annual self-evaluation. The effectiveness of individual directors is considered each year when the directors stand for re-nomination.

Director Orientation and Education

The Company has developed an orientation program for new directors and provides continuing education for all directors. In addition, the directors are given full access to management and corporate staff as a means of providing additional information.

Director Nomination Process

The Corporate Governance and Nominating Committee reviews the composition of the full Board to identify the qualifications and areas of expertise needed to further enhance the composition of the Board, makes recommendations to the Board concerning the appropriate size and needs of the Board and, on its own or with the assistance of management or others, identifies candidates with those qualifications. In considering candidates, the Corporate Governance and Nominating Committee will take into account all factors it considers appropriate, including breadth of experience, understanding of business and financial issues, ability to exercise sound judgment, diversity, leadership, and achievements and experience in matters affecting business and industry. The Corporate Governance and Nominating Committee considers the entirety of each candidate's credentials and believes that at a minimum each nominee should satisfy the following criteria: highest character and integrity, experience and understanding of strategy and policy-setting, sufficient time to devote to Board matters, and no conflict of interest that would interfere with performance as a director. Shareholders may recommend candidates for consideration for Board membership by sending the recommendation to the Corporate Governance and Nominating Committee, in care of the Secretary of the Company. Candidates recommended by shareholders are evaluated in the same manner as director candidates identified by any other means.

Director Independence

The Board has determined that all of our current directors, except H. L. Henkel, P. Nachtigal (who are both retiring from the Board in June 2010) and M.W. Lamach, who are employees of the Company, are independent under the standards set forth in Exhibit I to our Corporate Governance Guidelines, which are consistent with the NYSE listing standards. A copy of Exhibit I to our Corporate Governance Guidelines is available at our website, *www.ingersollrand.com*, under the heading "Investor Relations—Corporate Governance." In making its determination, the Board examined relationships between directors or their affiliates with the Company and its affiliates and determined that each such relationship did not impair the director's independence. In particular, with respect to each of the most recent three completed fiscal years, the Board considered that the Company purchased products from Sprint Nextel Corporation, where Mr. Forsee served as Chairman of the Board and Chief Executive Officer until October 2007, in aggregate amounts substantially less than 1% of the revenues of each of the Company and Sprint Nextel Corporation in any such year. Consequently, the Board determined that this relationship did not affect Mr. Forsee's status as an independent director.

Communications with Directors

Shareholders and other interested parties wishing to communicate with the Board, the non-employee directors or any individual director (including our Lead Director and Compensation Committee Chair) may do so either by sending a communication to the Board and/or a particular Board member, in care of the Secretary of the Company, or by e-mail at *irboard@irco.com*. Depending upon the nature of the communication and to whom it is directed, the Secretary will: (a) forward the communication to the appropriate director or directors; (b) forward the communication to the relevant department within the Company; or (c) attempt to handle the matter directly (for example, a communication dealing with a share ownership matter).

Code of Conduct

The Company has adopted a worldwide Code of Conduct, applicable to all employees, directors and officers, including our Chief Executive Officer, our Chief Financial Officer and our Controller. The Code of Conduct meets the requirements of a "code of ethics" as defined by Item 406 of Regulation S-K as well as the requirements of a "code of business conduct and ethics" under the NYSE listing standards. The Code of Conduct covers topics including, but not limited to, conflicts of interest, confidentiality of information, and compliance with laws and regulations. A copy of the Code of Conduct is available at our website located at *www.ingersollrand.com* under the heading "Investor Relations—Corporate Governance." Amendments to, or waivers of the provisions of, the Code of Conduct, if any, made with respect to any of our directors and executive officers will be posted on our website.

Committees of the Board

Audit Committee

Members: Richard J. Swift (Chair)
Ann C. Berzin
Peter C. Godsoe
Edward E. Hagenlocker
Theodore E. Martin

Key Functions:

- Review annual audited and quarterly financial statements, as well as the Company's disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations," with management and the independent auditors.
- Obtain and review periodic reports, at least annually, from management assessing the effectiveness of the Company's internal controls and procedures for financial reporting.
- Review the Company's processes to assure compliance with all applicable laws, regulations and corporate policy.
- Recommend the public accounting firm to be proposed for appointment by the shareholders as our independent auditors and review the performance of the independent auditors.
- Review the scope of the audit and the findings and approve the fees of the independent auditors.
- Approve in advance permitted audit and non-audit services to be performed by the independent auditors.
- Satisfy itself as to the independence of the independent auditors and ensure receipt of their annual independence statement.

The Board of Directors has determined that each member of the Audit Committee is "independent" for purposes of the applicable rules and regulations of the SEC and as defined in the NYSE listing standards and has determined that each member of the Audit Committee meets the qualifications of an "audit committee financial expert," as that term is defined by rules of the SEC.

A copy of the charter of the Audit Committee is available at our website, *www.ingersollrand.com*, under the heading "Investor Relations—Corporate Governance."

Compensation Committee

Members: Orin R. Smith (Chair)
John Bruton
Jared L. Cohon
Gary D. Forsee
Constance J. Horner
Tony L. White

Key Functions:

- Establish executive compensation policies.
- Review and approve the goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance against those goals and objectives and set the Chief Executive Officer's compensation level based on this evaluation.

- Approve compensation of officers and key employees.
- Administer the Company's equity compensation plans.
- Review and recommend changes in principal employee benefit programs.

For a discussion concerning the processes and procedures for determining executive and director compensation and the role of executive officers and compensation consultants in determining or recommending the amount or form of compensation, see "Compensation Discussion and Analysis" and "Compensation of Directors", respectively.

The Board of Directors has determined that each member of the Compensation Committee is "independent" for purposes of the applicable rules and regulations of the SEC and as defined in the NYSE listing standards. In addition, the Board has determined that each member of the Compensation Committee qualifies as a "Non-Employee Director" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 and an "outside director" within the meaning of Section 162(m) of the Code.

A copy of the charter of the Compensation Committee is available at our website, *www.ingersollrand.com*, under the heading "Investor Relations—Corporate Governance."

Corporate Governance and Nominating Committee

Members: Gary D. Forsee (Chair)
John Bruton
Jared L. Cohon
Constance J. Horner
Orin R. Smith
Tony L. White

Key Functions:

- Identify individuals qualified to become directors and recommend the candidates for all directorships.
- Recommend individuals for election as officers.
- Review the Company's Corporate Governance Guidelines and make recommendations for changes.
- Consider questions of independence and possible conflicts of interest of directors and executive officers.
- Take a leadership role in shaping the corporate governance of the Company.
- Oversee the Company's sustainability efforts.

The Board of Directors has determined that each member of the Corporate Governance and Nominating Committee is "independent" for purposes of the applicable rules and regulations of the SEC and as defined in the NYSE listing standards.

A copy of the charter of the Corporate Governance and Nominating Committee is available at our website, *www.ingersollrand.com*, under the heading "Investor Relations—Corporate Governance."

Finance Committee

Members: Peter C. Godsoe (Chair)
Ann C. Berzin
Edward E. Hagenlocker
Theodore E. Martin
Richard J. Swift

Key Functions:

- Review proposed borrowings and issuances of securities.
- Recommend to the Board the dividends to be paid on our common shares.
- Review cash management policies.
- Review periodic reports of the investment performance of the Company's employee benefit plans.

The Board of Directors has determined that each member of the Finance Committee is "independent" for purposes of the applicable rules and regulations of the SEC and as defined in the NYSE listing standards.

A copy of the charter of the Finance Committee is available at our website, *www.ingersollrand.com*, under the heading "Investor Relations—Corporate Governance."

Board, Committee and Annual Meeting Attendance

The Board and its committees held the following number of meetings during the fiscal year ended December 31, 2009:

Board	7
Audit Committee	8
Compensation Committee	7
Corporate Governance and Nominating Committee	7
Finance Committee	7

Each incumbent director attended 85% or more of the total number of meetings of the Board and the committees on which he or she served during the year. The Company's non-employee directors held two independent director meetings without management present during the fiscal year 2009.

The Company expects all Board members to attend the annual general meeting, but from time to time other commitments prevent all directors from attending the meeting. All of the directors attended the most recent annual general meeting of shareholders, which was held on June 3, 2009.

Compensation of Directors

Director Compensation

For fiscal year 2009, non-employee directors who have met their share ownership requirement of 20,000 shares received an annual retainer of $175,000 (to be paid in either cash or ordinary shares, or a combination of both, at the option of each non-employee director). Non-employee directors who have not met their share ownership requirement of 20,000 shares received at least $52,500 of the $175,000 annual retainer in the form of ordinary shares and had the option to elect to receive a higher percentage of their annual retainer in the form of ordinary shares. When board or committee meetings exceeded the regularly scheduled meetings (6 meetings for the Board and each Committee other than Audit, and 8 meetings for the Audit Committee) or when unscheduled planning sessions were held at the request of management, each non-employee director received an additional $2,500 for attending such meeting or session. The chair of the Audit Committee received a $30,000 annual cash retainer and the chairs of the Compensation Committee, Corporate Governance and Nominating Committee and Finance Committee each received a $10,000 annual cash retainer. Each director who served as Lead Director received, on a pro-rated basis, a $15,000 annual cash retainer and each Audit Committee member (other than the Audit Committee chair) received a $5,000 annual cash retainer. In addition, each non-employee director will be provided with a tax equalization payment (i.e., an amount equal to the excess of Irish tax on the portion of each director's remuneration taxed in Ireland over the equivalent U.S. tax on that amount grossed up by each director's marginal tax rate).

Effective April 1, 2010, non-employee directors' annual retainer will be increased to $240,000. Directors are required to spend at least $50,000 annually to acquire shares until they have reached the 20,000 share ownership level. When Board or Committee meetings exceed the regularly scheduled meetings (6 meetings for the Board and each Committee other than Audit, and 8 meetings for the Audit Committee) or when unscheduled planning sessions are held at the request of management, each non-employee director will receive an additional $2,500 for attending such meeting or session. The chair of the Compensation Committee will receive a $15,000 annual cash retainer, and the chairs of the Corporate Governance and Nominating Committee and Finance Committee each will receive a $10,000 annual cash retainer. The Lead Director will receive a $50,000 annual cash retainer and each Audit Committee member (other than the Audit Committee chair) will receive a $5,000 annual cash retainer. In addition, each non-employee director will be provided with a tax equalization payment (i.e., an amount equal to the excess of Irish tax on the portion of each director's remuneration taxed in Ireland over the equivalent U.S. tax on that amount grossed up by each director's marginal tax rate).

Director Deferred Compensation

The DDCP Plans are unfunded, non-qualified plans that enable non-employee directors to defer receipt of all or a part of their cash retainer and other fees. In light of the American Jobs Creation Act of 2004, a "mirror plan" for the DDCP I was created (referred to in this Proxy Statement as the DDCP II). The purpose of this mirror plan is not to provide additional benefits to directors, but merely to preserve the tax treatment of the original plan, which is a plan that was in place prior to December 31, 2004. Each director is fully vested in amounts credited to the director's deferred compensation account. Prior to August 1, 2007, all 2007 fiscal year distributions under the DDCP Plans were made in cash based on the value of the account at the time of distribution. Effective August 1, 2007, all distributions of credited amounts deemed to be invested in ordinary shares will be settled in ordinary shares at the time of distribution rather than in cash. All distributions of credited amounts deemed to be invested in other investment options will continue to be settled in cash. In December 2008, the Board determined that it would cease deferrals of compensation into the DDCP Plans, effective as of December 31, 2008.

While directors of Trane, Messrs. Cohon and Hagenlocker deferred portions of their director fees into the TDCP, an unfunded deferred compensation plan which allowed for deferrals into either an interest bearing cash account or a stock account invested in notional shares of Trane's common stock. Deferrals into the TDCP by directors were no longer permitted after the acquisition of Trane in June 2008.

2009 Director Compensation

The compensation paid or credited to our non-employee directors for the year ended December 31, 2009, is summarized in the table below:

Name	Fees earned or paid in cash ($)	All Other Compensation ($)(a)	Total ($)
A.C. Berzin	202,768	—	202,768(b)
J. L. Cohon	137,143	52,500	189,643(c)
G.D. Forsee	113,390	92,500	205,890(d)
P.C. Godsoe	192,500	—	192,500(e)
E. E. Hagenlocker	135,813	54,000	189,813(f)
C.J. Horner	187,500	—	187,500(g)
H.W. Lichtenberger	103,079	—	103,079(h)
T.E. Martin	72,230	117,000	189,230(i)
O.R. Smith	22,905	185,000	207,905(j)
R.J. Swift	215,727	—	215,727(k)
T.L. White	198,766	—	198,766(l)

(a) The amounts in this column represent the portion of each non-employee director's annual retainer provided in the form of ordinary shares for fiscal year 2009.

(b) Includes annual retainer, Audit Committee member retainer, Lead Director fees, Board Committee and other meeting or session fees and other fees (gross up amount for any income attributed to spousal attendance at Bermuda meeting and dividends on ordinary shares distributed from the DDCP II).

(c) Includes annual retainer, Board Committee and other meeting or session fees and other fees (gross up amount for any income attributed to spousal attendance at Bermuda meeting and dividends on ordinary shares distributed from the DDCP II).

(d) Includes annual retainer, Board Committee chair retainer, Board Committee and other meeting or session fees and other fees (gross up amount for any income attributed to spousal attendance at Bermuda meeting and dividends on ordinary shares distributed from the DDCP II).

(e) Includes annual retainer, Board Committee chair retainer, Audit Committee member retainer, Board Committee and other meeting or session fees.

(f) Includes annual retainer, Audit Committee member retainer, Board Committee and other meeting or session fees and other fees (gross up amount for any income attributed to spousal attendance at Bermuda meeting and dividends on ordinary shares distributed from the DDCP II).

(g) Includes annual retainer and Board Committee and other meeting or session fees.

(h) Includes annual retainer, Audit Committee member retainer, Board Committee chair retainer, Board Committee and other meeting or session fees and other fees (gross up amount for any income attributed to spousal attendance at Bermuda meeting and dividends on ordinary shares distributed from the DDCP II).

(i) Includes annual retainer, Audit Committee member retainer, Board Committee and other meeting or session fees and other fees (gross up amount for any income attributed to spousal attendance at Bermuda meeting).

(j) Includes annual retainer, Board Committee chair retainer, Board Committee and other meeting or session fees and other fees (gross up amount for any income attributed to spousal attendance at Bermuda meeting and dividends on ordinary shares distributed from the DDCP II).

(k) Includes annual retainer, Board Committee chair retainer, Board Committee and other meeting or session fees and other fees (gross up amount for any income attributed to spousal attendance at Bermuda meeting and dividends on ordinary shares distributed from the DDCP II).

(l) Includes annual retainer, Lead Director fees, Board Committee and other meeting or session fees and other fees (gross up amount for any income attributed to spousal attendance at Bermuda meeting and dividends on ordinary shares distributed from the DDCP II).

For each non-employee director at December 31, 2009, the following table reflects unexercised stock options, all of which are vested:

	Stock Options(#)
A. C. Berzin	9,000
J. L. Cohon	81,792
G. D. Forsee	—
P. C. Godsoe	—
E. E. Hagenlocker	40,608
C. J. Horner	—
H.W. Lichtenberger	18,000
T. E. Martin	18,000
O. R. Smith	13,500
R. J. Swift	9,000
T. L. White	18,000

COMPENSATION DISCUSSION AND ANALYSIS AND EXECUTIVE COMPENSATION

The role of the Compensation Committee, which is composed solely of independent directors, is to oversee the Company's compensation plans and policies, administer its equity-based programs and review and approve all forms of compensation (including grants of stock options and other forms of equity) relating to officers, including the five named executive officers (the "NEOs") shown on the Summary Compensation Table. Decisions regarding which compensation elements and the amounts to be awarded to the Company's Chief Executive Officer ("CEO") are decided exclusively by the Compensation Committee, and the CEO is not informed of these awards until decisions have been made. Decisions regarding compensation for the other officers are made by the Compensation Committee based on recommendations made by management and the CEO. In addition, the Compensation Committee is responsible for reviewing employee benefit plans and making recommendations to the Board of Directors for significant amendments or termination of the Company's executive incentive compensation plans and equity-based plans as well as its principal pension and welfare plans. The full details of the Compensation Committee's duties are described in the Charter of the Compensation Committee, which is available on our website at *www.ingersollrand.com*.

The Compensation Committee has the authority to retain an independent compensation consultant. In 2009 the Compensation Committee retained the services of both Frederic W. Cook & Co., Inc. and Compensation Strategies, Inc. for the purpose of reviewing and providing guidance related to the Company's executive compensation and benefit programs. Neither consultant provided any other service to management of the Company. In mid-2009, Compensation Strategies, Inc. was appointed as the independent advisor and consultant to the Compensation Committee.

In the past year, the Compensation Committee has taken a number of actions, including:

- Adopting a claw-back/recoupment policy for both cash and equity incentive compensation in the event of fraud or intentional misconduct resulting in a need to restate the Company's financial statements;
- Revising the form of the Company's change in control agreements to be issued to new officers appointed on or after May 18, 2009 to eliminate the excise tax gross-up on any payments made pursuant to the change in control agreements and exclude the Performance Share Plan ("PSP") target in the calculation of the severance payments made upon termination following a change in control;
- Eliminating the tax gross-up relating to the CEO's personal use of Company-provided aircraft;
- Amending the Elected Officer Supplemental Pension Plan II to determine service credit for a partial year worked on a prorated basis consistent with the Company's qualified defined pension plan (Pension Plan One). This amendment is applicable for newly employed officers or those executives currently employed who are promoted into an officer position on or after May 18, 2009;
- Amending two executive perquisite programs (the Executive Vehicle Program and the Executive Long-Term Disability Program), resulting in a smaller number of covered participants and a reduction in future cost to the Company;
- Recommending to the Board an amendment, which was approved, to terminate the Elected Officer Supplemental Pension Plan I effective March 1, 2010; and,
- Reviewing comprehensive tally sheets for the CEO, the Chief Operating Officer ("COO") and the Chief Financial Officer ("CFO") which provides members of the Committee with summary information of each NEO's compensation and benefits (Total Compensation) as well as quantifying certain payments under various separation events. Tally sheets are a useful tool that allows the Committee to make informed decisions about compensation adjustments for the NEOs. The Committee will continue to annually review tally sheets for all NEOs.

Compensation Philosophy—Beliefs and Principles

The purpose of the Company's executive compensation programs is to enable the Company to attract, retain, deploy and focus the talents and energies of executives who are capable of meeting the current and future goals of the Company, most notably, the creation of shareholder value.

Below are the five design principles that govern the executive compensation programs:

1. General program competitiveness

Total compensation opportunities within the Company must serve to attract and retain top performing executives. All of the Company's executive compensation program targets are established using relevant market data to ensure their competitiveness. For each component of compensation, we establish our target award levels at or near the median (50^{th} percentile) of the markets in which we operate.

2. Pay for performance

A large percentage of an executive's total compensation opportunity is contingent on, and variable with, performance. Performance is measured on:

a) Multiple metrics of actual annual business unit and/or Company financial performance against pre-established business objectives (through the AIM Plan);

b) The Company's Earnings per Share ("EPS") growth over a multi-year period relative to companies in the S&P 500 Industrial Index (through the PSP Program);

c) Stock price performance (through equity compensation programs), including stock options, restricted stock units ("RSUs") and performance share units ("PSUs"); and

d) The executive's demonstrated ability to achieve Company objectives, develop and carry out strategic initiatives, contribute to both the growth and operational excellence of the Company, and uphold the Company values and the Code of Conduct.

Total compensation can exceed the target award level if performance exceeds the target. Conversely, if performance falls short of the target, total compensation can fall below the target award level.

3. Internal parity

An executive's total compensation opportunity is proportionate with responsibility, scope and complexity, which is a function of each individual's role. Thus, similar jobs are assigned similar compensation opportunities, based on job grading and evaluation.

4. Alignment with various business strategies

The executive compensation programs are structured to be flexible in recognizing that individuals within sectors and business units must focus on specific financial measures to meet the short and long term plans of the business unit for which they are accountable. This principle, in conjunction with the Company-wide philosophy of general competitiveness, pay for performance and internal parity, determines the target award levels for sector and business unit leaders. Thus, it is not only possible but also desirable for certain sector or business unit leaders to earn substantial awards in years when their sector or business unit outperforms the Company as a whole. Conversely, if a sector or business unit fails to meet its annual plan, that sector or business unit's leader may earn a lesser award in that year than his or her peers in a business unit or sector that met or exceeded its goals.

5. Shareholder alignment

The value of the variable compensation components (i.e., AIM plus equity-based awards, which make up a substantial portion of the executive's total compensation mix) is directly linked to the financial performance of the Company and to the value created for the Company's shareholders. Thus, the variable pay programs provide a strong incentive to create shareholder value, and establish clear alignment of the interests of our shareholders and of the executives. Beginning in 2009, the Board of Directors approved the inclusion of an annual shareholder advisory vote on executive compensation (i.e., a "say on pay") to provide shareholders with an additional tool to voice any concerns about executive compensation with a goal of maintaining an alignment of interests between the Company's shareholders and its executives.

Executive Compensation Programs

Program Structure and Compensation Committee Judgment

The Company has designed executive compensation programs to reward performance in relation to targets established for sales, earnings, cash flow and other financial measures, as well as operational excellence and sustained individual performance. As the Company operates in an ever-changing environment that is affected by economic, technological, regulatory and competitive factors beyond our control, the Compensation Committee may consider such factors in its process of setting specific performance targets for AIM awards and in determining the actual value of such awards.

The Company makes decisions relating to program design and pay adjustments in the context of the five design principles and overall compensation objectives described above as well as market best practices. To accomplish these objectives, the Company must have compensation and benefits programs that are competitive relative to the labor markets for our executives while controlling costs for the benefit of our shareholders. It is the Company's intent to set target award levels for each component of compensation at or near the median of the markets in which we operate. The actual compensation realized by a particular executive may be above or below the target award level based on changes to salary, AIM payments and equity-based plan grants. Salary increases, AIM awards and PSP awards are all driven by attainment of some combination of individual, business unit and/or corporate financial measures which are described below. An executive's annual stock option and RSU award is determined by an assessment of potential to drive future business results along with sustained performance. In addition, the target award levels may vary from year to year depending upon changes in compensation related to the labor markets for our executives and employment market competitiveness in general. Therefore, while the Compensation Committee believes that it is important to base compensation decisions on the most recent market data available, it retains the discretion to go above or below the target award levels for any individual or for any specific component of compensation. Although the compensation programs provide the Compensation Committee with formulaic guidelines and a framework within which to set a particular executive's compensation, ultimately, the Compensation Committee uses its collective judgment when determining precisely how much to pay that executive. Consequently, the actual amounts of compensation that we pay to our executives may be more or less than the target award levels in any given year.

Tax and Accounting Considerations

The Company generally intends the variable compensation paid to NEOs to qualify as performance-based within the meaning of Section 162(m) of the Internal Revenue Code so as to be tax deductible by the Company, which benefits our shareholders. In order to qualify as performance based, the compensation must, among other things, be paid pursuant to a shareholder approved plan upon the attainment of objective performance criteria. The Compensation Committee believes that tax deductibility of compensation is an important factor, but not the sole factor, in setting executive compensation policies and in rewarding superior executive performance. Accordingly, although the Compensation Committee generally intends to avoid the loss of a tax deduction due to Section 162(m), it reserves the right, in appropriate circumstances, to pay amounts that are not deductible. In determining variable compensation programs, the Company considers other tax and accounting implications of particular forms of compensation such as the implications of Section 409A of the Code governing deferred compensation arrangements and favorable accounting treatment afforded certain equity based plans that are settled in shares; however, the forms of variable compensation utilized are determined primarily by their effectiveness in providing maximum alignment with key strategic objectives and the interests of our shareholders.

Timing of Awards

All annual equity and non-equity awards are granted by the Compensation Committee at a meeting held after the annual earnings release in February. The timing of this meeting allows management to review the prior year's performance and assemble all of the necessary information for the Compensation Committee's consideration. The date is not selected or changed to increase the value of stock option awards for executives. In 2010, since the Company's annual earnings release was on February 12, 2010, the Compensation Committee held a telephonic meeting on February 16, 2010 to approve the annual grant of equity awards, including stock options, which were granted and priced on February 16, 2010. This timing was intended to ensure adequate assimilation by the market of the information contained in the earnings release of February 12, 2010, which was one trading day before the exercise price of the stock options was established.

Clawback/Recoupment Policy

To further align the interests of the Company's employees and its shareholders, effective February 2, 2010, the Compensation Committee approved a clawback/recoupment policy to ensure that any fraud or intentional misconduct leading to a restatement of the Company's financial statements would be properly addressed. The policy provides that, based on the review and recommendation of the Compensation Committee, if it is found that an employee committed fraud or engaged in intentional misconduct that resulted, directly or indirectly, in a need to restate the Company's financial statements, then the Compensation Committee has the discretion to direct the Company to recover all or a portion of any cash or equity incentive compensation paid or value realized, and/or to cancel any stock-based awards or AIM award granted to an employee on or after February 2, 2010 so as to remedy the misconduct. The Compensation Committee may also request that the Company seek to recover any gains realized on or after February 2, 2010 for equity or cash awards made prior to that date (including AIM, stock options, PSP and RSUs).

Application of the clawback/recoupment policy shall be subject to a determination by the Compensation Committee that (i) the cash incentive or equity compensation to be recouped was calculated on, or its realized value affected by, the financial results that were subsequently restated, (ii) the cash incentive or equity award would have been less valuable than what was actually awarded or paid based on the application of the correct financial results, and (iii) the employee to whom the policy applied engaged in fraud or intentional misconduct.

Peer Group Comparison

The Compensation Committee periodically reviews and evaluates the executive compensation pay levels and practices against those of other similar companies with whom the Company competes for executive talent. These comparisons are conducted throughout the year using a variety of methods such as: direct analysis of the Proxy Statements of other diversified industrial companies (see peer group below) ranging in size from approximately $8 billion to $53 billion in revenues, a review of compilations of survey data of companies of similar size in a range of relevant industries published by several independent consulting firms, and a review of customized compensation surveys performed by independent consulting firms. No single source of information controls the decision on compensation. Several of the companies included in these compensation surveys are the same as those comprising the Standard & Poor's 500 Industrial Index referred to in the Company's Annual Report on Form 10-K under the caption "Performance Graph."

Diversified Industrial Peer Group Members
3M
Cummins, Inc.
Danaher Corp/DE
Dupont
Eaton Corp
Emerson Electric
Honeywell International
Illinois Tool Works Inc.
ITT Industries Inc.
Johnson Controls Inc.
Paccar Inc.
Parker Hannifin Corp
PPG Industries
Raytheon
Textron
Tyco International
United Technologies

The Compensation Committee periodically reviews the appropriateness of the peer group and makes changes if the Company's size or lines of business change, or if the companies within the peer group change their businesses or operations.

Total Direct Compensation

An executive's target award level related to their total direct compensation opportunity is comprised of four key programs: 1) base salary, 2) the AIM program, 3) the PSP program and 4) the stock option/RSU program.

Base Salaries

The Compensation Committee determines base salaries for the Company's officers, including the NEOs, by evaluating the responsibilities of the officers and their competence to perform their role, and by reference to the peer group and the competitive marketplace for executive talent, as described above.

The Annual Incentive Matrix (AIM) Program

The AIM program is an annual cash incentive program that provides awards for the achievement of pre-established annual performance objectives, which are based on the annual operating plan of the Company's business units, sectors, and the enterprise as a whole. An annual target award level, expressed as a percentage of base salary, is established for each participant. The target award level is based on the compensation levels of similar jobs in other comparable companies as well as the participant's experience and competence level in performing the duties of that role. The program provides annual cash awards that are contingent on, and variable with, specific performance measures, associated with individual, business unit and enterprise performance.

Actual awards can range from zero to 200% of target depending on performance. In 2009, the enterprise financial measures and respective weighting were 50% Earnings per Share from continuing operations, excluding restructuring ("EPS") and 50% Available Cash Flow ("ACF"). On February 2, 2010, the Compensation Committee approved the use of Revenues as a third financial metric (in addition to EPS and ACF, with all three equally weighted) to be used when determining AIM awards for performance year 2010.

2009 Performance Targets

For fiscal year 2009, the pre-established performance targets compared to the actual reported performance results was as follows:

	Pre-Established Performance Targets	Actual Reported Performance Results
Earnings Per Share (EPS)	$ 2.05	$ 1.65
Available Cash Flow (ACF)	$920M	$1.6B

However, during 2009, due to a one-time tax adjustment and the working capital impact of a reduction in revenues, for compensation purposes, we adjusted the metrics used to calculate the variable pay program awards as follows:

	Adjusted Performance Results
Earnings Per Share (EPS)	$ 1.65
Available Cash Flow (ACF)	$1.2B

The CEO's 2009 AIM Award

The CEO's fiscal year 2009 AIM target opportunity was set at 175% of base salary or $2,231,250 (175% of a base salary of $1,275,000). Actual awards under the program for the 2009 performance year (paid in February 2010) could vary based on performance from zero to 200% of the target, in this case, from $0 to $4,462,500. Performance was measured against pre-established objectives for the two financial measures described above (EPS and ACF) as well as achievement of key strategic objectives. The financial weighting for the CEO was as follows:

Earnings Per Share (EPS) vs. Plan	50%
Available Cash Flow (ACF) vs. Plan	50%

The Compensation Committee reviews the annual performance against the financial measures as described above, and then applies the Compensation Committee's collective judgment regarding the CEO's overall performance. The calculation is as follows:

2009 AIM Target for the CEO		Company Financial Performance vs. Plan		Committee Judgment(a)		CEO's AIM Award
175% of Base Salary	X	Weight • EPS 50% • ACF 50% 0 to 200%	X	Adjustment of Award	=	0 to 200% of Target
2009 Actual	X	2009 Actual	X	2009 Actual	=	2009 Actual
$2,231,250		110.51%		($19,754)		$2,446,000

(a) Based on the pool generated under the Senior Executive Performance Plan (the shareholder approved 162(m) plan), Mr. Henkel (who is eligible for 30% of the pool) had his AIM award reduced so as not to exceed his allowable percentage of the pool generated.

For the fiscal year 2009 performance period, the results, as adjusted for compensation purposes, for EPS were 20% below plan, and for ACF were 30% above the Company's 2009 annual operating plan. Given these financial results as well as an the achievement of key strategic objectives, the Compensation Committee awarded the CEO an AIM award of $2,446,000, which was approximately 9.6% above the target award level established for 2009.

The AIM Award for Other NEOs

The other NEOs fall into the categories of sector presidents or functional staff leaders (such as the President and Chief Operating Officer, the Chief Financial Officer and the General Counsel).

Sector presidents receive AIM awards that are based on a target award level expressed as a percentage of salary, and are a function of their individual performance, the financial performance of their sector (measured by sales, operating income (OI), available cash flow (ACF)), the financial performance of the enterprise as a whole, as well as the achievement of key strategic objectives. The calculation is illustrated below:

2009 AIM Targets for Sector Presidents		Individual Performance		Enterprise and Sector Financial Performance		Committee Judgment		AIM Award
80% to 90% of Base Salary	X	Achievements of Pre-established Individual Objectives 0 to 125%	X	• Sales • OI • ACF • ROIC 0 to 200%	X	Adjustment of Award	=	0 to 200% of Target

The relative weight assigned to each performance category may vary by sector depending on the particular business strategy for each unit. For sector presidents, the emphasis is on individual and sector performance, but with some exposure to the performance of the enterprise as a whole, that is, 25%. If the financial performance category is at or below 66% of plan (enterprise and/or sector), the program produces a zero award for that category; likewise, performance at or above 150% of plan produces an award of 200%.

Similarly, functional staff leaders receive AIM awards that are based on a target award level, expressed as a percentage of base salary, and are a function of their individual performance, including the achievement of key strategic objectives, and the financial performance of the enterprise. The calculation is as follows:

2009 AIM Targets for Staff Leaders		Individual Performance		Enterprise Financial Performance		Committee Judgment		AIM Award
50% to 110% of Base Salary	X	Achievements of Pre-established Individual Objectives 0 to 125%	X	Weight • EPS 50% • ACF 50% 0 to 200%	X	Adjustment of Award	=	0 to 200% of Target

For functional staff leaders, the emphasis is on individual performance and enterprise performance measured in terms of EPS and ACF. As with the sector presidents, if the financial performance category is at or below 66% of plan, the program produces a zero award for that category; likewise, performance at or above 150% of plan produces an award of 200%.

The resulting 2009 AIM award calculations for all the NEOs are as follows:

Name	Title	2009 AIM Target Award Level ($)	Actual Award ($)	Actual Award as a % of Target (%)
H. L. Henkel	Chairman and Chief Executive Officer	2,231,250	2,446,000	109.62%
M. W. Lamach	President and Chief Operating Officer	770,000	850,927	110.51%
S. R. Shawley	Senior Vice President and Chief Financial Officer	550,000	668,586	121.56%
P. Nachtigal	Senior Vice President and General Counsel	420,000	482,708	114.93%
S. B. Hochhauser	Senior Vice President	472,500	539,509	114.18%

Senior Executive Performance Plan (SEPP)

The SEPP is a shareholder approved plan that funds the annual cash incentive awards (AIM) that may be granted to each of the NEOs. The pool is established based on the profit after tax in excess of 6% Return on Equity (“ROE”). Thus, if the Company fails to generate profits in excess of 6% ROE, no pool is created to fund the AIM awards for the NEOs. In such case, any cash incentive awards to the NEOs are at the discretion of the Compensation Committee and would not be considered to be made under the SEPP. Since the inception of this shareholder approved plan in 1995, the Company has always generated more than sufficient profit to fund the plan, that is, well in excess of the 6% ROE threshold. For performance year 2009, although the pool generated sufficient cash to fund the AIM awards in total, the limitation mandated by the SEPP of only allowing 30% of the pool to be used for the CEO resulted in a small reduction in his AIM award. The pool established by the formula described above represents the maximum amount that the Compensation Committee can approve as performance-based cash compensation for its NEOs in accordance with Section 162(m) of the Code. The Compensation Committee generally exercises its discretion to pay less than the maximum amount to the NEOs after considering the factors described in the AIM Program section above.

Performance Share Program (PSP)

The PSP provides awards to executives based on the Company's relative EPS performance (from continuing operations) over a three-year performance cycle as compared to all of the companies in the S&P Industrial Index. Annual grants, expressed in a fixed US dollar amount, are established for each executive as part of their overall target direct compensation opportunity as described above. The maximum payout opportunity is 200% of the target number of performance share units (PSUs), which are determined based on the fair market value of the Company's ordinary shares on the date of grant. The number of PSUs earned is determined by actual performance at the end of the performance period and the award is settled in ordinary shares. The actual value of the award payout is based on the number of shares earned and the Company's share price on the date of distribution. Dividend equivalents are not earned until the awards vest, and are payable in cash at the time of distribution unless the PSUs were deferred into the Ingersoll Rand Executive Deferred Compensation Plan II. As disclosed in the 2009 Proxy Statement, to transition between the one year PSP program that was in effect through 2008 and the current three year PSP program, there was a one-time PSP target award in 2009 with a two year performance period for 2009 through 2010, which will be based on the Company's EPS growth relative to the S&P 500 Industrial Index peer group and the performance against the publicly announced Trane acquisition synergy savings target. The Compensation Committee retains the authority and discretion to make downward adjustments to the calculated PSP award amounts, either as a percentage or a dollar amount, or not to grant any award regardless of actual performance against goals. Since the performance periods for the two and three year awards have not yet ended, there were no actual performance shares earned for the 2009 plan year. The aggregate grant date fair value of the PSP target awards granted to the NEOs in 2009 can be found in the 2009 Grants of Plan Based Awards Table.

Stock Options/Restricted Stock Units

The Company's equity grant program utilizes a mix of stock options and RSUs for eligible participants (other than the CEO and the COO[1]). Stock options are granted annually at an exercise price equal to the fair market value of ordinary shares on the date of grant. Stock options vest ratably over a three year period following the grant. The RSUs also vest ratably over 3 years (along with dividend equivalents that are only paid if and when the RSUs vest). At the time of vesting, one ordinary share is issued for each RSU and any accrued dividend equivalents are paid in cash. The program rewards long-term shareholder value created through the rising market value of our ordinary shares resulting from the Company's sustained long-term efforts.

For the 2010 grants, the number of stock options was determined based on the Black-Scholes value as set December 31, 2009 and the number of RSUs was determined using the fair market value of the Company's ordinary shares on the date of grant. The Compensation Committee believes that the current mix of stock options and RSUs conserves share usage under the Company's Incentive Stock Plan and provides a better balance between risk and reward for equity plan participants. The Compensation Committee annually reviews the Company's equity mix and grant policies to ensure the best approach for the Company and its shareholders.

(1) To ensure that the CEO and COO's variable compensation is 100% performance-based, their awards remain solely in the form of stock options.

2010 Stock Option Awards for the CEO and COO:

2010 Stock Option Target		Individual Performance/Committee Judgment		Stock Option Award
Established Market Value of Current Position	X	Committee Judgment of Strategic Leadership Objectives	=	0 to 150% of Target

For the other NEOs, the same methodology is used to calculate the stock option/RSU award with the only difference being that individual performance is a management-determined assessment of the potential to drive future business results as well as sustained performance.

Calculation of Award for other NEOs:

2010 Stock Option Target		Management Determined % of Equity Target		Stock Option/RSU Award
Established Market Value of Current Position	X	Management-determined assessment of potential to drive future business results and sustained individual performance	=	0 to 150% of Target

The resulting Stock Option/RSU Awards for all of the NEOs are as follows:

	2010 Option/RSU Target ($)	Actual Stock Option Award	Actual RSU Award	Actual Award as a % of Target (%)
H. L. Henkel	7,500,000	675,000	N/A	101%
M. W. Lamach	2,750,000	250,000	N/A	101%
S. R. Shawley	925,000	41,406	14,640	100%
P. Nachtigal	550,000	24,620	8,705	100%
S. B. Hochhauser	600,000	26,858	9,497	100%

The Mix of Total Direct Compensation

The chart below shows the relative proportion of each program by category at year-end (based on target award levels):

	# In Category	Base Salary Program	Annual Incentive Program	Stock Option/RSU Program	Performance Share Program	Total Variable Pay Opportunity at Target	Total Direct Compensation at Target
Chairman and CEO	1	12%	20%	68%	0%	88%	100%
Other Current NEOs	4	17%	19%	32%	32%	83%	100%
Other Current Executives	55	37%	23%	21%	19%	63%	100%
Total Group	60	29%	22%	30%	19%	71%	100%

Analysis Regarding Mix:

- Total variable pay opportunity is comprised of the AIM program, stock option/RSU program and PSP program, and, together with the base salary, comprises the total direct compensation.
- 71% (total variable pay opportunity) of executive compensation opportunity was contingent on, and variable with performance. Performance is measured against pre-established business objectives with respect to the AIM Program, stock price performance with respect to stock or option awards and relative earnings growth compared to S&P Industrial companies as well as stock price performance with respect to PSP awards.
- Executives with higher levels of responsibilities have a greater portion of their pay opportunity at risk (pay that is dependent on individual, business unit, sector and Company performance).
- 88% of the CEO's total direct compensation opportunity is contingent on performance; 83% of total direct compensation for the other current NEOs is contingent on performance.
- As the chart clearly reflects, the Company has deliberately chosen to put less emphasis on base salary and more emphasis on variable pay in structuring the executives' compensation packages. Although we do not use mathematical weightings when determining the mix of the various compensation components, we lean heavily toward variable pay to more closely align the pay of our executives with the creation of value for our shareholders. The value of the variable pay components (AIM, PSP and stock option/RSU) is directly tied to Company performance, and therefore the majority of an executive's annual total direct compensation opportunity is contingent on the successful performance of the Company. This emphasis on variable compensation is consistent with compensation practices of peer companies as well as general industry survey data for companies of our size, and reflects our pay for performance principle.

Executive Deferred Compensation Plans (EDCP Plans)

The Executive Deferred Compensation Plan (the "EDCP Plan I") and the Executive Deferred Compensation Plan II ("EDCP II," together with the EDCP Plan I, the "EDCP Plans") enables eligible employees to defer receipt of a part of their annual salary, AIM award and/or PSP award in exchange for investments in ordinary shares or mutual fund investment equivalents. Refer to the Nonqualified Deferred Compensation table for additional details.

Share-Ownership Guidelines

A formal share-ownership program has been established by the Company, which requires that its executives achieve and maintain ownership of ordinary shares or ordinary share equivalents at or above a prescribed level. The requirements are as follows:

	Number of Participants as of 12/31/09	Individual Ownership Requirement (Shares and Equivalents)
Chief Executive Officer	1	150,000 shares
Executive Vice Presidents & Chief Operating Officer	1	75,000 shares
Senior Vice Presidents	9	40,000 shares
Corporate Vice Presidents	10	15,000 shares
Other Executives	39	6,000 shares

The share-ownership program requires the accumulation of ordinary shares (or ordinary share equivalents) over a five-year period following the date the person becomes subject to share-ownership requirements at the rate of 20% of the required level each year. Executives who are promoted, and who have their ownership requirement increased, have three years to achieve the new level from the date of promotion. However, given the significant increase in the ownership requirement for an individual who is promoted to CEO, this individual has five years from the date of the promotion to achieve the new level. Ownership credit is given for actual ordinary shares owned, deferred compensation that is invested in ordinary shares within the EDCP Plans, ordinary share equivalents accumulated in the qualified and non-qualified employee savings plans as well as RSUs. Stock options, stock appreciation rights and unvested PSUs do not count towards meeting the share-ownership target. If executives fall behind their scheduled accumulation level during the five year accumulation period, or if they fail to maintain their required level of ownership after the five-year accumulation period, their right to exercise stock options will be limited to "buy and hold" transactions until the required ownership level is achieved. As of March 31, 2010, all of the executives subject to the share-ownership guidelines were in compliance with these requirements.

Executive Perquisites

The Company's philosophy is to provide perquisites at levels consistent with prevailing market practice and those of our peer companies. The following are the perquisites provided to Company executives:

- Company-leased cars are provided for business and personal use, with the estimated value associated with personal use taxable to the executives;
- Medical examinations and appropriate, physician-recommended medical tests under the Executive Health Program;
- Financial counseling and tax-preparation services, a portion of which is imputed to the executive's income.
- For security and safety reasons and to maximize his availability for Company business, the Board of Directors requires the CEO to travel exclusively on Company-provided aircraft for both business and personal purposes. The value associated with this personal travel is imputed to the CEO's income in accordance with IRS regulations. In May 2009 the Compensation Committee of the Board approved the elimination of gross-ups to reimburse federal, FICA and state taxes resulting from this particular imputation. Mr. Henkel voluntarily gave up the 2009 gross-up that had accrued prior to the May 2009 amendment to the perquisite policy.
- As a result of the Company's tax residency in Ireland, employee directors (in 2009, this included Mr. Henkel and Ms. Nachtigal) became subject to Irish tax on a portion of their annual compensation that is attributed to their work as directors of the Company. A tax gross-up to reimburse them for the Irish tax, which is in addition to the taxes they pay on their total compensation in the U.S., is provided.
- In addition, if any NEO participates in the Company's general relocation program, the benefits received as part of that relocation are also considered perquisites by the SEC. These relocation benefits include a gross-up payment to reimburse applicable taxes resulting from relocation expenses that are imputed as income to the NEO, including federal, state and FICA taxes.

The incremental cost to the Company for perquisites is reported in "All Other Compensation" shown in the Summary Compensation Table.

Retirement Programs and Other Benefits

The Company and its subsidiaries maintain a number of defined benefit pension plans for their employees. The purpose of the pension plans is to provide for fixed benefits upon retirement based on the individual's age and number of years of service. These plans[2] include:

- the qualified Ingersoll-Rand Pension Plan Number One (the "Pension Plan");
- the Ingersoll-Rand Supplemental Pension Plans; and
- the Elected Officers Supplemental Programs.

The Pension Plan is a funded, tax qualified, non-contributory defined benefit plan that covers the majority of the Company's salaried U.S. employees. The Pension Plan provides for normal retirement at age 65. Vesting occurs after five years of service regardless of age. The formula to determine the lump sum benefit under the Pension Plan is: 5% of final average pay (the five highest consecutive years out of the last ten years of eligible compensation) for each year of credited service. A choice for distribution between an annuity and a lump sum option is available.

The Supplemental Pension Plans are unfunded, non-qualified, non-contributory defined benefit restoration plans, i.e., they provide benefits to each individual U.S. participant in the amounts which would have been payable under the Pension Plan had payments under the Pension Plan not been subject to IRS limits on annual compensation recognized to calculate the Pension Plan benefits. Benefits under the Supplemental Pension Plans are available only as a lump sum after termination unless the lump sum value is deferred under the EDCP Plans in accordance with plan provisions. Approximately 350 employees are covered under the Supplemental Pension Plans.

The EOSP Plans are unfunded, non-qualified, non-contributory defined benefit plans, designed to replace a percentage of a officer's final average pay based on his or her age and years of service at the time of retirement. Final average pay is defined as the sum of the officer's current annual salary plus the average of the officer's three highest AIM awards during the most recent six years. No other elements of compensation (other than salary and AIM awards) are included in the definition of the final average pay. The EOSP Plans provide a benefit pursuant to a formula in which 1.9% of a participant's final average pay is multiplied by the officer's years of service (up to a maximum of 35 years) and then reduced by the value of other retirement benefits the officer will receive that are provided by the Company under certain qualified and non-qualified retirement plans as well as Social Security. If additional years of service were granted to an officer as part of his or her employment agreement, those additional years of service are reflected on the Pension Benefits table in this Proxy Statement. Participation in the EOSP Plans is limited to officers of the Company, of which there were 20 officers at year-end. Unreduced benefits under the EOSP Plans are available at age 62 and benefits are only available as a lump sum after termination.

On February 3, 2010 the Board of Directors agreed to amend EOSP II in regard to the interest rate used in calculating the present value of the EOSP II benefit for Mr. Henkel and Ms. Nachtigal. This was done in view of

(2) In light of the American Jobs Creation Act of 2004, "mirror plans" for the Ingersoll-Rand Supplemental Pension Plan (the "Supplemental Pension Plan I"), Elected Officer Supplemental Program (the "EOSP I") and the EDCP Plan were created. These mirror plans are the Ingersoll-Rand Supplemental Pension Plan II (the "Supplemental Pension Plan II" and, together with the Supplemental Pension Plan I, the "Supplemental Pension Plans"), the Elected Officer Supplemental Program II (the "EOSP Plan II" and, together with the EOSP Plan I, the "EOSP Plans") and the EDCP Plan II. The purpose of these mirror plans is not to provide additional benefits to participants, but merely to preserve the tax treatment of the original programs, that is, plans that were in place prior to December 31, 2004. The mirror plan benefit is calculated by subtracting the original benefit value to avoid double-counting the benefit. On February 3, 2010, in an effort to harmonize the benefit plans of Ingersoll Rand and Trane, to simplify administration of such plans and to reduce expenditures, the Board of Directors of the Company approved the termination of certain benefit plans of the Company (including the EOSP I) effective March 1, 2010. Distributions under the EOSP I were made to eligible participants in March 2010.

the critical role both would play in overseeing and managing the transition of their roles to their successors, and their agreement to defer their retirement for a number of months to aid in this transition. For additional details please see the footnote following the Pension Benefits Table.

The Company offers a qualified, defined contribution (401(k)) plan called the Ingersoll-Rand Company Employee Savings Plan (the "ESP") to its salaried and hourly U.S. workforce. The ESP is a plan that provides a dollar for dollar Company match on the first six percent of the employee's contributions to the ESP. The ESP has a number of investment options and is an important component of the Company's retirement program.

The Company also has a non-qualified, defined contribution plan. The Ingersoll-Rand Company Supplemental Employee Savings Plan (the "Supplemental ESP") is an unfunded plan that makes up matching contributions that cannot be made to the ESP due to IRS or plan limitations. The Supplemental ESP consists of notional Company contributions only. For investment purposes, these notional contributions are deemed to be invested in ordinary shares of the Company. There is no investment discretion in this plan. Approximately 350 employees are covered under this plan.

The Company provides an enhanced, long-term disability plan to certain executives. The plan provides for a higher monthly maximum than the standard group plan and a more favorable definition of disability and has an underlying individual policy that is portable when the executive terminates. In June 2009, the Compensation Committee agreed to limit future participation in the plan to officers only.

Discontinued (Frozen) Benefit Plans

The following plans represent old legacy benefit plans that are now frozen and no longer offered to new employees. Since several of our NEOs are long-tenured, they retain benefits under these plans, and therefore the plans are described in detail below to provide full disclosure.

The Company established a 10-Year Annuity Program (the "10-Year Annuity Plan") to provide additional post-employment payments to officers to make up for a reduction in the amount of life insurance the officers could purchase under the Company's Group Term Life Insurance Plan. Pursuant to the 10-Year Annuity Plan, the Company has entered into arrangements with Mr. Henkel and Ms. Nachtigal under which the Company is obligated to pay Mr. Henkel $125,000 and Ms. Nachtigal $45,000 annually for a ten-year period commencing the later of age 62 (or 65 in the case of Ms. Nachtigal) or termination of employment with the Company, so long as their employment with the Company is not terminated for cause and as long as they meet certain non-competition obligations. In Mr. Henkel's case, he must work until age 62 in order to qualify for this benefit. In the event of death, the benefits payable to Mr. Henkel and Ms. Nachtigal would be paid to their respective estates to the extent not already paid. In the case of Mr. Henkel, the Company is a beneficiary of a life insurance policy on Mr. Henkel and, based on actuarial assumptions, the life insurance proceeds receivable by the Company will defray the costs associated with this program. Participation in the 10-Year Annuity Plan was frozen in 1999.

The Senior Executive Death Benefit program was established in 1988 to provide officers with pre and post retirement death benefits, which had previously been provided under the Company's Group Term Life Insurance Plan. Under the Senior Executive Death Benefit program, the Company provides Ms. Nachtigal with life insurance coverage of one times annual base salary and AIM program award (increased in certain instances to account for income tax obligations payable by the officer's estate in respect of such supplemental coverage). Mr. Henkel voluntarily terminated his participation in this program effective January 1, 2009. Participation in this plan was frozen in 1999.

The Company established the Estate Enhancement Program in 1998 to provide a means for certain officers to accumulate estate assets through an insurance benefit. In accordance with the Estate Enhancement Program, in 1999 and 2000, Ms. Nachtigal waived her right to receive $100,000 ($200,000 in the aggregate) of distributions under the then existing PSP program. In connection with these waivers, the Company entered into an arrangement under which it purchased life insurance policies on the life of Ms. Nachtigal, the proceeds of which are payable to designees of Ms. Nachtigal. The program is designed in such a way that the cost of the life insurance policies is unlikely to exceed the cost the Company would have incurred with respect to the distributions waived by Ms. Nachtigal. Participation in this plan was frozen in 2002.

The Management Incentive Unit Plan (the "MIU Plan") was established to provide an incentive to attract and retain top performers and to focus the attention of the participants on shareholder value. The MIU Plan has since been replaced with other long-term incentive awards. Participation is frozen and no new MIU awards under this plan have been made since 1990. The MIU Plan is a non-qualified plan that provides quarterly cash payments of dividends and accruals of ordinary share equivalents to active participants based upon the number of MIU units previously awarded to a participant. When cash dividends are paid on the Company's ordinary shares, a participant is paid a cash amount equal to one-half of the dividends the participant would have received had the participant owned one share of ordinary share for each MIU unit granted to the participant. The remaining one-half of each cash dividend is credited to an account for the participant and is converted into ordinary share equivalents which also are held in the participant's MIU account. The one-half portion of the dividend that is credited as an ordinary share equivalent is included in the pension value of accumulated benefit column of the Pension Benefits table. Following retirement, distributions of the ordinary share equivalents (and not the underlying MIUs granted to the participant) are made in cash equal to the fair market value of one ordinary share for each ordinary share equivalent credited to the participant's account. There are 15 active participants remaining in the MIU Plan, one of whom is Ms. Nachtigal.

Trane Benefit Plans

When the Company purchased Trane in June 2008, the purchase agreement stipulated that we would maintain (for a period of no less than one year for qualified plans and two years for non-qualified plans) benefit plans that were no less favorable in the aggregate than what Trane had in place prior to the acquisition date. To honor this commitment, the Company agreed to maintain the Trane benefit plans until the end of the covenant period. No NEO is covered by a Trane plan.

2009 Chief Executive Officer Compensation

Mr. Henkel's annual salary has remained at $1,275,000 since his last increase in August 2007.

On February 16, 2010, the Compensation Committee approved incentive awards (as described above) to Mr. Henkel as follows:

AIM Program	$2,446,000
PSP Program	N/A
Stock Option Program(1)	675,000 options

(1) On February 16, 2010 the Compensation Committee made the decision to award the CEO his entire equity award in the form of options (rather than a split between options and PSUs). The Compensation Committee believes that granting only stock options, which are longer-term in nature that PSUs, creates a better alignment with both shareholder returns and the long-term strategy and business transformation of the Company initiated by Mr. Henkel.

2009 Compensation of Other NEOs

During 2009 there was a freeze on merit increases for the salaried workforce, including NEOs. Only NEOs who were promoted during the year or who had market adjustments that had been previously approved in 2008, were granted increases in accordance with the policies stated above. Mr. Lamach was appointed to a new position of President and COO during 2009 and received a base salary increase of 21.7%. Mr. Shawley received a base salary market adjustment of 4.8% that had been previously approved in 2008. No other NEO received a base salary increase during 2009. Annual cash incentive awards to these NEOs were granted based on the achievement of performance objectives of the type described above, the Company's financial performance and the contributions made by these NEOs as measured versus predetermined strategic objectives. These NEOs, other than Mr. Henkel, were granted annual cash incentive program awards averaging approximately 109% of year-end salary.

In addition, these NEOs were granted PSP program awards in the form of PSUs, which will vest and be issued as ordinary shares in February 2011 and 2012 (contingent upon achievement of the applicable performance goals and subject to continued employment if not already retirement eligible), as indicated in the Grants of Plan-Based Awards table in the "Estimated Future Payouts Under Equity Incentive Plan Awards" column. The NEOs were also granted stock options/RSUs in respect of the Company's ordinary shares, as indicated in the Grants of Plan-Based Awards table in the "Actual Stock and Option Awards" column. These awards, in accordance with the practices referred to above, are commensurate with the extent to which the NEOs performed relative to the programs' performance objectives.

Severance Arrangements

In connection with external recruiting of certain officers, the Company generally enters into employment agreements that provide for severance payments upon certain terminations of those officers, other than in the event of a change in control. Messrs. Henkel, Lamach and Hochhauser have such arrangements.

Change In Control Provisions

The Company has entered into change in control agreements with its officers. All officers are subject to a double trigger, meaning that payments would only be received if an officer is terminated or resigns for "good reason" within 2 years following a change in control. The Company provides these change in control agreements to its officers so as to allow them to act in the best interests of shareholders in the event of a change in control situation without the distraction of potential negative repercussions of a change in control on their own position with the Company. Refer to the Post Employment Benefits section of the Proxy for a more detailed description of the change in control provisions.

Compensation Committee Report

We have reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement.

Based on our review and discussion, we recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

COMPENSATION COMMITTEE

Orin R. Smith (Chair)
Jared L. Cohon
Gary D. Forsee
Constance J. Horner
Tony L. White

Executive Compensation

The following table provides summary information concerning compensation paid or accrued by the Company to or on behalf of our Chief Executive Officer, Chief Financial Officer and each of our three other most highly compensated executive officers (collectively, the named executive officers, or the "NEOs") for services rendered during the last fiscal year.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)(a)	Bonus ($)	Stock Awards ($)(b)	Option Awards ($)(c)	Non-Equity Incentive Plan Compensation ($)(d)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(e)	All Other Compensation ($)(f)	Total ($)
H. L. Henkel	2009	1,275,000	—	7,500,000	2,409,750	2,446,000	3,665,592	444,294	17,740,636
Chairman of the Board	2008	1,275,000	—	929,844	3,641,625	1,425,000	7,104,694	525,269	14,901,432
and Chief Executive Officer	2007	1,231,250	—	4,535,700	2,421,311	3,000,000	2,514,481	444,790	14,147,532
M. W. Lamach	2009	688,542	—	2,022,864	658,429	850,927	1,053,076	92,724	5,366,562
President and Chief	2008	557,917	—	111,581	1,988,423	390,920	333,436	96,743	3,479,020
Operating Officer	2007	508,333	—	544,284	484,317	477,085	100,323	83,638	2,197,980
S. R. Shawley	2009	550,000	—	1,721,170	372,094	668,586	923,344	454,738	4,689,932
Senior Vice President	2008	489,583	—	130,178	2,030,423	290,559	2,516,223	1,399,554	6,856,520
and Chief Financial Officer	2007	416,667	—	453,570	484,317	405,425	678,044	101,629	2,539,652
P. Nachtigal	2009	525,000	—	1,263,188	274,541	482,708	458,793	157,881	3,162,111
Senior Vice President	2008	522,917	—	111,581	511,791	227,981	1,442,315	121,923	2,938,508
and General Counsel	2007	497,500	—	544,284	430,455	449,250	733,181	114,573	2,769,243
S. B. Hochhauser	2009	525,000	—	1,376,929	297,675	539,509	322,177	77,153	3,138,443
Senior Vice President									

(a) Pursuant to the EDCP Plans, a portion of a participant's annual salary may be deferred into a number of investment options. A portion of the salary of Mr. Hochhauser (10%) was deferred into the EDCP Plans in 2009. In addition, a portion of the salary of Mr. Henkel (20%) was deferred into the EDCP Plans in 2007 and 2008. Amounts shown in this column are not reduced to reflect deferrals of salary into the EDCP Plans.

(b) The amounts shown in this column reflect the aggregate grant date fair value of PSP awards and any RSU awards granted for the year under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 and do not reflect amounts paid to or realized by the NEOs. In determining the aggregate grant date fair value of the PSP awards, the awards are valued assuming target level performance achievement (rather than maximum level performance achievement). If the maximum level performance achievement is assumed, the aggregate grant date fair value of the PSP awards would be as follows:

Name	Maximum Grant Date Value of PSP Awards 2009-10	2009-11
H. L. Henkel	$7,500,000	$7,500,000
M. W. Lamach	$1,800,023	$1,800,023
S. R. Shawley	$1,500,014	$1,500,014
P. Nachtigal	$1,100,012	$1,100,012
S. B. Hochhauser	$1,200,004	$1,200,004

For a discussion of the assumptions made in determining the ASC 718 values see Note 18, "Share-Based Compensation", to the Company's consolidated financial statements contained in the 2009 Annual Report on Form 10-K. The ASC 718 grant date fair value of the PSP award is spread over the number of months of service required for the grant to become non-forfeitable, disregarding any adjustments for potential forfeitures.

In 2007, the Compensation Committee decided that PSP awards earned would be paid in stock (instead of cash) after a one-year vesting period. In 2008, effective for the awards granted in 2009, the PSP program was amended to a three-year performance cycle (with a two-year transition award in 2009 to bridge the gap between the one and three-year plans). Thus, in 2009, two separate target award grants were made covering the 2009-10 performance years and the 2009-11 performance years. While the new SEC rules require disclosure of the aggregate grant date fair value for both award grants in 2009, any payouts from the two separate target award grants would be made in separate years. The 2008 and 2007 award amounts were restated from previous proxy disclosures to reflect changes to the SEC rules requiring awards to be valued on an aggregate grant date fair value basis. Please see also the Grants of Plan-Based Awards table for additional details of the 2009 grants including in this column.

(c) The amounts in this column reflect the aggregate grant date fair value of stock option grants for financial reporting purposes for the year under ASC 718 and do not reflect amounts paid to or realized by the NEOs. For a discussion of the assumptions made in determining the ASC 718 values see Note 18, "Share-Based Compensation", to the Company's consolidated financial statements contained in its 2009 Annual Report on Form 10-K. In accordance with ASC 718, the fair value of the grant is determined using the Black-Scholes option pricing model. The 2008 and 2007 award amounts were restated from previous proxy disclosures to reflect changes to the SEC rules requiring awards to be valued on an aggregate grant date fair value basis. The assumptions underlying the valuation of stock options granted in 2009 are set forth in footnote (f) to the 2009 Grants of Plan-Based Awards below.

(d) This column reflects the amounts earned as annual awards under the AIM program. Unless deferred into the EDCP Plans, AIM program payments are made in cash. For 2009, no AIM payments were deferred by the NEOs, except for Mr. Hochhauser, who deferred 10% of his AIM award. Amounts shown in this column are not reduced to reflect deferrals of AIM awards into the EDCP Plans.

(e) Amounts reported in this column reflect the aggregate increase in the actuarial present value of the benefits under the Pension Plan, Supplemental Pension Plans, EOSP Plans, the MIU Plan and the 10-Year Annuity Plan, as applicable. The change in pension benefits value is attributable to the additional year of service and age, the annual AIM award and any annual salary increase. Amounts are higher for those NEOs who are older and closer to retirement than for those who are younger and further from retirement since the period over which the benefit is discounted to determine its present value is shorter and the impact of discounting is therefore reduced.

In 2008, the change in pension benefits value was, to a large extent, attributable to the unanticipated change in interest and discount rates. Decreasing interest rates, compounded by increasing discount rates, cause the value of the lump sum under the EOSP II to increase. The change in pension benefits value that is attributable to these provisions is $2,148,800 for Mr. Henkel. For younger NEOs, this change had a more moderate impact. The remaining change in pension benefits value for the NEOs is attributable to an additional year of service and age, the 2008 AIM award and any annual salary increase.

The plans do not permit above-market or preferential earnings on any non-qualified deferred compensation, and therefore no such amounts are reflected in this column.

(f) The amounts reflected in this column include:

- for Ms. Nachtigal the cash portion of the dividend paid pursuant to the Company's MIU Plan.
- Company contributions to the accounts of the NEOs under the ESP, as well as amounts credited to the accounts of such NEOs under the Supplemental ESP, which provide benefits which would have been provided under the applicable tax-qualified plan but for Internal Revenue Code and plan restrictions on such benefits;
- for Ms. Nachtigal under the Senior Executive Death Benefit program, a portion of the respective life insurance policy premiums representing the difference between the cost of age graded insurance and premiums paid by such NEO;

- for Ms. Nachtigal, income recognized during the term of the split-dollar life insurance policies purchased by the Company pursuant to the Estate Enhancement Program. The income amount is based on the face amount of the policy and the age of the insured under the policy;
- the aggregate incremental cost to the Company for providing certain perquisites to the NEOs. For security and safety reasons and to maximize his availability for Company business, the Board of Directors requires Mr. Henkel to travel exclusively on Company-provided aircraft for business and personal purposes. The incremental cost to the Company of personal use of the Company aircraft is calculated based on the hourly average variable operating costs to the Company. Variable operating costs include fuel, maintenance, on-board catering and landing fees. The hourly average variable cost is multiplied by the amount of time flown for personal use to derive the incremental cost. The methodology excludes fixed costs that do not change based on usage, such as pilots' and other employees' salaries, management fees and training, hanger and insurance expenses. In 2009, the Company provided relocation benefits to Mr. Shawley for inventory/home sale expenses and in 2008 for the reimbursement of household moving expenses, payment of the full appraised value of his homes and reimbursement for documented capital improvements made to his homes. The relocation amounts paid in 2008 and 2009 were a result of Mr. Shawley's promotion to CFO and his required move to North Carolina. In 2007, the Company provided relocation benefits to Mr. Shawley, including reimbursement of household moving expenses relative to his move to Missouri when he was the Sector President for Climate Control Technologies. The Company provides certain executives with Company-leased cars for business and personal use. The incremental cost of the Company-leased cars is calculated based on the lease, insurance, fuel and maintenance costs to the Company. In addition, the Company provides certain executives with (i) financial counseling services, which may include tax preparation and estate planning services, (ii) medical services through an on-site physician under the Executive Health Program and (iii) wellness reimbursement for health club memberships;
- for Messrs. Henkel and Shawley and Ms. Nachtigal, the estimated year over year increase in the value of the retiree medical plan. The increase was calculated based on the methods used for financial statement reporting purposes;
- for Mr. Henkel and Ms. Nachtigal, those payments that reimburse them for the income taxes payable in respect to Irish taxes.

The following table summarizes the components of this column for fiscal year 2009:

Name	MIU Plan ($)	ESP (including Supple-mental ESP) ($)	Senior Executive Death Benefit Program ($)	Estate Enhance-ment Program ($)	Perquisites ($)(a)	Retiree Medical Plan ($)	Irish Tax Gross-up ($)	Total ($)
H. L. Henkel	—	162,000	—	—	218,292	3,800	60,202	444,294
M. W. Lamach	—	64,768	—	—	27,956	—	—	92,724
S. R. Shawley	—	50,433	—	—	401,105	3,200	—	454,738
P. Nachtigal	8,250	45,179	6,797	2,433	37,736	3,200	54,286	157,881
S. B. Hochhauser	—	48,061	—	—	29,092	—	—	77,153

(a) The following table summarizes the incremental value of each type of perquisite provided to the NEOs in fiscal year 2009:

Name	Aircraft Usage ($)	Financial Consulting ($)	Car Usage ($)	Executive Health Program ($)	Relocation Benefits ($)
H. L. Henkel	179,501	8,387	27,307	3,098	—
M. W. Lamach	—	9,213	18,744	—	—
S. R. Shawley	—	8,340	15,695	4,192	372,877
P. Nachtigal	—	8,422	25,540	3,774	—
S. B. Hochhauser	—	8,759	16,935	3,397	—

2009 GRANTS OF PLAN-BASED AWARDS

The following table shows all plan-based awards granted to the NEOs during fiscal 2009. This table is supplemental to the Summary Compensation Table and is intended to complement the disclosure of stock option awards and grants made under non-equity incentive plans in the Summary Compensation Table.

			Estimated Future Payouts Under Non-Equity Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	Grant Date	Number of Units (#)	Threshold ($)(a)	Target ($)(a)	Maximum ($)(a)	Threshold (#)(b)	Target (#)(b)	Maximum (#)(b)	Actual Stock and Option Awards (#)(c)	Exercise or Base Price of Option Awards ($/Sh) (d)	Closing Price of Security Underlying Options on Grant Date ($/Sh) (e)	Grant Date Fair Value of Stock and Option Awards ($)(f)
H. L. Henkel												
AIM	February 12, 2009		0	2,231,250	4,462,500							
PSP (2008)(g)	February 12, 2009						100,000	200,000	55,200			929,844
PSP (2009-10)	February 12, 2009					111,309	222,618	445,236				3,750,000
PSP (2009-11)	February 12, 2009					111,309	222,618	445,236				3,750,000
Options	February 12, 2009								425,000	16.845	16.99	2,409,750
M. W. Lamach												
AIM	February 12, 2009		0	770,000	1,540,000							
PSP (2008)(g)	February 12, 2009						12,000	24,000	6,624			111,581
PSP (2009-10)	February 12, 2009					26,715	53,429	106,858				900,012
PSP (2009-11)	February 12, 2009					26,715	53,429	106,858				900,012
Options	February 12, 2009								116,125	16.845	16.99	658,429
RSUs	February 12, 2009								13,225			222,841
S. R. Shawley												
AIM	February 12, 2009		0	550,000	1,100,000							
PSP (2008)(g)	February 12, 2009						14,000	28,000	7,728			130,178
PSP (2009-10)	February 12, 2009					22,262	44,524	89,048				750,007
PSP (2009-11)	February 12, 2009					22,262	44,524	89,048				750,007
Options	February 12, 2009								65,625	16.845	16.99	372,094
RSUs	February 12, 2009								13,125			221,156
P. Nachtigal												
AIM	February 12, 2009		0	420,000	840,000							
PSP (2008)(g)	February 12, 2009						12,000	24,000	6,624			111,581
PSP (2009-10)	February 12, 2009					16,326	32,651	65,302				550,006
PSP (2009-11)	February 12, 2009					16,326	32,651	65,302				550,006
Options	February 12, 2009								48,420	16.845	16.99	274,541
RSUs	February 12, 2009								9,684			163,175
S. B. Hochhauser												
AIM	February 12, 2009		0	472,500	945,000							
PSP (2008)(g)	February 12, 2009						12,000	24,000	6,624			111,581
PSP (2009-10)	February 12, 2009					17,810	35,619	71,238				600,002
PSP (2009-11)	February 12, 2009					17,810	35,619	71,238				600,002
Options	February 12, 2009								52,500	16.845	16.99	297,675
RSUs	February 12, 2009								10,500			176,925

(a) The target award levels established for the AIM program are established annually in February and are expressed as a percentage of the NEO's base salary. Refer to Compensation Discussion and Analysis under the heading "The Annual Incentive Matrix (AIM) Program" for a description of the Compensation Committee's process for establishing AIM program target award levels. The amounts reflected in the "Estimated Future Payouts Under Non-Equity Incentive Plan Awards" columns represent the threshold, target and maximum amounts for awards under the AIM program that were paid in February 2010, based on performance in 2009. Thus, the amounts shown in the "threshold, target and maximum" columns reflect the range of potential payouts when the target award levels were established in February 2009. The actual amounts paid pursuant to those awards are reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

(b) The amounts reflected in the "Estimated Future Payouts Under Equity Incentive Plan Awards" columns represent the threshold, target and maximum amounts for PSP awards and reflect the PSP award for the 2008 performance period, the target grant for performance period 2009-2010, and the target grant for performance period 2009-2011. The PSP pays $0 for performance below threshold. For a description of the Compensation Committee's process for establishing PSP target award levels, please refer to Compensation Discussion and Analysis, under the heading "Performance Share Program (PSP)".

(c) The amounts in this column reflects the PSP shares awarded in 2009 for the 2008 performance period and the stock option and RSU awards granted in February 2009. For a description of the performance measures used in calculating PSP, stock option and RSU awards, see Compensation Discussion and Analysis under the heading "Performance Share Program (PSP)" and "Stock Options/Restricted Stock Units."

(d) Stock options were granted under the Company's Incentive Stock Plan of 2007, which require options to be granted at an exercise price equal to the fair market value of the Company's ordinary shares on the date of grant. The fair market value is defined in the Incentive Stock Plan of 2007 as the average of the high and low sales price of the Company's ordinary shares listed on the NYSE on the grant date.

(e) The amounts in this column reflect the closing price on the NYSE of the Company's ordinary shares on the grant date.

(f) The grant date fair value of the stock option awards granted in February 2009 was calculated in accordance with ASC 718, based on the Black-Scholes option pricing model adapted for use in valuing executive stock options. The Company cautions that the actual amount ultimately realized by each NEO from the stock option awards will likely vary based on a number of factors, including stock price fluctuations, differences from the valuation assumptions used and timing of exercise or applicable vesting. The grant date fair values were determined based in part upon the following assumptions as set forth in the Company's consolidated financial statement contained in its 2009 Annual Report on Form 10-K:

	February 16, 2009
Expected volatility	43.3%
Risk-free rate of return	1.75%
Dividend yield	1.97%
Time of exercise (expected)	5.1 years

The Black-Scholes option pricing model, with the assumptions described above, indicated a stock option value of 33.7% ($5.67 per share) of the stock value on the date of the award ($16.845 per share). See Note 17, "Share-Based Compensation", to the Company's consolidated financial statements contained in its 2009 Annual Report on Form 10-K for further assumptions made in valuing stock options. The grant date fair value of the stock awards granted in February 2009 was based on the average of the high and low stock price on the date of grant ($16.845 per share).

(g) This PSP award was granted for the 2008 performance period under the PSP program that was in effect through 2008 and is reflected in the column relating to 2008 compensation in the Summary Compensation Table.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2009

	Option Awards					Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable (a)	Number of Securities Underlying Unexercised Options (#) Unexercisable (b)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date (c)	Number of Shares or Units of Stock that have Not Vested (#) (d)	Market Value of Shares or Units of Stock that have Not Vested ($) (e)
H.L. Henkel	50,000			$23.3125	5/2/2010		
	300,000			$20.2657	1/1/2011		
	300,000			$20.9025	1/1/2012		
	370,000			$19.5250	2/4/2013		
	420,000			$32.1825	2/3/2014		
	450,000			$38.6850	2/1/2015		
	263,700			$39.4250	1/31/2016		
	145,950	72,975		$43.1250	2/6/2017		
	112,500	225,000		$39.0000	2/14/2018		
		425,000		$16.8450	2/11/2019		
						945,672	$33,798,317
M.W. Lamach	100,000			$33.9200	2/16/2014		
	100,000			$38.6850	2/1/2015		
	52,740			$39.4250	1/31/2016		
	29,193	14,597		$43.1250	2/6/2017		
	16,170	32,340		$39.0000	2/14/2018		
		100,000		$43.4550	6/5/2018		
		116,125		$16.8450	2/11/2019		
						233,565	$ 8,347,613
S.R. Shawley	55,000			$32.1825	2/3/2014		
	48,400			$38.6850	2/1/2015		
	52,740			$39.4250	1/31/2016		
	29,193	14,597		$43.1250	2/6/2017		
	16,170	32,340		$39.0000	2/14/2018		
		100,000		$43.4050	6/3/2018		
		65,625		$16.8450	2/11/2019		
						198,949	$ 7,110,437
P. Nachtigal	56,000			$20.2657	1/1/2011		
	30,000			$20.9025	1/1/2012		
	56,000			$19.5250	2/4/2013		
	80,000			$32.1825	2/3/2014		
	100,000			$38.6850	2/1/2015		
	46,880			$39.4250	1/31/2016		
	25,946	12,974		$43.1250	2/6/2017		
	15,810	31,622		$39.0000	2/14/2018		
		48,420		$16.8450	2/11/2019		
						146,912	$ 5,250,635
S.B. Hochhauser . . .		50,000		$37.5750	8/5/2018		
		52,500		$16.8450	2/11/2019		
						159,600	$ 5,704,104

(a) Generally, options granted to all employees, including all of the options granted to NEOs shown in this table, become exercisable in three equal installments beginning one year after the date of grant. Notwithstanding the foregoing, employees who terminate employment due to death, disability or retirement continue to vest in the options on the same basis as active employees. Grants made by the Company to a new hire or a newly promotion employee generally "cliff" vest (i.e., vest all at once on a certain future date).

(b) Mr. Lamach's grant dated June 6, 2008 vests 50% on each of the third and fifth anniversaries of the grant date and his grant dated February 12, 2009 vests 100% on the third anniversary of the grant date. Mr. Shawley's grant dated June 4, 2008 vests 50% on each of the fourth and sixth anniversaries of the grant date. Mr. Hochhauser's grant dated August 6, 2008 vests 100% on the third anniversary of the grant date. All other grants listed in the table vest ratably over three years.

(c) All of the options granted to the NEOs reflected in this table expire ten years from the date of grant. Thus, the actual date of grant is ten years (plus one day) earlier than the expiration date listed.

(d) This column represents unvested RSUs and/or PSUs. Generally, RSUs granted to all employees, including all of the RSUs granted to NEOs shown in this table, become exercisable in three equal installments beginning one year after the date of grant, subject to continued employment, but employees who terminate employment due to death, disability or retirement continue to vest in the RSUs on the same basis as active employees. PSUs generally vest upon the completion of the applicable performance period, subject to achievement of the performance goals and continued employment, but employees who terminate employment due to death, disability or retirement vest in a prorated portion of their PSUs based on performance.

(e) The market value of the PSUs and/or RSUs reflected in this column was computed using the closing market price of the Company's ordinary shares on the NYSE at December 31, 2009 ($35.74).

2009 OPTION EXERCISES AND STOCK VESTED

The following table provides information regarding the amounts received by each NEO upon exercise of options or the vesting of stock during the fiscal year ended December 31, 2009:

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($) (a)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($) (b)**
H. L. Henkel	350,000	1,994,183	116,300	1,895,690
M. W. Lamach	—	—	13,956	227,483
S. R. Shawley	40,000	338,616	11,630	189,569
P. Nachtigal	56,000	458,438	13,956	227,483
S. B. Hochhauser	—	—	—	—

(a) This column reflects the aggregate dollar amount realized by the NEO upon the exercise of the options and sale of the underlying securities by determining the difference between the market price of the underlying securities at exercise and the exercise price of the options.

(b) This column reflects the value of the PSP awards that vested on February 12, 2009, based on the closing price of the Company's shares on the vesting date.

2009 PENSION BENEFITS

The table below represents the estimated present value of defined benefits for the plans in which each NEO participates. For a description of each plan reported in the table, refer to Compensation Discussion and Analysis under the heading "Retirement Programs and Other Benefits" and the section below titled "Post Employment Benefits."

Name	Plan Name (a)	Number of Years Credited Service (#) (b)	Present Value of Accumulated Benefit ($) (c)	Payments During Last Fiscal Year ($)
H.L. Henkel	Pension Plan Number One	10.75	$ 162,092	$0
	Supplemental Pension Plan I	5.75	$ 972,746	$0
	Supplemental Pension Plan II	10.75	$ 1,053,762	$0
	Elected Officer Supplemental Program I	18.00(d)	$13,290,644	$0
	Elected Officer Supplemental Program II	23.00(d)(e)	$20,887,476	$0
	10-Year Retirement Agreements	—	$ 1,022,247	$0
M.W. Lamach	Pension Plan Number One	5.917	$ 27,690	$0
	Supplemental Pension Plan II	5.917	$ 93,525	$0
	Elected Officer Supplemental Program II	23.00(f)	$ 2,968,892	$0
S. R. Shawley	Pension Plan Number One	35.5	$ 442,606	$0
	Supplemental Pension Plan I	6.00(g)	$ 118,930	$0
	Supplemental Pension Plan II	11(g)	$ 104,731	$0
	Elected Officer Supplemental Program II	35.0(h)	$ 6,922,940	$0
P. Nachtigal	Pension Plan Number One	30.5	$ 665,752	$0
	Supplemental Pension Plan I	25.5	$ 432,164	$0
	Supplemental Pension Plan II	30.5	$ 372,808	$0
	Elected Officer Supplemental Program I	26.00	$ 2,850,943	$0
	Elected Officer Supplemental Program II	31.00(i)	$ 3,399,173	$0
	10-Year Retirement Agreements	—	$ 345,850	$0
	Management Incentive Unit Plan	—	$ 298,532	$0
S. B. Hochhauser	Pension Plan Number One	1.58	$ 8,709	$0
	Supplemental Pension Plan II	1.58	$ 20,846	$0
	Elected Officer Supplemental Program II	2.0(j)	$ 410,970	$0

(a) In order to ensure compliance with the requirements of Section 409A of the Code to avoid the imposition of an excise tax, the Compensation Committee approved (i) an amendment to the Company's EOSP Plan I and Supplemental Pension Plan I to freeze any further accruals under those plans, effective December 31, 2004 and (ii) the establishment of the EOSP Plan II and Supplemental Pension Plan II, effective January 1, 2005, which plans were intended to be identical to the provisions of the EOSP Plan I and Supplemental Pension Plan I, except for those changes necessitated by Section 409A of the Code. On February 3, 2010, the Board of Directors approved the termination of the EOSP Plan I and distributions were made to eligible participants in March 2010.

(b) The years of credited service calculation under the EOSP Plans differs from the calculation used in both the Pension Plan and the Supplemental Pension Plans. Under the EOSP Plans, only for officers covered prior to May 19, 2009, a full year of service is credited for any year in which they work at least one day. In the Pension Plan and the Supplemental Pension Plans, as well as the EOSP Plan for those officers who begin to participate on or after May 19, 2009, the number of years of credited service is based on elapsed time (i.e. credit is given for each month in which a participant works at least one day). In addition, as noted above, the Supplemental Pension Plan II and the EOSP Plan II were established as mirror plans, effective January 1, 2005. The years of credited service used for calculating benefits under the EOSP Plan I and the Supplemental Pension Plan I are the years of credited service through December 31, 2004. The years of credited service used for calculating benefits under the Pension Plan, EOSP Plan II and Supplemental Pension Plan II are the years of credited service through December 31, 2009. Years of credited service is not used in the determination of the present value of benefits for the MIU Plan and the 10-Year Annuity Plan. The benefits earned under the EOSP Plan I and Supplemental Pension Plan I serve as offsets to the benefits earned under the EOSP Plan II and Supplemental Pension Plan II; that is, there is no double counting.

(c) The amounts in this column reflect the estimated present value of each NEO's accumulated benefit under the plans indicated. The calculations reflect the value of the benefits assuming that each NEO was fully vested under each plan. The benefits were computed as of the same pension plan measurement date (December 31, 2009) for financial statement reporting purposes, consistent with the assumptions described in Note 15, "Pensions and Postretirement Benefits Other than Pensions", to the consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2009.

A present value of benefits for the EOSP Plan I and Supplemental Pension Plan I is reported for those NEOs who were vested in those plans at December 31, 2004, the date on which those plans were frozen. If an NEO was not vested in the EOSP Plan I and/or Supplemental Pension Plan I at December 31, 2004, that NEO is not now, nor in the future, entitled to any benefit under those plans. See the section titled "Retirement Programs and Other Benefits" of Compensation Discussion and Analysis for more information on the material terms and conditions of payments and benefits available under the plans, including each plan's normal retirement payment and benefit formula, and the specific elements of compensation included in applying the payment and benefit formula.

(d) Mr. Henkel's credited years of service exceed his actual years of service by 12 years pursuant to the provisions of his employment arrangement. Under his employment arrangement, Mr. Henkel's benefit accrues at a rate such that he will be entitled at age 62 to an annual benefit equivalent to 65% of his then final average compensation (less the pension benefit he receives from his former employer). The increase in present value of benefits resulting from those additional years of credited service and the accelerated rate at which his benefits accrue is $23,887,673.

(e) On February 3, 2010, the Board of Directors agreed to amend the EOSP II to reset the rate to be used in calculating Mr. Henkel's retirement benefit, in recognition of the critical role that he played in overseeing and managing an orderly transition of his role as Chief Executive Officer and because he agreed to remain in place until June 2010 to assist in the transition of his role of Chairman of the Board. Under the amendment, the 10-Year Treasury rate that will be used will be the lower of the rate if he retired on February 3, 2010 or the rate on the date of his retirement.

(f) Mr. Lamach's credited years of service exceed his actual years of service by 17 years pursuant to the provisions of his employment arrangement. The increase in present value of benefits due to those additional years of credited service is $2,225,830. Mr. Lamach's benefit will be reduced by the pension benefit he receives from his former employer.

(g) Mr. Shawley's service in the Supplemental Plans began in January 1999 when he transferred from Thermo King.

(h) On June 4, 2008, the Compensation Committee of the Board of Directors agreed that if Mr. Shawley remains with the Company until age 60, any reduction for early retirement will be waived. The increase in present value of benefits resulting from this provision is $1,074,256.

(i) On February 3, 2010, the Board of Directors agreed to amend the EOSP II to set the rate used in calculating Ms. Nachtigal's retirement benefit, in recognition of her willingness to delay her retirement until mid-December to assist with the selection of her successor, to work with her successor to ensure an orderly transition and to assist the new President and Chief Executive Officer transition to his new role. Under this amendment, the rate that will be used will be the lower of the rate if she retired on February 3, 2010 or the rate on the date of her retirement.

(j) Mr. Hochhauser, pursuant to the provisions of his employment arrangement, receives double credit for the first five years of employment (3.8% versus 1.9%) in determining his benefit. The increase in present value of benefits due to this provision is $230,756.

2009 NONQUALIFIED DEFERRED COMPENSATION

The Company's EDCP Plans are unfunded nonqualified plans maintained for the purpose of making available the option to defer receipt of current compensation to a select group of key management or highly compensated employees. All amounts eligible for deferral are from annual salary, AIM program awards, PSP program awards and employment share awards. Elections to defer must be made prior to the beginning of the performance period. The Company has established a non-qualified grantor trust (the "trust"), with a bank as the trustee, to hold certain assets deferred under the EDCP Plans. These assets are considered general assets of the Company and are available to its creditors in the event of the Company's insolvency. Amounts held in the trust are invested by the trustee using various investment vehicles.

Participants may defer up to 50% of annual salary, up to 97% of the AIM program award and up to 100% of the PSP program award. All such deferral elections are irrevocable. Participants are offered certain investment options (approximately 60 mutual fund investments and ordinary share equivalents), and can choose how they wish to allocate their deferrals among those investment options. Participants are 100% vested in all amounts deferred, and bear the risk of any earnings and losses on such deferred amounts.

Generally, deferred amounts may be distributed upon a termination of employment or at the time of a scheduled in-service distribution date chosen by the participant. Under the EDCP Plans, if a participant has completed 5 or more years of service at the time of termination, or is terminated due to long-term disability, death or retirement, the distribution is paid in accordance with the participant's election. If a participant terminates with less than 5 years of service and the termination is not as a result of retirement, long-term disability or death, the account balance for all plan years will be paid in a lump sum in the year following the year of termination. A participant can elect to receive distributions at termination over a period of 5, 10, or 15 annual installments, or in a single lump sum. A participant can elect to receive scheduled in-service distributions in future years that are at least 2 years after the end of the plan year for which they are deferring. In-service distributions can be received in 2 to 5 annual installments, or if no election is made, in a lump sum. For those participants who have investments in ordinary shares, the distribution of these assets will be in the form of stock, not cash.

The stock grant plan is a frozen long-term incentive plan pursuant to which participants received performance-based stock awards. Stock awards pursuant to this plan have not been awarded since fiscal year 2001. Participants had the option of electing to defer those awards until retirement. The only current NEOs in the plan are Messrs. Henkel and Shawley, both of whom chose to defer receipt of substantially all their stock awards. Until the time of distribution, the stock awards accrue dividends in the form of ordinary shares. These dividends are also deferred and are paid out in stock at retirement.

Please refer to Compensation Discussion and Analysis for a description of the nonqualified Supplemental ESP.

The following table provides information regarding contributions, distributions, earnings and balances for each NEO under our nonqualified deferred compensation plans:

Name	Executive Contributions in Last Fiscal Year ($) (a)	Registrant Contributions in Last Fiscal Year ($) (b)	Aggregate Earnings in Last Fiscal Year ($) (c)	Aggregate Withdrawals/ Distributions ($)(d)	Aggregate Balance at Last Fiscal Year End ($) (e)
H. L. Henkel					
EDCP Plan I	—	—	4,181,836	—	7,933,075
EDCP Plan II	1,868,176	—	5,820,987	—	29,376,442
Supplemental ESP	—	147,300	972,394	—	1,943,758
Stock Grant Plan	—	—	4,353,595	—	8,248,512
M. W. Lamach					
EDCP II	—	—	830,252	—	1,575,015
Supplemental ESP	—	50,068	131,443	—	270,664
S. R. Shawley					
EDCP Plan I	—	—	570,716	—	1,082,666
EDCP Plan II	91,525	—	572,350	411,122	1,115,486
Supplemental ESP		35,734	136,144	—	304,501
Stock Grant Plan	—	—	322,527	—	611,073
P. Nachtigal					
EDCP Plan I	—	—	856,531	—	2,747,066
EDCP Plan II	—	—	18,775	181,248	0
Supplemental ESP	—	30,479	193,693	—	425,746
S. B. Hochhauser					
EDCP Plan II	121,506		61,789	—	205,711
Supplemental ESP		33,361	24,265	—	60,736

(a) The annual deferrals (salary, AIM & PSP) are all reflected in the Summary Compensation Table (in the Salary column, the Non-Equity Incentive Plan column and the Stock Awards column, respectively).

(b) All of the amounts reflected in this column are included as compensation in the Summary Compensation Table in the "All Other Compensation" column.

(c) Amounts in this column include gains and losses on investments as well as dividends on ordinary shares or ordinary share equivalents, and including, in the case of Messrs. Henkel and Shawley, dividends on past stock grant awards that have been deferred and the gain in value due to the change in the price of ordinary shares on December 31, 2008 and December 31, 2009. None of the earnings or losses reported in this column are included in the Summary Compensation Table.

(d) In 2008, under the transition rules of Section 409A of the Internal Revenue Code, active participants in the EDCP Plan II were permitted to change the date payments of previously deferred compensation that was deferred on or after January 1, 2005 would be distributed to them. Mr. Shawley and Ms. Nachtigal both chose to receive distributions from their EDCP Plan II in 2009 as permitted under this transition rule.

(e) In the case of Messrs. Henkel and Shawley, this column also includes the value of the stock grants and accumulated dividends as of December 31, 2009, based on the average of the high and low price of the Company's ordinary shares on December 31, 2009 ($35.99). The following table reflects the amounts reported in this column that were previously reported as compensation to the NEOs in the Company's Summary Compensation Table in proxy statements for prior years. Each of Messrs. Henkel, Lamach, Shawley and Hochhauser and Ms. Nachtigal first became NEOs and therefore had their compensation reported in the Company's proxy statements for fiscal years 2000 (Henkel), 2005 (Lamach), 2007 (Shawley), 2009 (Hochhauser) and 2006 (Nachtigal).

Name	EDCP Plans ($)	Supplemental ESP ($)	Stock Grants ($)
H. L. Henkel	24,524,870	1,365,140	2,102,619
M. W. Lamach	1,529,086	183,204	—
S. R. Shawley	91,525	68,051	—
P. Nachtigal	1,284,342	209,812	—
S. B. Hochhauser	—	—	—

POST EMPLOYMENT BENEFITS

The discussion and table below describe the compensation to which each of the current NEOs would be entitled in the event of termination of such executive's employment, including termination following a change in control. The potential payments were determined under the terms of our plans and arrangements in effect on December 31, 2009. The table does not include the pension benefits or nonqualified deferred compensation amounts that would be paid to an NEO, which are set forth in the Pension Benefits table and the Nonqualified Deferred Compensation table above, except to the extent that the NEO is entitled to an additional benefit as a result of the termination.

Employment Arrangements and Severance. The Company does not enter into employment contracts with all of its NEOs and does not have a general severance policy applicable to all NEOs. All of the NEOs are entitled to benefits upon termination of their employment following a change in control. However, Messrs. Henkel, Lamach and Hochhauser are entitled to severance in the event of their involuntary termination without cause due to the terms of their employment agreements. Mr. Henkel would be eligible to receive a severance equal to two times the sum of his annual base salary and the previous year's award under the AIM program. Under the terms of his employment agreement in effect as of December 31, 2009, Mr. Lamach would be eligible for 12 months of base annual salary plus a full year payment of AIM award earned for the year of termination up to target. Upon his promotion to President and Chief Executive Officer effective February 3, 2010, Mr. Lamach's agreement was amended to provide instead severance of 24 months of base annual salary plus a prorated AIM award earned for the year of termination as determined and paid at the conclusion of the full performance year in accordance with the terms of the plan. In both of Mr. Lamach's agreements, any unvested awards from completed performance periods under the PSP would be vested and he would receive prorated awards (not to exceed target) from the PSP for the open performance cycles at the end of the respective performance cycles based on actual performance in accordance with the terms of the plan. Mr. Lamach would also fully vest in the special retention grant of 100,000 options awarded to him on June 6, 2008. If he is terminated within 5 years following his employment date, Mr. Hochhauser would be eligible for 18 months of base annual salary (this is reduced to 12 months of base salary if termination is after 5 years of employment) plus a pro-rata AIM and PSP award.

Change in Control. The Company has entered into change in control agreements with each of its officers (a total of 20 employees at year-end) which provide for certain payments if the employment of a particular officer is terminated without "cause" (as defined in the change in control agreements) or the officer resigns for "good reason" (as defined in the change in control agreements), in each case, within two years following a change in control of the Company.

A "change in control" is defined as the occurrence of any of the following events: (i) any person unrelated to the Company becomes the beneficial owner of 30% or more of the combined voting power of the Company's voting stock, (ii) the directors serving at the time the change in control agreements were executed (or the directors subsequently elected by the shareholders of the Company whose election or nomination was duly approved by at least two-thirds of the then serving directors) fail to constitute a majority of the Board of Directors, (iii) the consummation of a merger or consolidation of the Company with any other corporation in which the Company's voting securities outstanding immediately prior to such merger or consolidation represent 50% or less of the combined voting securities of the Company immediately after such merger or consolidation, (iv) any sale or transfer of all or substantially all of the Company's assets, other than a sale or transfer with a corporation where the Company owns at least 80% of the combined voting power of such corporation or its parent after such transfer, or (v) any other event that the continuing directors determine to be a change in control; provided however, with respect to (i) through (iv) above, there shall be no change in control if shareholders of the Company own more than 50% of the combined voting power of the voting securities of the Company or the surviving entity or any parent immediately following such transaction in substantially the same proportion to each other as prior to such transaction.

Pursuant to the change in control agreement, each NEO would receive a lump sum equal to his or her annual salary and AIM award for the completed fiscal year for which payout has not occurred. In addition, upon his or her termination of employment within two years following a change in control, each NEO is entitled to a lump sum severance payment from the Company equal to, in the case of the Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and the General Counsel, three times the sum of (a) the NEO's annual salary in effect on the termination date, or, if higher, the annual salary in effect immediately prior to the reduction of the NEO's annual salary after the change in control and (b) the NEO's target AIM award for the year of termination or, if higher, the average of the AIM award amounts beginning three years immediately preceding the change in control and ending on the termination date. In addition, each NEO is entitled to a lump sum payment equal to, in the case of the CEO, COO, CFO and the General Counsel, three times the target PSP award for the year of termination multiplied by the share price received in the change in control transaction or, if higher, the average of the three awards beginning three years immediately preceding the change in control event and ending on the termination date. For the performance period beginning in 2009, each NEO is entitled to a lump sum cash payment of the PSP award equal to either three or two and one-half times (depending on their position) of the target amount of the most recent PSP award assigned to the NEO, or if greater, the cash value of the average of the amounts of the last three PSP awards granted and paid to the NEO immediately preceding his or her termination. For Sector Presidents and Senior Vice Presidents, in this case Mr. Hochhauser, the calculation to arrive at the severance and target PSP award payment is a two and one-half multiple. For all other officers, the multiple to determine the severance and target PSP award payment is two times. The inclusion of the PSP target award as part of the severance calculation has been eliminated from the form of the change in control agreements for any new officer who first becomes eligible for one of these agreements on or after May 19, 2009. The officers will also be able to participate in the Company's welfare employee benefit programs for the severance period (three years for Messrs. Henkel, Lamach and Shawley and Ms. Nachtigal and two and one-half years for Mr. Hochhauser). For purposes of calculating the officer's non-qualified pension benefits, three years will be added to both the officer's age and service with the Company under the EOSP Plans. For purposes of determining eligibility for post-retirement welfare benefits, the officer will be credited with any combination of additional years of service and age, not exceeding 10 years, to the extent necessary to qualify for such benefits. Subject to certain limitations, the Company would pay the excise taxes incurred by the individual as a result of the change in control payment. The excise tax payment has been eliminated from the form of the change in control agreements for any officer who first becomes eligible for these agreements on or after May 19, 2009.

Enhanced Retirement Benefits. An officer is vested in EOSP Plan II upon the earlier of (i) the attainment of age 55 and the completion of 5 years of service, (ii) attainment of age 62, (iii) death or (iv) change in control. A termination within two years following a change in control also triggers the payment of an enhanced benefit (as described above). Benefits under the EOSP Plans are forfeited in the event of termination for cause. In order to be eligible for an EOSP Plan benefit in the event of disability, a participant must remain disabled until age 65. An officer becomes vested in both the Pension Plan and the Supplemental Pension Plan II upon the completion of 5 years of service. To be entitled to a benefit under either the EOSP Plan I or Supplemental Pension Plan I, an officer had to have met the vesting criteria outlined above for each plan as of December 31, 2004. As of December 31, 2009, Mr. Lamach was not vested in the EOSP Plans and Mr. Hochhauser was not vested in the EOSP Plans, the Supplemental Pension Plans or the Pension Plan.

The MIU Plan follows the vesting requirements of the Pension Plan (5 years of service). Ms. Nachtigal, the only current NEO as of December 31, 2009 who participates in this plan, is vested. In addition, under the terms of the 10-Year Annuity Plan, Ms. Nachtigal is vested and would be ineligible for the benefit only if she was terminated for cause. Mr. Henkel, the only other NEO covered under the 10-Year Annuity Plan, must work until age 62 in order to be vested in the benefit. The only other circumstances under which he would be entitled to this benefit would be in the event of involuntary termination without cause or termination within two years following a change in control.

Health Benefits. In the event of a change in control, health benefits are provided, which include the cost of both active health and welfare benefits for the severance period (three years for Messrs. Henkel, Lamach and Shawley and Ms. Nachtigal and two and one-half years for Mr. Hochhauser), as well as retiree medical, if applicable. In order to qualify for retiree medical benefits, an employee must have attained age 55 and completed 15 years of service at the time of termination and must have their age and years of service as of December 31, 2002, when added together, equal 50. Pursuant to his employment agreement, Mr. Henkel is eligible for retiree medical coverage at termination (including due to retirement). In the event of termination without cause, the NEOs who are not eligible for retiree medical coverage would receive standard COBRA benefits for eighteen months. For the three retirement eligible NEOs (Messrs. Henkel and Shawley and Ms. Nachtigal) the cost of coverage under the change in control scenario is less than under the other scenarios (except death) due to the coverage under health and welfare benefits for active employees for a period of three years, which would place such NEOs at a closer point in time to eligibility for Medicare coverage, at which point Medicare becomes the primary coverage and the Company's insurance becomes secondary. In the event of death, only married, retirement eligible participants (Messrs. Henkel and Shawley) would be eligible to have health benefits extended to their beneficiaries.

POST EMPLOYMENT BENEFITS TABLE

Compensation Components	Voluntary Resignation/ Retirement ($)	Involuntary Without Cause ($)	Involuntary With Cause ($)	Change in Control ($)	Disability ($)	Death ($)
Severance						
Henkel		$5,400,000		$10,518,750		
Lamach		$1,470,000		$ 4,410,000		
Shawley				$ 3,300,000		
Nachtigal				$ 2,835,000		
Hochhauser		$1,260,000		$ 2,493,750		
2009 Earned But Unpaid AIM Award(a)						
Henkel				$ 2,446,000		
Lamach				$ 850,927		
Shawley				$ 668,586		
Nachtigal				$ 482,708		
Hochhauser				$ 539,509		
PSP Award Payout(b)						
Henkel				$11,250,000		
Lamach		$1,591,323		$ 2,700,000		
Shawley				$ 2,250,000		
Nachtigal				$ 1,650,000		
Hochhauser		$1,297,612		$ 1,500,000		
Value of Accelerated Vesting of Equity Awards(c)						
Henkel				$ 1,493,917		
Lamach		$ 236,742		$ 2,932,616		
Shawley				$ 885,703		
Nachtigal				$ 225,401		
Hochhauser				$ 1,617,124		
Enhanced Retirement Benefits(d)						
Henkel				$ 1,284,125		
Lamach				$ 2,135,434		
Shawley				$ 3,837,377		
Nachtigal				$ 1,206,474		
Hochhauser				$ 1,365,902		
Outplacement(e)						
Henkel		$ 20,000		$ 100,000		
Lamach		$ 20,000		$ 100,000		
Shawley		$ 20,000		$ 100,000		
Nachtigal		$ 20,000		$ 100,000		
Hochhauser		$ 20,000		$ 100,000		
Health Benefits(f)						
Henkel	$101,000	$ 101,000	$101,000	$ 92,623	$101,000	$57,000
Lamach	$ 0	$ 0	$ 0	$ 27,623	$ 0	$ 0
Shawley	$134,000	$ 134,000	$134,000	$ 125,623	$134,000	$72,000
Nachtigal	$ 42,000	$ 42,000	$ 42,000	$ 54,623	$ 42,000	$ 0
Hochhauser	$ 0	$ 0	$ 0	$ 23,019	$ 0	$ 0
Tax Gross-Up(g)						
Henkel				$10,070,883		
Lamach				$ 7,098,955		
Shawley				$ 5,279,499		
Nachtigal				$ 0		
Hochhauser				$ 3,119,764		
Total Direct Cost to Company						
Henkel	$101,000	$5,521,000	$101,000	$37,256,298	$101,000	$57,000
Lamach	$ 0	$3,318,065	$ 0	$20,255,555	$ 0	$ 0
Shawley	$134,000	$ 154,000	$134,000	$16,446,788	$134,000	$72,000
Nachtigal	$ 42,000	$ 62,000	$ 42,000	$ 6,554,206	$ 42,000	$ 0
Hochhauser	$ 0	$2,577,612	$ 0	$10,759,068	$ 0	$ 0

(a) These amounts represent the earned but unpaid AIM awards at December 31, 2009, the date the change in control is assumed to have occurred.

(b) For the “Involuntary Without Cause” column, these amounts represent the cash value of the prorated PSP award payout to Messrs. Lamach and Hochhauser as of December 31, 2009. For the “Change in Control” column these amounts represent the cash value of the PSP award payout, based on the appropriate multiple, as of December 31, 2009, the date the change in control is assumed to have occurred.

(c) For the non-retirement eligible NEOs (Messrs. Lamach and Hochhauser), these amounts represent the in-the-money value of options as well as unvested RSUs and PSUs that would be immediately vested as a result of a termination following a change in control and in the case of Mr. Lamach, the cash value of his earned but unvested PSUs that would be immediately vested upon an involuntary termination without cause. For options issued pursuant to the Incentive Stock Plan of 1998, this value was determined by multiplying the number of unvested options by the difference between the highest fair market value of ordinary shares during the 60-day period preceding the change in control ($37.23) and the relevant option exercise price. For options issued pursuant to the Incentive Stock Plan of 2007, this value was determined by multiplying the number of unvested options by the difference between the highest fair market value of the ordinary shares on the assumed change in control date of December 31, 2009 ($35.99) and the relevant option exercise price. Unvested PSUs and RSUs are valued using the closing price of ordinary shares as of December 31, 2009 ($35.74). Because the retirement eligible NEOs (Messrs. Henkel and Shawley and Ms. Nachtigal) would continue to vest in their options, RSUs and earned but unvested PSUs after termination of employment for any reason other than cause, the amounts reflected in this column for those NEOs reflect only the value of vesting earlier than the originally scheduled dates in their options, RSUs and PSUs using the methodology employed for calculations under Section 280G of the Code. The in-the-money value of the accelerated equity for the retirement eligible NEOs (Messrs. Henkel and Shawley and Ms. Nachtigal) in the event of termination following a change in control, calculated on the same basis as the amounts shown for the non-retirement eligible NEOs, would be $10,109,473 for Mr. Henkel, $2,001,677 for Mr. Shawley and $1,509,849 for Ms. Nachtigal. For details on treatment of outstanding equity awards in the event of retirement, death or disability, please refer to the footnotes to the Outstanding Equity Awards Table.

(d) Amounts for Mr. Henkel and Ms. Nachtigal also include the value of 10-Year Annuity Plan. For Ms. Nachtigal, her amount also includes the value of her MIU Plan. In the event of a change in control of the Company and a termination of the NEOs, the present value of the pension benefits under the EOSP Plans, Supplemental Pension Plans, 10-Year Annuity Plan and MIU Plan would be paid out as lump sums.

While there is no additional benefit to the NEOs as a result of either voluntary retirement/resignation and/or involuntary resignation without cause, there are differences (based on the methodology mandated by the SEC) between the numbers that are shown in the Pension Benefits Table and those that would actually be payable to the NEO under these termination scenarios.

(e) For the period following a NEO’s termination date after a change in control until December 31 of the second calendar year following the calendar year during which the termination occurred, the Company will reimburse the NEOs for all reasonable expenses actually incurred for professional outplacement services by qualified consultants, subject to a maximum amount of $100,000. In the event of any other termination without cause, the NEOs would be eligible for outplacement services for a six month period provided that the sum of these services cannot exceed $20,000.

(f) For the severance period following a change in control, the Company will continue to cover the cost of the active health benefits for the NEOs. Of the NEOs, only Messrs. Henkel and Shawley and Ms. Nachtigal are entitled to retiree medical coverage as of December 31, 2009. In the event of termination without cause, the NEOs who are not eligible for retiree medical coverage would have standard COBRA coverage for eighteen months.

(g) Pursuant to the change in control agreements, if any payment or distribution by the Company to the NEOs is determined to be subject to the excise tax imposed under Section 4999 of the Code, they would be entitled to receive from the Company a payment in an amount sufficient to place them in the same after-tax financial position that they would have been if they had not incurred any excise tax.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The Company does not generally engage in transactions in which its executive officers, directors or nominees for directors, any of their immediate family members or any of its 5% stockholders have a material interest. Pursuant to the Company's written related person transaction policy, any such transaction must be reported to management, which will prepare a summary of the transaction and refer it to the Corporate Governance and Nominating Committee for consideration and approval by the disinterested directors. The Corporate Governance and Nominating Committee reviews the material terms of the related person transaction, including the dollar values involved, the relationships and interests of the parties to the transaction and the impact, if any, to a director's independence. The Corporate Governance and Nominating Committee only approves those transactions that are in the best interest of the Company. In addition, the Company's Code of Conduct, which sets forth standards applicable to all employees, officers and directors of the Company, generally proscribes transactions that could result in a conflict of interest for the Company. Any waiver of the Code of Conduct for any executive officer or director requires the approval of the Company's Board of Directors. Any such waiver will, to the extent required by law or the NYSE, be disclosed on the Company's website at *www.ingersollrand.com* or on a current report on Form 8-K. No such waivers were requested or granted in 2009.

We have not made payments to directors other than the fees to which they are entitled as directors (described under the heading "Compensation of Directors") and the reimbursement of expenses relating to their services as directors. We have made no loans to any director or officer nor have we purchased any shares of the Company from any director or officer.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and officers, and persons who beneficially own more than ten percent of the Company's common stock, to file reports of ownership and reports of changes in ownership with the SEC and the NYSE. To the Company's knowledge, based solely on its review of such forms received by the Company and written representations that no other reports were required, all Section 16(a) filing requirements were complied with for the year 2009.

SHAREHOLDER PROPOSALS AND NOMINATIONS

Any proposal by a shareholder intended to be presented at the 2011 Annual General Meeting of shareholders of the Company must be received by the Company at its registered office at 170/175 Lakeview Drive, Airside Business Park, Swords, Co. Dublin, Ireland, Attn: Secretary, no later than December 21, 2010, for inclusion in the proxy materials relating to that meeting. Any such proposal must meet the requirements set forth in the rules and regulations of the SEC, including Rule 14a-8, in order for such proposals to be eligible for inclusion in our 2011 proxy statement.

The Company's Articles of Association set forth procedures to be followed by shareholders who wish to nominate candidates for election to the Board in connection with annual general meetings of shareholders or pursuant to written shareholder consents or who wish to bring other business before a shareholders' general meeting. All such nominations must be made following written notice to the Secretary of the Company accompanied by certain background and other information specified in the Articles of Association. In connection with any annual general meeting, written notice of a shareholder's intention to make such nominations must be given to the Secretary of the Company not later than the date which is 90 days in advance of the anniversary of the immediately preceding annual general meeting or, if the date of the annual general meeting occurs more than 30 days before, or 60 days after, the anniversary of such immediately preceding annual general meeting, not later than the seventh day after the date on which notice of such annual general meeting is given.

The Corporate Governance and Nominating Committee will consider all shareholder recommendations for candidates for Board membership, which should be sent to the Committee, care of the Secretary of the Company, at the address set forth above. In addition to considering candidates recommended by shareholders, the Committee considers potential candidates recommended by current directors, Company officers, employees and others. As stated in the Company's Corporate Governance Guidelines attached as *Appendix B* to this Proxy Statement, all candidates for Board membership are selected based upon their judgment, character, achievements and experience in matters affecting business and industry. Candidates recommended by shareholders are evaluated in the same manner as director candidates identified by any other means.

In order for you to bring other business before a shareholder general meeting, timely notice must be received by the Secretary of the Company within the time limits described above. The notice must include a description of the proposed item, the reasons you believe support your position concerning the item, and other specified matters. These requirements are separate from and in addition to the requirements you must meet to have a proposal included in our Proxy Statement. The foregoing time limits also apply in determining whether notice is timely for purposes of rules adopted by the SEC relating to the exercise of discretionary voting authority.

If a shareholder wishes to communicate with the Board of Directors for any other reason, all such communications should be sent in writing, care of the Secretary of the Company, or by email at *irboard@irco.com*.

HOUSEHOLDING

SEC rules permit a single set of annual reports and proxy statements to be sent to any household at which two or more shareholders reside if they appear to be members of the same family. Each shareholder continues to receive a separate proxy card. This procedure is referred to as householding. While the Company does not household in mailings to its shareholders of record, a number of brokerage firms with account holders who are Company shareholders have instituted householding. In these cases, a single proxy statement and annual report will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once a shareholder has received notice from his or her broker that the broker will be householding communications to the shareholder's address, householding will continue until the shareholder is notified otherwise or until the shareholder revokes his or her consent. If at any time a shareholder no longer wishes to participate in householding and would prefer to receive a separate proxy statement and annual report, he or she should notify his or her broker. Any shareholder can receive a copy of the Company's proxy statement and annual report by contacting the Company at its registered office at 170/175 Lakeview Drive, Airside Business Park, Swords, Co. Dublin, Ireland, Attention: Secretary or by accessing it at the Company's website at *www.ingersollrand.com.*

Shareholders who hold their shares through a broker or other nominee who currently receive multiple copies of the proxy statement and annual report at their address and would like to request householding of their communications should contact their broker.

Dated: April 20, 2010

Directions to the Annual Meeting

Dromoland Castle is located beside the village of Newmarket-on-Fergus in County Clare, just north of Shannon International Airport.

Directions from Dublin to Dromoland Castle Hotel (3 hours)

- On leaving Dublin, follow the signs for the N7 South (the main motorway that leads directly from Dublin to Limerick City)
- On entering Limerick City, follow the signs for the N18 (Shannon, Ennis & Galway)
- Continue on the N18 motorway until you come to The Dromoland Interchange and take slipway off on left hand side
- At first roundabout, take the fourth exit onto the R458 in the direction of Quin (you are now crossing over a bridge)
- At the next roundabout take the second exit (direction Newmarket-on-Fergus)
- Shortly you will approach the gates of Dromoland Castle Hotel on your left-hand side

Directions from Shannon Airport to Dromoland Castle (20 mins)

- Take the N19 road out of Shannon Airport
- At the first roundabout, take the second exit onto the N19 (Limerick, Galway)
- At the next roundabout, take the second exit continuing on N19
- At the third roundabout, take the first exit, then merge onto the N18 (Ennis, Galway)
- Continue on the N18 until you come to The Dromoland Interchange and take the next left slipway road off the motorway
- At the roundabout, take the third exit onto the R458 in the direction of Quin (you are crossing over a bridge)
- At the next roundabout, take the second exit (direction of Newmarket-on-Fergus)
- Shortly you will approach the gates of Dromoland Castle on your left-hand side

Appendix B

INGERSOLL-RAND PUBLIC LIMITED COMPANY

CORPORATE GOVERNANCE GUIDELINES

The following corporate governance guidelines and the charters of the committees of the Board of Directors of the Company, have been approved by the Board of Directors and provide the framework for the corporate governance of the Company.

Role of the Board of Directors

The Company's business is managed under the direction of the Board of Directors. The Board delegates to the Chief Executive Officer, and through that individual to other senior management, the authority and responsibility for managing the Company's business. The Board's role is to oversee the management and governance of the Company and to monitor senior management's performance.

Among the Board's core responsibilities are to:

- Select individuals for Board membership and evaluate the performance of the Board, Board committees and individual directors.
- Select, monitor, evaluate and compensate senior management.
- Assure that management succession planning is adequate.
- Review and approve significant corporate actions.
- Review and monitor implementation of management's strategic plans.
- Review and approve the Company's annual operating plans and budgets.
- Monitor corporate performance and evaluate results compared to the strategic plans and other long-range goals.
- Review the Company's financial controls and reporting systems.
- Review and approve the Company's financial statements and financial reporting.
- Review the Company's ethical standards and legal compliance programs and procedures.
- Monitor relations with shareholders, employees, and the communities in which the Company operates.

Board Size and Composition

The Board of Directors is comprised of such number of directors as the Board deems appropriate to function efficiently as a body, subject to the Company's Articles of Association. The Corporate Governance and Nominating Committee reviews the composition of the full Board to identify the qualifications and areas of expertise needed to further enhance the composition of the Board, makes recommendations to the Board concerning the appropriate size and needs of the Board and, on its own or with the assistance of management or others, identifies candidates with those qualifications.

The Board is made up of a substantial majority of independent, non-employee directors and the Board considers this to be the appropriate structure. The Board establishes principles and procedures to determine whether or not any particular director is independent in accordance with applicable regulations and the requirements of the New York Stock Exchange. The standards currently in effect for determining the independence of individual directors are attached as Exhibit I to these Corporate Governance Guidelines.

Selection of Directors

Under the Articles of Association, the Board of Directors has authority to fill vacancies in the Board and appoint additional directors (in each case subject to their re-election at the next annual general meeting) and to nominate candidates for election by the shareholders. The screening process is done by the Corporate Governance and Nominating Committee with direct input from the Chairman and CEO and from the other directors and from time to time with the assistance of director search firms. In considering candidates for director, the Corporate Governance and Nominating Committee will take into account all factors it considers appropriate, including, among other things, breadth of experience, understanding of business and financial issues, ability to exercise sound judgment, diversity, leadership, and achievements and experience in matters affecting business and industry. The Corporate Governance and Nominating Committee considers the entirety of each candidate's credentials and believes that at a minimum each nominee should satisfy the following criteria: highest character and integrity, experience and understanding of strategy and policy-setting, sufficient time to devote to Board matters, and no conflict of interest that would interfere with performance as a director. Shareholders may recommend candidates for Board membership for consideration by the Corporate Governance and Nominating Committee. Such recommendations should be sent to the Committee, care of the Secretary of the Company. Candidates recommended by shareholders are evaluated in the same manner as director candidates identified by any other means.

Chairman of the Board and CEO

The positions of Chairman of the Board and CEO are held by the same person, except in unusual circumstances, such as during a CEO transition. This policy has worked well for the Company. It is the Board's view that the Company's corporate governance principles, the quality, stature and substantive business knowledge of the members of the Board of Directors, as well as the Board's culture of open communication with the CEO and senior management are conducive to Board effectiveness with a combined Chairman and CEO position.

Committees of the Board

The Board of Directors has the following committees: Audit, Compensation, Corporate Governance and Nominating, and Finance. All committees have written, Board-approved charters detailing their responsibilities and the extent to which they have been delegated powers of the Board of Directors. Only non-employee directors serve on these committees. Chairpersons and members of these four committees are rotated periodically, as appropriate. At each meeting of the Audit Committee, committee members meet privately with representatives of the Company's independent auditors, and with the Company vice president responsible for the internal audit function. At least once a year, the Audit Committee meets privately with the Company's chief compliance officer.

The Audit Committee meets at least eight times each year, and the Compensation, Finance and Corporate Governance and Nominating Committees each meet at least four times each year. Additional committee meetings are called as required.

Board Agenda and Meetings

The Chairman establishes the agendas for the Board meetings in conjunction with the Lead Director. Each director is free to suggest items for inclusion in the agenda, and each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. Board materials relating to agenda items are provided to Board members in advance of meetings to allow the directors to prepare for discussion of matters at the meeting. The Board reviews and approves the Company's yearly operating plan and specific financial goals at the start of each year, and the Board monitors performance throughout the year. At an expanded Board meeting once a year, the Board reviews in depth the Company's long-range strategic plan. At the expanded meeting, it also reviews senior management development and succession planning.

Management presentations are made to the Board and its committees regularly on various aspects of the Company's operations. The directors have unrestricted access to management and corporate staff.

Executive Sessions of Non-employee Directors

The non-employee directors meet privately in executive sessions to review the performance of the CEO and to review recommendations of the Compensation Committee concerning compensation for the employee directors. The non-employee directors also meet as necessary, but at least twice a year, in executive session to consider such matters as they deem appropriate without management being present.

Lead Director

It is the policy of the Board that a Lead Director be appointed for a three-year minimum term from among the Company's independent directors. The Lead Director shall have the roles and responsibilities set forth in Exhibit II to these Corporate Governance Guidelines.

Director Orientation and Continuing Education

In order to become familiar with the Company, as well as the functioning of the Board of Directors, newly-appointed directors receive a variety of materials, including a Directors' Handbook, which provide an overview of the Company, its operations and organization. They are also provided with access to key management personnel to provide additional information, including significant issues currently facing the Company. Management will also maintain a program to keep directors up to date on legal, regulatory and other matters relevant to their positions as directors of a large publicly-held corporation.

Director Compensation and Stock Ownership

The Corporate Governance and Nominating Committee periodically reviews the Board of Directors' compensation and benefits and compares them with director compensation and benefits at peer companies. It is the Board of Directors' policy that directors be required to spend at least $50,000 annually to purchase shares of Company stock until they have acquired 20,000 shares. Once attaining the 20,000 share ownership level, directors are then required to retain ownership of a minimum of 20,000 shares until their resignation or retirement from the Board. It is also the policy of the Board that directors' fees be the sole compensation received from the Company by any non-employee director.

CEO Performance Evaluation

At the beginning of each year, the CEO presents his performance objectives for the upcoming year to the non-employee directors for their approval. At the end of the year, the non-employee directors then meet privately to discuss the CEO's performance for the current year against his performance objectives. The non-employee directors use this performance evaluation in the course of their deliberations when considering the compensation of the CEO. The non-employee directors and the CEO then meet to review the CEO's performance evaluation and compensation.

Chief Executive Officer Succession

The Board of Directors views CEO selection as one of its most important responsibilities. To assist the Board in succession planning, the CEO reports at least annually to the Board providing an assessment of senior managers and their potential to succeed the CEO, either in the event of a sudden emergency or in anticipation of the CEO's future retirement.

Director Retirement

Each non-employee director must retire at the annual general meeting immediately following his or her 75th birthday. Directors who change the occupation they held when initially elected must offer to resign from the Board. At that time, the Corporate Governance and Nominating Committee reviews the continued appropriateness of Board membership under the new circumstances and makes a recommendation to the Board. Employee directors, including the CEO, must retire from the Board at the time of a change in their status as an officer of the Company, unless the policy is waived by the Board.

Board and Board Committee Performance Evaluation

With the goal of increasing the effectiveness of the Board of Directors and its relationship to management, the Corporate Governance and Nominating Committee assists the Board in evaluating its performance as a whole and the performance of its committees. Each Board committee is also responsible for conducting an annual evaluation of its performance. The effectiveness and contributions of individual directors are considered each year when the directors stand for renomination.

Board Memberships

The CEO and other members of senior management must seek the approval of the Board (or the Board committee to which this responsibility has been delegated), before accepting outside board memberships with for-profit entities.

Non-employee directors must advise the Chairman of the Board and the Chair of the Corporate Governance and Nominating Committee if they are being considered for election or appointment to a board of directors of another publicly-held company. The Corporate Governance and Nominating Committee will determine whether the new board membership is compatible with continued service on the Company's Board.

Independent Advice

The Board or a committee of the Board may seek legal or other expert advice from a source independent of management. Generally, this would be with the knowledge of the CEO.

Code of Conduct

The Company will maintain a code of business conduct and ethics which will articulate for employees, shareholders, customers and suppliers the standards of conduct, including conflicts of interest matters, to which the Company expects to adhere. Directors will also be required to abide by the code of conduct. Any waivers of the conflict of interest requirements of such code in favor of a director or executive officer will be subject to approval by the Board. In the case of the consideration of such a waiver in favor of a director, such director shall not participate in the deliberation or vote relating to such waiver.

Internal Audit Function

The Company will maintain an internal audit function whose head will report directly to the Audit Committee. The internal audit function is responsible for bringing a systematic, disciplined approach to evaluate the effectiveness of risk management, control and governance processes. Its duties include monitoring the compliance by Company operations with the Company's internal controls and identifying any deficiencies in the design or operation of such internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data.

EXHIBIT I

Guidelines for Determining Independence of Directors

(A) A director will not be deemed "independent" if: (i) the director is affirmatively determined by the board of directors of the Company to have a material relationship to the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company); (ii) the director is or was within the last three years employed by the Company or any of its subsidiaries; (iii) an immediate family member of the director is or was within the last three years employed by the Company or any of its subsidiaries as an executive officer; (iv) the director or an immediate family member of the director has received during any twelve-month period within the last three years more than $120,000 in direct compensation (other than director and Board committee fees and pension or other forms of deferred compensation not contingent on continued service as a director from the Company and its subsidiaries), provided, however that for purposes of this subparagraph (iv), compensation received by an immediate family member for service as an employee of the Company (other than an executive officer) shall not be included in determining a director's independence; (v) the director, or an immediate family member of the director, is a current partner of a firm that is the Company's internal or external auditor; (vi) the director is a current employee of such audit firm; (vii) an immediate family member of the director is a current employee of such audit firm and personally works on the Company's audit; (viii) the director or an immediate family member of the director was within the last three years (but is no longer) a partner or employee of such audit firm and personally worked on the Company's audit within that time; (ix) an executive officer of the Company is or was within the last three years on the compensation committee of the board of directors of a company that employed the director, or an immediate family member of the director, as an executive officer at the same time; or (x) the director is a current employee, or has an immediate family member who is a current executive officer, of a company or tax exempt organization having any of the relationships with the Company described in paragraph (B) below.

(B) The following commercial or charitable relationships are considered to be material relationships that would impair a director's independence: (i) if a director is a current employee, or an immediate family member of a director is a current executive officer, of another company that has made payments to, or receives payments from, the Company for property or services in an amount which, in any of the last three fiscal years, is greater than $1 million, or 2% of the other company's consolidated gross revenues or (ii) if a director is a current employee, or an immediate family member of a director is a current executive officer, of a tax exempt organization, and the Company's discretionary charitable contributions to the organization in the aggregate are greater than $1 million, or 2% of that organization's consolidated gross revenues. (The amount of any "match" of charitable contributions under the Company's matching gifts program will not be included in calculating the amount of the Company's contributions for this purpose.) The Board will annually review all commercial and charitable relationships of directors.

(C) For relationships other than those of the types described in (A) and (B), the determination of whether the director has a material relationship with the Company, and therefore may not be independent, will be made in good faith by the directors who satisfy the guidelines set forth in such preceding paragraphs.

(D) For purposes of these guidelines the term "immediate family member" includes an individual's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares such individual's house.

(E) For purposes of these guidelines the term "executive officer" shall have the same meaning as the term "officer" in Rule 16a-1(f) of the Securities Exchange Act of 1934.

EXHIBIT II

INGERSOLL-RAND PLC

Lead Director
Board Role

The Lead Director coordinates the activities of all of the Board's independent directors. The Lead Director is the principal confidant to the CEO and ensures that the Board has an open, trustful relationship with the company's senior management team. In addition to the duties of all Directors, as set forth in the Company's Governance Guidelines, the specific responsibilities of the Lead Director are as follows:

- Chair the meetings of the independent directors when the Chairman is not present;
- Ensure the full participation and engagement of all Board members in deliberations;
- Lead the Board in all deliberations involving the CEO's employment, including hiring, contract negotiations, performance evaluations, and dismissal;
- Counsel the CEO on issues of interest/concern to directors and encourage all directors to engage the CEO with their interests and concerns;
- Work with the CEO to develop an appropriate schedule of Board meetings, seeking to ensure that the directors can perform their duties responsibly, while not interfering with the flow of Company operations;
- Work with the CEO to develop the Board and Committee agendas and approve the final agendas;
- Keep abreast of key Company activities and advise the CEO as to the quality, quantity and timeliness of the flow of information from Company management that is necessary for the directors to effectively and responsibly perform their duties; although Company management is responsible for the preparation of materials for the Board, the Lead Director may specifically request the inclusion of certain material;
- Engage consultants who report directly to the Board and assist in recommending consultants that work directly for Board Committees;
- Work in conjunction with the Corporate Governance and Nominating Committee in compliance with Governance Committee processes to interview all Board candidates and make recommendations to the Board;
- Assist the Board and Company officers in assuring compliance with and implementation of the Company's Governance Guidelines; work in conjunction with the Corporate Governance Committee to recommend revisions to the Governance Guidelines;
- Coordinate, develop the agenda for and chair executive sessions of the Board's independent directors; act as principal liaison between the independent directors and the CEO on sensitive issues;
- Work in conjunction with the Corporate Governance and Nominating Committee to identify for appointment the members of the various Board Committees, as well as selection of the Committee chairs;
- Make commitment to serve in role of Lead Director for a minimum of three years; and
- Help set the tone for the highest standards of ethics and integrity.

Adopted by Board: December 3, 2009

Ingersoll Rand

2009 Financials

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2009

or

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

For the transition period from ____ to ____

Commission File No. 001-34400

INGERSOLL-RAND PLC

(Exact name of registrant as specified in its charter)

Ireland	**98-0626632**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

170/175 Lakeview Dr.
Airside Business Park
Swords, Co. Dublin
Ireland
(Address of principal executive offices)

Registrant's telephone number, including area code: +(353) (0) 18707400

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

Title of each class	**Name of each exchange on which registered**
Ordinary Shares, Par Value $1.00 per Share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES X 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 X

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 X NO ____

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer X	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 X

The aggregate market value of common stock held by nonaffiliates on June 30, 2009 was approximately $6,670,031,309 based on the closing price of such stock on the New York Stock Exchange.

The number of ordinary shares outstanding as of February 18, 2010 was 321,072,029.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed within 120 days of the close of the registrant's fiscal year in connection with the registrant's Annual General Meeting of Shareholders to be held June 3, 2010 are incorporated by reference into Part II and Part III of this Form 10-K.

Form 10-K
For the Fiscal Year Ended December 31, 2009

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CAUTIONARY STATEMENT FOR FORWARD LOOKING STATEMENTS

Certain statements in this report, other than purely historical information, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “forecast,” “outlook,” “intend,” “strategy,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” or the negative thereof or variations thereon or similar terminology generally intended to identify forward-looking statements.

Forward-looking statements may relate to such matters as projections of revenue, margins, expenses, tax provisions, earnings, cash flows, benefit obligations, share repurchases or other financial items; any statements of the plans, strategies and objectives of management for future operations, including those relating to any statements concerning expected development, performance or market share relating to our products and services; any statements regarding future economic conditions or performance; any statements regarding pending investigations, claims or disputes, including those relating to the Internal Revenue Service audit of our consolidated subsidiaries’ tax filings in 2001 and 2002; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. These statements are based on currently available information and our current assumptions, expectations and projections about future events. While we believe that our assumptions, expectations and projections are reasonable in view of the currently available information, you are cautioned not to place undue reliance on our forward-looking statements. These statements are not guarantees of future performance. They are subject to future events, risks and uncertainties – many of which are beyond our control – as well as potentially inaccurate assumptions, that could cause actual results to differ materially from our expectations and projections.

Factors that might affect our forward-looking statements include, among other things:

- overall economic and business conditions;
- the demand for our products and services;
- competitive factors in the industries in which we compete;
- changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations);
- the outcome of litigation and governmental proceedings;
- the effect of income tax audit settlements;
- interest rate fluctuations and other changes in borrowing costs;
- other capital market conditions, including availability of funding sources and currency exchange rate fluctuations;
- availability of and fluctuations in the prices of key raw materials;
- economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders;
- the ability to achieve cost savings in connection with our strategic restructuring;

- potential further impairment of our goodwill, indefinite-lived intangible assets and/or our long-lived assets;

- the impact of fluctuations in the price of our ordinary shares;

- changes in U.S. and non-U.S. governmental laws and regulations; and

- the possible effects on us of future legislation in the U.S. that may limit or eliminate potential U.S. tax benefits resulting from our incorporation in a non-U.S. jurisdiction, such as Ireland, or deny U.S. government contracts to us based upon our incorporation in such non-U.S. jurisdiction.

Some of the material risks and uncertainties that could cause actual results to differ materially from our expectations and projections are described more fully in Item 1A "Risk Factors." You should read that information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this report and our Consolidated Financial Statements and related notes in Item 8 of this report. We note such information for investors as permitted by the Private Securities Litigation Reform Act of 1995. There also may be other factors that have not been anticipated or that are not described in this report, generally because we do not perceive them to be material, which could cause results to differ materially from our expectations.

Forward-looking statements speak only as of the date they are made, and we do not undertake to update these forward-looking statements. You are advised, however, to review any further disclosures we make on related subjects in our periodic filings with the Securities and Exchange Commission.

PART I

Item 1. **BUSINESS**

Overview
Ingersoll-Rand plc (IR-Ireland), an Irish public limited company, and its consolidated subsidiaries (we, our, the Company) is a diversified, global company that provides products, services and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and enhance industrial productivity and efficiency. Our business segments consist of Climate Solutions, Residential Solutions, Industrial Technologies and Security Technologies, each with strong brands and leading positions within their respective markets. We generate revenue and cash primarily through the design, manufacture, sale and service of a diverse portfolio of industrial and commercial products that include well-recognized, premium brand names such as Club Car®, Hussmann®, Ingersoll-Rand®, Schlage®, Thermo King® and Trane®.

We are dedicated to inspiring progress for our customers, shareholders, employees and communities by achieving:

- *Dramatic Growth*, by focusing on innovative solutions for our customers;
- *Operational Excellence*, by pursuing continuous improvement in all of our operations; and
- *Dual Citizenship*, by bringing together the talents of all Ingersoll Rand people to leverage the capabilities of our global enterprise.

To achieve these goals and to become a more diversified company with strong growth prospects, we transformed our enterprise portfolio by divesting cyclical, low-growth and asset-intensive businesses. In addition, our acquisition strategy has helped deliver more consistent revenue and earnings performance across all phases of the economic cycle. Aside from our portfolio transformation, we continue to focus on increasing our recurring revenue stream, which includes revenues from parts, service, used equipment and rentals. We also intend to continuously improve the efficiencies, capabilities, products and services of our high-potential businesses.

On July 1, 2009, Ingersoll-Rand Company Limited (IR-Limited), a Bermuda company, completed a reorganization to change the jurisdiction of incorporation of the parent company of Ingersoll Rand from Bermuda to Ireland. As a result, IR-Ireland replaced IR-Limited as the ultimate parent company effective July 1, 2009. All references related to the Company prior to July 1, 2009 relate to IR-Limited.

Ireland Reorganization
On March 5, 2009, our board of directors approved a reorganization of the Company that would change the jurisdiction of incorporation of our parent company from Bermuda to Ireland (the Ireland Reorganization). The first step in the Ireland Reorganization was the establishment of IR-Limited's tax residency in Ireland, which occurred in March 2009. Subsequently, IR-Ireland replaced IR-Limited as the ultimate parent company pursuant to a scheme of arrangement under Bermuda law (the Scheme of Arrangement). Major milestones to complete the Scheme of Arrangement were as follows:

- On April 1, 2009, IR-Limited formed IR-Ireland as a direct subsidiary.
- On April 20, 2009, IR-Limited petitioned the Supreme Court of Bermuda to order the calling of a meeting of the Class A common shareholders of IR-Limited to approve the Scheme of Arrangement.
- On April 23, 2009, the Supreme Court of Bermuda ordered IR-Limited to seek the approval of its Class A common shareholders on the Scheme of Arrangement.

- On June 3, 2009, IR-Limited received the requisite approval from its Class A common shareholders.

- On June 11, 2009, the Supreme Court of Bermuda issued an order (the Sanction Order) approving the Scheme of Arrangement.

On June 30, 2009, IR-Limited filed the Sanction Order with the Bermuda Registrar of Companies and, at 12:01 a.m. on July 1, 2009 (the Transaction Time) the following steps occurred simultaneously:

- All fractional shares of IR-Limited held of record were cancelled and IR-Limited paid to each holder of fractional shares that were cancelled an amount based on the average of the high and low trading prices of the IR-Limited Class A common shares on the New York Stock Exchange on June 29, 2009.

- All previously outstanding whole Class A common shares of IR-Limited were cancelled.

- IR-Limited issued to IR-Ireland 319,166,220 Class A common shares.

- IR-Ireland issued 319,166,220 ordinary shares to holders of whole IR-Limited Class A common shares that were cancelled as a part of the Scheme of Arrangement.

- All previously outstanding ordinary shares of IR-Ireland held by IR-Limited and its nominees were acquired by IR-Ireland and cancelled for no consideration.

As a result of the Ireland Reorganization, IR-Limited became a wholly-owned subsidiary of IR-Ireland and the Class A common shareholders of IR-Limited became ordinary shareholders of IR-Ireland.

The Ireland Reorganization did not have a material impact on our financial results. Ingersoll-Rand plc will still continue to be subject to United States Securities and Exchange Commission reporting requirements and prepare financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Shares of Ingersoll-Rand plc will continue to trade on the New York Stock Exchange under the symbol "IR", the same symbol under which the Ingersoll-Rand Company Limited Class A common shares previously traded.

At the Transaction Time, IR-Limited completed the transfer of all the outstanding shares of Ingersoll-Rand Global Holding Company Limited (IR-Global) to Ingersoll-Rand International Holding Limited (IR-International), another wholly-owned indirect subsidiary of IR-Limited incorporated in Bermuda, whereupon IR-International assumed the obligations of IR-Limited as an issuer or guarantor, as the case may be, under the indentures governing the Company's outstanding notes, medium-term notes and debentures. IR-Ireland and IR-Limited also fully and unconditionally guarantee the payment obligations of IR-International, IR-Global and Ingersoll-Rand Company, a wholly-owned indirect subsidiary of IR-Limited incorporated in New Jersey (IR-New Jersey), as the case may be, as the issuers of debt securities under these indentures. Neither IR-Ireland nor IR-Limited has issued or intends to issue guarantees in respect of any indebtedness incurred by Trane. In addition, any securities issued by the Company that were convertible, exchangeable or exercisable into Class A common shares of IR-Limited became convertible, exchangeable or exercisable, as the case may be, into the ordinary shares of IR-Ireland.

Bermuda Reorganization

IR-New Jersey, was organized in 1905 under the laws of the State of New Jersey as a consolidation of Ingersoll-Sergeant Drill Company and the Rand Drill Company, whose businesses were established in the early 1870s.

IR-Limited was the successor to IR-New Jersey following a corporate reorganization that became effective on December 31, 2001 (the Bermuda Reorganization). The Bermuda Reorganization was accounted for as a reorganization of entities under common control and accordingly, did not result in any changes to the consolidated amounts of assets, liabilities and shareholders' equity.

Recent Acquisitions and Divestitures

On June 5, 2008 (the Acquisition Date), we completed our acquisition of 100% of the outstanding common shares of Trane Inc. (Trane). Trane, previously named American Standard Companies Inc., provides systems and services that enhance the quality and comfort of the air in homes and buildings around the world. Trane's systems and services have leading positions in commercial, residential, institutional and industrial markets; a reputation for reliability, high quality and product innovation; and a powerful distribution network. The total cost of the acquisition was approximately $9.6 billion, which was funded by a combination of cash on hand, commercial paper and a 364-day senior unsecured bridge loan facility.

On November 30, 2007, we completed the sale of our Bobcat, Utility Equipment and Attachments business units (collectively, Compact Equipment) to Doosan Infracore for cash proceeds of approximately $4.9 billion, subject to post-closing purchase price adjustments. Compact Equipment manufactured and sold compact equipment including skid-steer loaders, compact track loaders, mini-excavators and telescopic tool handlers, portable air compressors, generators, light towers, general-purpose light construction equipment and attachments. We are currently in the process of resolving the final purchase price adjustments with Doosan Infracore.

On April 30, 2007, we completed the sale of our Road Development business unit to AB Volvo (publ) for cash proceeds of approximately $1.3 billion. The Road Development business unit manufactured and sold asphalt paving equipment, compaction equipment, milling machines and construction-related material handling equipment.

Business Segments

Our business segments provide products, services and solutions used to increase the efficiency and productivity of both industrial and commercial operations and homes, as well as improve the security, safety, health and comfort of people around the world.

In the fourth quarter of 2009, we realigned our external reporting structure to more closely reflect our corporate and business strategies and to promote additional productivity and growth. Our segments are now as follows: Climate Solutions, Residential Solutions, Industrial Technologies and Security Technologies. As part of the change, we eliminated the Air Conditioning Systems and Services segment which represented the acquired Trane business and created two new reportable segments, the Climate Solutions segment and the Residential Solutions segment. Our business segments are as follows:

Climate Solutions

Our Climate Solutions segment delivers energy-efficient refrigeration and Heating, Ventilation and Air Conditioning (HVAC) solutions throughout the world. Encompassing the transport and stationary refrigeration markets as well as the commercial HVAC markets, this segment offers customers a broad range of products, services and solutions to manage controlled temperature environments. This segment, which had 2009 net revenues of $7.3 billion, includes the market leading brands of Hussmann, Thermo King and Trane.

Residential Solutions

Our Residential Solutions segment provides safety, comfort and efficiency to homeowners throughout North America and parts of South America. It offers customers a broad range of products, services and solutions including mechanical and electronic locks, energy-efficient HVAC systems, indoor air quality solutions, advanced controls, portable security systems and remote home management. This segment, which had 2009 net revenues of $2.0 billion, is comprised of well-known brands like American Standard, Schlage and Trane.

Industrial Technologies

Our Industrial Technologies segment provides products, services and solutions that enhance energy efficiency, productivity and operations. It offers our global customers a diverse and innovative range of products including compressed air systems, tools, pumps, fluid handling systems, golf and utility vehicles in addition to environmentally friendly micro turbines. This segment, which had 2009 net revenues of $2.2 billion, includes the Club Car and Ingersoll Rand market-leading brands.

Security Technologies

Our Security Technologies segment is a leading global provider of products and services that make environments safe, secure and productive. The segment's market-leading products include electronic and biometric access control systems and software, locks and locksets, door closers, exit devices, steel doors and frames, portable security devices, as well as time, attendance and personnel scheduling systems. These products serve a wide range of markets including the commercial construction market, healthcare, retail, maritime and transport industries as well as educational and governmental facilities. This segment, which had 2009 net revenues of $1.7 billion, includes the CISA, LCN, Schlage and Von Duprin brands.

Products

Our principal products by business segment include the following:

Climate Solutions	
Aftermarket parts and service	Diesel-powered temperature control systems
Air cleaners	Display merchandisers
Air conditioners	Furnaces
Air exchangers	Heat pumps
Air handlers	Humidifiers
Airside and terminal devices	Installation contracting
Applied systems	Package heating and cooling systems
Auxiliary idle reduction	Refrigerated containers
Auxiliary temperature management	Refrigeration and electrical houses
Boilers	Refrigeration systems
Building management systems	Surface and air sanitation
Bus and rail HVAC systems	Thermostats/controls
Coils and condensers	Unitary systems
Containers and gensets	Vehicle-powered truck refrigeration systems
Control systems	Walk-in coolers and freezers
Cryogenic temperature control systems	

Residential Solutions	
Air cleaners	Furnaces
Air conditioners	Heat pumps
Air exchangers	Humidifiers
Air handlers	Package heating and cooling systems
Boilers	Portable security products
Door locks, latches and locksets	Thermostats/controls
Electrical security products	Unitary systems
Electronic access-control systems	

Industrial Technologies	
Air and electric tools	Fluid-handling equipment
Air balancers	Golf vehicles
Air compressors & accessories	Lubrication equipment
Air motors	Material handling equipment
Air treatment	Microturbines
Blowers	Piston pumps
Diaphragm pumps	Utility vehicles
Engine-starting systems	

Security Technologies	
Automatic doors	Doors and door frames (steel)
Biometric access control systems	Electrical security products
Door closers and controls	Electronic access-control systems
Door locks, latches and locksets	Exit devices

These products are sold primarily under our name and under other names including American Standard®, CISA®, Club Car®, Hussmann®, LCN®, Schlage®, Thermo King®, Von Duprin® and Trane®.

Competitive Conditions

Our products are sold in highly competitive markets throughout the world. Due to the diversity of these products and the variety of markets served, we encounter a wide variety of competitors that vary by product line. They include well-established regional or specialized competitors, as well as larger U.S. and non-U.S. corporations or divisions of larger companies.

The principal methods of competition in these markets relate to price, quality, delivery, service and support, technology and innovation. We believe that we are one of the leading manufacturers in the world of HVAC systems and services, air compression systems, transport temperature control products, refrigerated display merchandisers, refrigeration systems and controls, air tools, and golf and utility vehicles. In addition, we believe we are a leading supplier in U.S. markets for architectural hardware products, mechanical locks and electronic and biometric access-control technologies.

Distribution

Our products are distributed by a number of methods, which we believe are appropriate to the type of product. U.S. sales are made through branch sales offices and through distributors, dealers and large retailers across the country. Non-U.S. sales are made through numerous subsidiary sales and service companies with a supporting chain of distributors throughout the world.

Customers

We have no major customers that accounted for more than 10% of our consolidated net revenues in 2009, 2008 or 2007. No material part of our business is dependent upon a single customer or a small group of customers; therefore, the loss of any one customer would not have a material adverse effect on our operations.

Raw Materials

We manufacture many of the components included in our products, which requires us to employ a wide variety of raw materials. Principal raw materials, such as steel, copper and aluminum, are purchased from a large number of independent sources around the world. In the past, higher prices for some raw materials, particularly steel and non-ferrous metals, have caused pricing pressures in some of our businesses; we have historically been able to pass certain of these cost increases on to customers in the form of price increases.

We believe that available sources of supply will generally be sufficient for the foreseeable future. There have been no raw material shortages which have had a material adverse effect on our businesses. However, significant changes in certain material costs may have an adverse impact on our costs and operating margins. To mitigate this potential impact, we enter into long-term supply contracts in order to manage our exposure to potential supply disruptions.

Working Capital

We manufacture products that usually must be readily available to meet our customer's rapid delivery requirements. Therefore, we maintain an adequate level of working capital to support our business needs and our customers' requirements. Such working capital requirements are not, however, in the opinion of management, materially different from those experienced by our major competitors. Our sales and payment terms are generally similar to those of our competitors.

Research and Development

We engage in research and development activities in an effort to introduce new products, enhance existing products effectiveness, increase safety, improve ease of use and reliability as well as expand the various applications for which our products may be appropriate. In addition, we continually evaluate developing technologies in areas that we believe will enhance our business for possible investment or acquisition. We anticipate that we will continue to make significant expenditures for research and development activities as we look to maintain and improve our competitive position. Research and development expenditures, including qualifying engineering costs, were $257.4 million in 2009, $204.6 million in 2008 and $128.6 million in 2007.

Patents and Licenses

We own numerous patents and patent applications, and are licensed under others. Although in aggregate we consider our patents and licenses to be valuable to our operations, we do not believe that our business is materially dependent on a single patent or license or any group of them. In our opinion, engineering, production skills and experience are more responsible for our market position than our patents and/or licenses.

Operations by Geographic Area

More than 35% of our 2009 net revenues were derived outside the U.S. and we sold products in more than 100 countries. Therefore, the attendant risks of manufacturing or selling in a particular country, such as nationalization and establishment of common markets, would not be expected to have a significant effect on our non-U.S. operations. For a discussion of risks attendant to our non-U.S. operations, see "Risk Factors – Currency exchange rate and commodity price fluctuations may adversely affect our results," "Risk Factors – Our global operations subject us to economic risks," in Item 1A and "Quantitative and Qualitative Disclosure about Market Risk" in Item 7A.

Backlog

Our approximate backlog of orders, believed to be firm, at December 31, 2009 and 2008, were as follows:

Dollar amounts in millions	2009	2008
Climate Solutions	$ 1,232.1	$ 1,259.5
Residential Solutions	43.4	45.4
Industrial Technologies	341.6	367.7
Security Technologies	160.4	166.1
Total	$ 1,777.5	$ 1,838.7

These backlog figures are based on orders received. While the major portion of our products are built in advance of order and either shipped or assembled from stock, orders for specialized machinery or specific customer application are submitted with extensive lead times and are often subject to revision, deferral, cancellation or termination. We expect to ship substantially the entire backlog at December 31, 2009 during 2010.

Environmental Matters

We continue to be dedicated to an environmental program intended to reduce the utilization and generation of hazardous materials during the manufacturing process as well as to remediate identified environmental concerns. As to the latter, we are currently engaged in site investigations and remediation activities to address environmental cleanup from past operations at current and former manufacturing facilities.

We are sometimes a party to environmental lawsuits and claims and have received notices of potential violations of environmental laws and regulations from the Environmental Protection Agency and similar state authorities. We have been also identified as a potentially responsible party (PRP) for cleanup costs associated with off-site waste disposal at federal Superfund and state remediation sites. For all such sites, there are other PRPs and, in most instances, our involvement is minimal.

In estimating our liability, we have assumed that we will not bear the entire cost of remediation of any site to the exclusion of other PRPs who may be jointly and severally liable. The ability of other PRPs to participate has been taken into account, based generally on the parties' financial condition and probable contributions on a per site basis. Additional lawsuits and claims involving environmental matters are likely to arise from time to time in the future.

During 2009, we spent $10.8 million for environmental remediation at sites presently or formerly owned or leased by us. As of December 31, 2009 and 2008, we have recorded reserves for environmental matters of $93.3 million and $100.9 million, respectively. We believe that these expenditures and accrual levels will continue and may increase over time. Given the evolving nature of environmental laws, regulations and technology, the ultimate cost of future compliance is uncertain.

For a further discussion of our potential environmental liabilities, see also Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Environmental and Asbestos Matters and also Note 23 to the consolidated financial statements.

Asbestos Matters

Certain wholly-owned subsidiaries of the Company are named as defendants in asbestos-related lawsuits in state and federal courts. In virtually all of the suits, a large number of other companies have also been named as defendants. The vast majority of those claims has been filed against either IR-New Jersey or Trane and generally allege injury caused by exposure to asbestos contained in certain historical products sold by IR-New Jersey or Trane, primarily pumps, boilers and railroad brake shoes. Neither IR-New Jersey nor Trane was a producer or manufacturer of asbestos, however, some formerly manufactured products utilized asbestos-containing components such as gaskets and packings purchased from third- party suppliers.

See also the discussion under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Environmental and Asbestos Matters and also Note 23 to the consolidated financial statements.

Employees

As a result of the acquisition of Trane in the second quarter of 2008, we increased our workforce by approximately 30,000 people. As of December 31, 2009, we employed approximately 57,000 people throughout the world.

Available Information

We file annual, quarterly, and current reports, proxy statements, and other documents with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934. The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The public can obtain any documents that are filed by us at http://www.sec.gov.

In addition, this Annual Report on Form 10-K, as well as our quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to all of the foregoing reports, are made available free of charge on our Internet website (http://www.ingersollrand.com) as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC. The Board of Directors of the Company has also adopted and posted in the Investor Relations section of its website our Corporate Governance Guidelines and charters for each of the Board's standing committees.

Certifications

New York Stock Exchange Annual Chief Executive Officer Certification

The Company's Chief Executive Officer submitted to the New York Stock Exchange the Annual CEO Certification as the Company's compliance with the New York Stock Exchange's corporate governance listing standards required by Section 303A.12 of the New York Stock Exchange's listing standards.

Sarbanes-Oxley Act Section 302 Certification

The certifications of the Chief Executive Officer and Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 have been filed as exhibits to this Annual Report on Form 10-K.

Item 1A. **RISK FACTORS**

The following are certain risk factors that could affect our business, financial condition, results of operations, and cash flows. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this Annual Report on Form 10-K because these factors could cause the actual results and conditions to differ materially from those projected in forward-looking statements. Before you invest in our publicly traded securities, you should know that making such an investment involves some risks, including the risks described below. If any of the risks actually occur, our business, financial condition or results of operations could be negatively affected. In that case, the trading price of our ordinary shares could decline, and you may lose all or part of your investment.

Risks Relating to Our Businesses

We are relying on an indemnification agreement with respect to any potential liability arising from a European Commission Investigation into possible infringement of European Union competition law by Trane and its subsidiaries. If we were unable to rely on the indemnification agreement for any reason, any potential liability arising from the European Commission Investigation could have a material adverse effect on our financial condition and results of operations.

In connection with Trane's spinoff of the Vehicle Control Systems business into a new publicly traded company called WABCO Holdings Inc. (WABCO) on July 31, 2007, Trane entered into an Indemnification and Cooperation Agreement (Indemnification Agreement) with, among others, American Standard Europe BVBA (renamed WABCO Europe BVBA) (WABCO Europe), which became a subsidiary of WABCO following the spinoff. Pursuant to the Indemnification Agreement, WABCO Europe has agreed to indemnify Trane and its subsidiaries and their respective affiliates against any fines related to the European Commission Investigation. For a further discussion of European Commission Investigation, see "Legal Proceedings." If the maximum fine is levied in 2010, the total liability could be as high as $1.1 billion based on Trane's last full fiscal year of worldwide revenue attributable to all of its product lines owned at the time the Statement of Objections was issued, subject to a probable reduction for leniency of at least 20 percent provided WABCO Europe, as the leniency applicant, fulfilled all conditions set forth in the European Commission's leniency notice. WABCO has stated in its Form 10-K for the fiscal years ended December 31, 2009 that its ability to satisfy its obligations under the Indemnification Agreement is contingent on its funding capability at the time of the fine, which could be affected by, among other things, its ability to access its then existing credit facilities, its ability to obtain alternative sources of financing, its ability to obtain some payment relief from the European Commission or its ability to obtain a suspension of the payment obligation from the European Court of First Instance. If WABCO Europe were unable to satisfy its obligations under the Indemnification Agreement or if we were unable to rely on the Indemnification Agreement for any reason, any potential liability arising from the European Commission Investigation could have a material adverse effect on our financial condition and results of operations.

We face continuing risks relating to compliance with the Foreign Corrupt Practices Act (FCPA)

On November 10, 2004, the Securities and Exchange Commission (SEC) issued an Order directing that a number of public companies, including us, provide information relating to their participation in certain transactions under the United Nations' Oil for Food Program. Upon receipt of the Order, we undertook a thorough review of our participation in the Oil for Food Program and provided the SEC with information responsive to its investigation of our participation in the program. On October 31, 2007, we announced that we had reached settlements with the SEC and the Department of Justice (DOJ) relating to certain payments made by our foreign subsidiaries in 2000-2003 in connection with the Oil for Food Program. Pursuant to the settlements with the SEC and DOJ, we have, among other things, (i) consented to the entry of a civil injunction in the SEC action, (ii) entered into a three-year deferred prosecution agreement (DPA) with the DOJ, and (iii) agreed to implement improvements to our compliance program designed to enhance detection and prevention of violations of the FCPA and other applicable anti-corruption laws. If the DOJ determines, in its sole discretion, that we have committed a federal crime or have otherwise breached the DPA during its three-year term, we may be subject to prosecution for any federal criminal violation of which the DOJ has knowledge, including, without limitation, violations of the FCPA in connection with the Oil for Food Program. Breaches of the settlements with SEC and DOJ may also subject us to, among other things, further enforcement actions by the SEC or the DOJ, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects and the market value of our stock. For a further discussion of the settlements with the SEC and DOJ, see "Legal Proceedings."

Furthermore, we have reported to the DOJ and SEC certain matters involving Trane, including one relating to the Oil for Food Program, and which raise potential issues under the FCPA and other applicable anti-corruption laws. With respect to these matters, we have conducted a thorough investigation which began in earnest promptly after our acquisition of Trane in June 2008. Previously, we had reported to the SEC and DOJ potential FCPA issues relating to one of our businesses in China, and we have reported back to them and shared with them our audit report, which indicated no FCPA violations. With respect to that same business in China, we have discussed with the DOJ and SEC another matter which raises potential FCPA issues. We have had preliminary discussions concerning the foregoing with the SEC and DOJ, to be followed by further discussions about them and possibly other matters which raise potential FCPA concerns. These matters (and others which may arise or of which we become aware in the future) may be deemed to violate the FCPA and other applicable anti-corruption laws. Such determinations could subject us to, among other things, further enforcement actions by the SEC or the DOJ (if, for example, the DOJ deems us to have violated the DPA), securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects and the market value of our stock.

Our global operations subject us to economic risks.

Our global operations are dependent upon products manufactured, purchased and sold in the U.S. and internationally, including Europe, China, Brazil, Venezuela, Africa, India and Turkey. These activities are subject to risks that are inherent in operating globally, including the following:

- countries could change regulations or impose currency restrictions and other restraints;
- in some countries, there is a risk that the government may expropriate assets;
- some countries impose burdensome tariffs and quotas;
- national and international conflict, including terrorist acts, could significantly impact our financial condition and results of operations; and
- economic downturns, political instability and war or civil disturbances may disrupt production and distribution logistics or limit sales in individual markets.

Currency exchange rate and commodity price fluctuations may adversely affect our results.

We are exposed to a variety of market risks, including the effects of changes in currency exchange rates, commodity prices and interest rates. See Part II Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

More than 35% of our 2009 net revenues were derived outside the U.S., and we expect sales to non-U.S. customers to continue to represent a significant portion of our consolidated net revenues. Although we enter into currency exchange contracts to reduce our risk related to currency exchange fluctuations, changes in the relative values of currencies occur from time to time and may, in some instances, have a significant effect on our results of operations. Because we do not hedge against all of our currency exposure, our business will continue to be susceptible to currency fluctuations.

Furthermore, the reporting currency for our financial statements is the U.S. dollar. We have assets, liabilities, revenues and expenses denominated in currencies other than the U.S. dollar. To prepare our consolidated financial statements, we must translate those assets, liabilities, revenues and expenses into U.S. dollars at the applicable exchange rates. Consequently, increases and decreases in the value of the U.S. dollar versus other currencies will affect the amount of these items in our consolidated financial statements, even if their value has not changed in their original currency.

We are also a large buyer of steel and non-ferrous metals, as well as other commodities required for the manufacture of our products. Volatility in the prices of these commodities could increase the costs of our products and services. We may not be able to pass on these costs to our customers and this could have a material adverse effect on our results of operations and cash flows. We may purchase commodity derivatives which reduce the volatility of the commodity prices for supplier contracts where fixed pricing is not available.

Significant shortages in the raw materials we use in our businesses and higher energy prices could increase our operating costs.

We rely on suppliers to secure raw materials, particularly steel and non-ferrous metals, required for the manufacture of our products. A disruption in deliveries from our suppliers or decreased availability of raw materials or commodities could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. We believe that available sources of supply will generally be sufficient for our needs for the foreseeable future. Nonetheless, the unavailability of some raw materials may have an adverse effect on our results of operations or financial condition.

Additionally, we are exposed to large fluctuations for the price of petroleum-based fuel due to the instability of current market prices. Higher energy costs increase our operating costs and the cost of shipping our products to customers around the world. Consequently, sharp price increases, the imposition of taxes or an interruption of supply, could cause us to lose the ability to effectively manage the risk of rising fuel prices and may have an adverse effect on our results of operations or financial condition.

Changes in weather patterns and seasonal fluctuations may adversely affect certain segments of the Company's business and impact overall results of operations.

Demand for certain segments of the Company's products and services is influenced by weather conditions. For instance, Trane's sales have historically tended to be seasonally higher in the second and third quarters of the year because, in the U.S. and other northern hemisphere markets, summer is the peak season for sales of air conditioning systems and services. Additionally, while there is demand for Trane's products and services throughout the year, a significant percentage of total sales are related to U.S. residential and commercial construction activity, which is generally higher in the second and third quarters of the year. Therefore, results of any quarterly period may not be indicative of expected results for a full year and unexpected cool trends or unseasonably warm trends during the summer season could negatively or positively affect certain segments of the Company's business and impact overall results of operations.

Material adverse legal judgments, fines, penalties or settlements could adversely affect our financial health.

We estimate that our available cash and our cash flow from operations will be adequate to fund our operations for the foreseeable future. In making this estimate, we have not assumed the need to make any material payments in connection with any pending litigation or investigations. As required by generally accepted accounting principles in the United States, we establish reserves based on our assessment of contingencies. Subsequent developments in legal proceedings, including current or future asbestos-related litigation, may affect our assessment and estimates of the loss contingency recorded as a reserve and we may be required to make additional material payments, which could result in an adverse effect on our results of operations.

Such an outcome could have important consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate;
- restrict our ability to exploit business opportunities; and
- make it more difficult for us to satisfy our payment obligations with respect to our outstanding indebtedness.

If the distribution of WABCO's shares by Trane on July 31, 2007 were to fail to qualify as tax-free for U.S. federal income tax purposes under Section 355 of the Internal Revenue Code (the Code), then Trane and Trane's shareholders who received WABCO common stock in the distribution may be required to pay U.S. federal income taxes.

On July 31, 2007, Trane (then known as American Standard Companies Inc.) completed the spinoff of its vehicle control systems business into a new publicly traded company named WABCO. At the time, Trane received a private letter ruling from the Internal Revenue Service (IRS) substantially to the effect that the distribution qualified as tax-free for U.S. federal income tax purposes under Section 355 of the Code. In addition, Trane received an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to Trane, substantially to the effect that the distribution will qualify as tax-free to Trane, WABCO and Trane shareholders under Section 355 and related provisions of the Code. The ruling and opinion were based on, among other things, certain assumptions as well as on the accuracy of certain factual representations and statements made by WABCO and Trane. In rendering its ruling, the IRS also relied on certain covenants that Trane and WABCO entered into, including the adherence to certain restrictions on WABCO's and Trane's future actions.

In connection with our acquisition of Trane in June 2008, we received an opinion of Simpson Thacher & Bartlett LLP, tax counsel to us, substantially to the effect that the distribution should continue to qualify as tax-free to Trane, WABCO and Trane shareholders under Section 355 and related provisions of the Code. Notwithstanding receipt by Trane and us of the private letter ruling as well as the opinions of counsel, there can be no assurance that the IRS will not later assert that the distribution should be treated as a taxable transaction.

If the distribution fails to qualify for tax-free treatment, then Trane would recognize a gain in an amount equal to the excess of (i) the fair market value of WABCO's common stock distributed to the Trane shareholders over (ii) Trane's tax basis in such common stock. Under the terms of the Tax Sharing Agreement, in the event the distribution were to fail to qualify as a tax-free reorganization and such failure was not the result of actions taken after the distribution by Trane or any of its subsidiaries or shareholders, WABCO would be responsible for all taxes imposed on Trane as a result thereof. In addition, each Trane shareholder who received WABCO common stock in the distribution generally would be treated as having received a taxable distribution in an amount equal to the fair market value of WABCO's common stock received (including any fractional share sold on behalf of the shareholder), which would be taxable as a dividend to the extent of the shareholder's ratable share of Trane's current and accumulated earnings and profits at the time (as increased to reflect any current income including any gain recognized by Trane on the taxable distribution). The balance, if any, of the distribution would be treated as a nontaxable return of capital to the extent of the Trane shareholder's tax basis in its Trane stock, with any remaining amount being taxed as capital gain. If WABCO was unable to satisfy its obligations under the Tax Sharing Agreement or if Trane was unable to rely on the Tax Sharing Agreement for any reason, any potential liability arising from the distribution of WABCO's shares by Trane could have a material adverse effect on our financial condition and results of operations.

Risks Relating to Our Past Reorganizations

We effected a corporate reorganization in December 2001 to become a Bermuda company (the "Bermuda Reorganization") and a subsequent corporate reorganization in July 2009 to become an Irish public limited company (the "Ireland Reorganization"). These reorganizations exposed us and our shareholders to the risks described below. In addition, we cannot be assured that all of the anticipated benefits of the reorganizations will be realized.

Changes in tax laws, regulations or treaties, changes in our status under U.S. or other tax laws or adverse determinations by taxing authorities could increase our tax burden or otherwise affect our financial condition or operating results, as well as subject our shareholders to additional taxes.

The realization of any tax benefit related to our reorganizations could be impacted by changes in tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof by the U.S. tax authorities or any other tax authority. From time to time, proposals have been made and/or legislation has been introduced to change the U.S. tax law that if enacted could increase our tax burden and could have a material adverse impact on our financial condition and results of operations. For instance, recent legislative proposals would broaden the circumstances under which we would be considered a U.S. resident, which would significantly diminish the realization of any tax benefit related to our reorganizations. There are other recent U.S. tax legislative proposals that could modify or eliminate the tax deductibility of various currently deductible payments, which could materially and adversely affect our effective tax rate and cash tax position. Moreover, other legislative proposals could potentially affect us by overriding certain tax treaties and limiting the treaty benefits on certain payments by our U.S. subsidiaries to our non-U.S. affiliates, which would adversely affect our effective tax rate. We cannot predict the outcome of any specific legislation. While we are currently monitoring these proposals and are investigating all options, we could still be subject to increased U.S. taxation on a going forward basis no matter what action we undertake if certain legislative proposals are enacted and/or certain tax treaties are amended.

While our U.S. operations are subject to U.S. tax, we believe that a significant portion of our non-U.S. operations are generally not subject to U.S. tax other than withholding taxes. Our conclusions are based on, among other things, our determination that we, and a significant portion of our foreign subsidiaries, are not currently controlled foreign corporation's (CFC) within the meaning of the U.S. tax laws, although the IRS or a court may not concur with our conclusions. A non-U.S. corporation, such as us, will constitute a CFC for U.S. federal income tax purposes if certain ownership criteria are met. If the IRS or a court determined that we (or any of our non-U.S. subsidiaries) were a CFC, then each of our U.S. shareholders who own (directly, indirectly, or constructively) 10% or more of the total combined voting power of all classes of our stock (or the stock of any of our non-U.S. subsidiaries) on the last day of the applicable taxable year (a "10% U.S. Voting Shareholder") would be required to include in gross income for U.S. federal income tax purposes its pro rata share of our subpart F and other similar types of income (and the subpart F and other similar types of income of any of our subsidiaries determined to be a CFC) for the period during which we (and our non-U.S. subsidiaries) were a CFC. In addition, gain on the sale of our shares realized by such a shareholder may be treated as ordinary income to the extent of the shareholder's proportionate share of our and our CFC subsidiaries' undistributed earnings and profits accumulated during the shareholder's holding period of the shares while we (or any of our non-U.S. subsidiaries) are a CFC. Treatment of us or any of our non-U.S. subsidiaries as a CFC could have a material adverse impact on our financial condition and results of operations.

On July 20, 2007, we received a notice from the IRS containing proposed adjustments to our tax filings in connection with an audit of the 2001 and 2002 tax years. The IRS did not contest the validity of our reincorporation in Bermuda. The most significant adjustments proposed by the IRS involve treating the entire intercompany debt incurred in connection with our reincorporation in Bermuda as equity. As a result of this recharacterization, the IRS disallowed the deduction of interest paid on the debt and imposed dividend withholding taxes on the payments denominated as interest. The IRS also asserted an alternative argument to be applied if the intercompany debt is respected as debt. In that circumstance, the IRS proposed to ignore the entities that hold the debt and to which the interest was paid, and impose 30% withholding tax on a portion of the interest payments as if they were made directly to a company that was not eligible for reduced U.S. withholding tax under a U.S. income tax treaty. The IRS asserted under this alternative theory that we owe additional taxes with respect to 2002 of approximately $84 million plus interest. If either of these positions were upheld in their entirety, we would be required to record additional charges. We strongly disagreed with the view of the IRS, and filed a protest with the IRS in the third quarter of 2007.

On January 12, 2010, we received an amended notice from the IRS eliminating its assertion that the intercompany debt incurred in connection with our reincorporation in Bermuda should be treated as equity. However, the IRS continues to assert the alternative position described above and proposes adjustments to our 2001 and 2002 tax filings. In addition, the IRS provided notice on January 19, 2010, that it is assessing penalties of 30% on the asserted underpayment of tax described above.

We have and intend to continue to vigorously contest these proposed adjustments. We, in consultation with our outside advisors, carefully considered the form and substance of our intercompany financing arrangements, including the actions necessary to qualify for the benefits of the applicable U.S. income tax treaties. We believe that these financing arrangements are in accordance with the laws of the relevant jurisdictions including the U.S., that the entities involved should be respected and that the interest payments qualify for the U.S. income tax treaty benefits claimed.

Although the outcome of this matter cannot be predicted with certainty, based upon an analysis of the strength of our position, we believe that we are adequately reserved for this matter. As we move forward to resolve this matter with the IRS, it is reasonably possible that the reserves established may be adjusted. However, we do not expect that the ultimate resolution will have a material adverse impact on our future results of operations or financial position. At this time, the IRS has not proposed any similar adjustments for years subsequent to 2002. However, if all or a portion of these adjustments proposed by the IRS are ultimately sustained, it is likely to also affect subsequent tax years. For a further discussion of the IRS audit, see "Legal Proceedings" and Note 20 to our consolidated financial statements.

As noted above, the IRS did not contest the validity of the Bermuda Reorganization in the above-mentioned notices. We believe that neither we nor our consolidated subsidiary IR-New Jersey will incur significant U.S. federal income or withholding taxes as a result of the transfer of the shares of our subsidiaries that occurred as part of the Bermuda Reorganization. However, we cannot give any assurances that the IRS will agree with our determination.

The inability to realize any anticipated tax benefits related to our reorganizations could have a material adverse impact on our financial condition and results of operations.

Legislative and regulatory action could materially and adversely affect us.

Our tax position could be adversely impacted by changes in tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof by the U.S. tax authorities or any other tax authority. From time to time, proposals have been made and/or legislation has been introduced to change the U.S. tax law that if enacted could increase our tax burden and could have a material adverse impact on our financial condition and results of operations. For example, the Obama administration has recently announced various tax legislative proposals that, if adopted, could adversely impact the Company. Legislative action may be taken by the U.S. Congress which, if ultimately enacted, could potentially override U.S. tax treaties upon which we rely, broaden the circumstances under which we would be considered a U.S. resident or modify or eliminate the tax deductibility of various currently deductible payments, each of which could materially and adversely affect our effective tax rate and cash tax position. We cannot predict the outcome of any specific legislative proposals. However, if these or similar proposals that had the effect of disregarding the Ireland Reorganization, limiting our ability to take advantage of tax treaties between Ireland and other jurisdictions (including the United States) or modifying or eliminating the deductibility of various currently deductible payments were enacted, we could be subjected to increased taxation. In addition, any future amendments to current income tax treaties, including between Ireland and other jurisdictions (including the United States) could subject us to increased taxation.

Also, the U.S. federal government and various states and municipalities have enacted or may enact legislation intended to deny government contracts to U.S. companies that reincorporate outside of the U.S. or have reincorporated outside of the U.S.

For instance, the Homeland Security Act of 2002, as amended, includes a provision that prohibits "inverted domestic corporations" and their subsidiaries from entering into contracts with the Department of Homeland Security. In addition, the State of California adopted legislation intended to limit the eligibility of certain non-U.S. chartered companies to participate in certain state contracts. More recently, the 2008, 2009 and 2010 Consolidated Appropriations Acts prohibit any federal government agency from using funds appropriated by Congress for fiscal years 2008, 2009 and 2010 to pay an inverted domestic corporation or any of its subsidiaries for work performed or products provided under certain federal contracts ("Affected Contracts"). Although the amount of monies already paid to us or to be paid to us under the Affected Contracts is not material to the Company, we cannot provide any assurance that the impact of future actions taken by the government in this area will not be materially adverse to our operations.

In addition, there continues to be negative publicity regarding, and criticism of, companies that conduct business in the United States and in other countries but have changed their place of incorporation to another country.

Our effective tax rate may increase notwithstanding the Ireland Reorganization.

While the Ireland Reorganization is not anticipated to have any material impact on our effective tax rate, there is uncertainty regarding the tax policies of the jurisdictions where we operate (which include the potential legislative actions described above), and our effective tax rate may increase and any such increase may be material. Additionally, the tax laws of Ireland and other jurisdictions could change in the future, and such changes could cause a material change in our effective tax rate.

Dividends received by our shareholders may be subject to Irish dividend withholding tax.

In certain circumstances, as an Irish tax resident company, we are required to deduct Irish dividend withholding tax (currently at the rate of 20%) from dividends paid to our shareholders. In the majority of cases, shareholders resident in the United States will not be subject to Irish withholding tax, and shareholders resident in a number of other countries will not be subject to Irish withholding tax provided that they complete certain Irish dividend withholding tax forms. However, some shareholders may be subject to withholding tax, which could adversely affect the price of our shares.

Dividends received by our shareholders could be subject to Irish income tax.

Dividends paid in respect of our shares will generally not be subject to Irish income tax where the beneficial owner of these dividends is exempt from dividend withholding tax, unless the beneficial owner of the dividend has some connection with Ireland other than his or her shareholding in Ingersoll Rand.

Our shareholders who receive their dividends subject to Irish dividend withholding tax will generally have no further liability to Irish income tax on the dividends unless the beneficial owner of the dividend has some connection with Ireland other than his or her shareholding in Ingersoll Rand.

A future transfer of our shares may be subject to Irish stamp duty.

In certain circumstances, the transfer of shares in an Irish incorporated company will be subject to Irish stamp duty (currently at the rate of 1% of the higher of the price paid or the market value of the shares acquired) payable by the buyer. Although in the majority of transactions there will be no stamp duty because both the seller and buyer hold the shares beneficially, this additional risk for the buyer could adversely affect the price of our shares. Although we currently intend to cause one of our affiliates to pay stamp duty in connection with share transfers made in the ordinary course of trading by a seller who holds shares directly to a buyer who holds the acquired shares beneficially, our articles of association provide that, in the event of any such payment, we (i) may seek reimbursement from the transferor or transferee (at our discretion), (ii) may set-off the amount of the stamp duty against future dividends payable to the transferor or transferee (at our discretion), and (iii) will have a lien against our shares on which we have paid stamp duty and any dividends paid on such shares.

Irish law differs from the laws in effect in the United States and may afford less protection to holders of our securities.

It may not be possible to enforce court judgments obtained in the United States against us in Ireland based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against us or those persons based on those laws. We have been advised that the United States currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

As an Irish company, we are governed by the Irish Companies Act, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the United States.

In addition, Irish law allows shareholders to authorize share capital which then can be issued by a board of directors without shareholder approval. Also, subject to specified exceptions, Irish law grants statutory pre-emptive rights to existing shareholders to subscribe for new issuances of shares for cash, but allows shareholders to authorize the waiver of the statutory pre-emptive rights with respect to any particular allotment of shares. These authorizations must be renewed by the shareholders every five years and we cannot guarantee that these authorizations will always be approved.

Item 1B. **UNRESOLVED STAFF COMMENTS**

None.

Item 2. **PROPERTIES**

As of December 31, 2009, we owned or leased a total of approximately 20 million square feet of space worldwide. Manufacturing and assembly operations are conducted in 94 plants across the world. We also maintain various warehouses, offices and repair centers throughout the world.

The majority of our plant facilities are owned by us with the remainder under long-term lease arrangements. We believe that our plants have been well maintained, are generally in good condition and are suitable for the conduct of our business.

The locations by segment of our major manufacturing facilities at December 31, 2009 were as follows:

Climate Solutions		
Americas	Europe, Middle East, Africa	Asia Pacific
Londrina, Brazil	Kolin, Czech Republic	Wujiang, China
Curitiba, Brazil	Cairo, Egypt	Zhongshan, China
Monterrey, Mexico	Charmes, France	Shenzen, China
Arecibo, Puerto Rico	Golbey, France	Suzhou, China
Fort Smith, Arkansas	Galway, Ireland	Taicang, China
Chino, California	Barcelona, Spain	Penang, Malaysia
Pueblo, Colorado	Pamplona, Spain	Tauranga, New Zealand
Lynn Haven, Florida	Peralta, Spain	
Louisville, Georgia		
Macon, Georgia		
Suwanee, Georgia		
Rushville, Indiana		
Lexington, Kentucky		
Minneapolis, Minnesota		
Bridgeton, Missouri		
Hastings, Nebraska		
Columbia, South Carolina		
Clarksville, Tennessee		
Waco, Texas		
La Crosse, Wisconsin		

Residential Solutions		
Americas	Europe, Middle East, Africa	Asia Pacific
Ensenada, Mexico		
Monterrey, Mexico		
Tecate, Mexico		
Tijuana, Mexico		
Fort Smith, Arkansas		
Vidalia, Georgia		
Trenton, New Jersey		
Tyler, Texas		

Industrial Technologies		
Americas	Europe, Middle East, Africa	Asia Pacific
Montreal, Canada	Unicov, Czech Republic	Changzhou, China
Augusta, Georgia	Douai, France	Guilin, China
Campbellsville, Kentucky	Wasquehal, France	Nanjing, China
Mocksville, North Carolina	Oberhausen, Germany	Shanghai, China
Southern Pines, North Carolina	Fogliano Redipuglia, Italy	Ahmedabad, India
Athens, Pennsylvania	Vignate, Italy	Ghaziabad, India
West Chester, Pennsylvania	Pavlovo, Russia	
Seattle, Washington		

Security Technologies		
Americas	Europe, Middle East, Africa	Asia Pacific
Ensenada, Mexico	Feuquieres, France	Shanghai, China
Tecate, Mexico	Renchen, Germany	Auckland, New Zealand
Tijuana, Mexico	Faenza, Italy	
San Jose, California	Monsampolo, Italy	
Security, Colorado	Calatayud, Spain	
Princeton, Illinois	Duzce, Turkey	
Indianapolis, Indiana		
Cincinnati, Ohio		

Item 3. **LEGAL PROCEEDINGS**

In the normal course of business, we are involved in a variety of lawsuits, claims and legal proceedings, including commercial and contract disputes, employment matters, product liability claims, environmental liabilities and intellectual property disputes. In our opinion, pending legal matters are not expected to have a material adverse effect on the results of operations, financial condition, liquidity or cash flows.

Oil for Food Program and Foreign Corrupt Practices Act (FCPA) matters
As previously reported, on November 10, 2004, the Securities and Exchange Commission (SEC) issued an Order directing that a number of public companies, including the Company, provide information relating to their participation in transactions under the United Nations' Oil for Food Program. Upon receipt of the Order, the Company undertook a thorough review of its participation in the Oil for Food Program, provided the SEC with information responsive to the Order and provided additional information requested by the SEC. During a March 27, 2007 meeting with the SEC, at which a representative of the Department of Justice (DOJ) was also present, the Company began discussions concerning the resolution of this matter with both the SEC and DOJ. On October 31, 2007, the Company announced it had reached settlements with the SEC and DOJ relating to this matter. Under the terms of the settlements, the Company paid a total of $6.7 million in penalties, interest and disgorgement of profits. The Company has consented to the entry of a civil injunction in the SEC action and has entered into a three-year deferred prosecution agreement (DPA) with the DOJ. Under both settlements, the Company has implemented and will continue to implement improvements to its compliance program that are consistent with its longstanding policy against improper payments. In the settlement documents, the Government noted that the Company thoroughly cooperated with the investigation, that the Company had conducted its own complete investigation of the conduct at issue, promptly and thoroughly reported its findings to them, and took prompt remedial measures.

Additionally, we have reported to the DOJ and SEC certain matters involving Trane, including one relating to the Oil for Food Program, and which raise potential issues under the FCPA and other applicable anti-corruption laws. With respect to these matters, we have conducted a thorough investigation, which began in earnest promptly after our acquisition of Trane in June 2008. Previously, we had reported to the SEC and DOJ potential FCPA issues relating to one of our businesses in China, and we have reported back to them and shared our audit report, which indicated no FCPA violations. With respect to that same business in China, we have discussed with the DOJ and SEC another matter which raises potential FCPA issues. We have had preliminary discussions concerning the foregoing with the SEC and DOJ, to be followed by further discussions about them and possibly other matters which raise potential FCPA concerns. These matters (and others which may arise or of which we become aware in the future) may be deemed to violate the FCPA and other applicable anti-corruption laws. Such determinations could subject us to, among other things, further enforcement actions by the SEC or the DOJ (if, for example, the DOJ deems us to have violated the DPA), securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects and the market value of our stock.

The European Commission Investigation

In November 2004, Trane was contacted by the European Commission as part of a multi-company investigation into possible infringement of European Union competition law relating to the distribution of bathroom fixtures and fittings in certain European countries. On March 28, 2007, Trane, along with a number of other companies, received a Statement of Objections from the European Commission. The Statement of Objections, an administrative complaint, alleges infringements of European Union competition rules by numerous bathroom fixture and fittings companies, including Trane and certain of its former European subsidiaries engaged in the Bath and Kitchen business. These former subsidiaries were transferred (i) to WABCO on July 31, 2007 as part of a legal reorganization in connection with the spinoff of Trane's Vehicle Control Systems business and (ii) to Bain Capital Partners LLC on October 31, 2007 in connection with the sale of Trane's Bath & Kitchen business. Trane and certain of its former European subsidiaries will be jointly and severally liable for any fines that result from the investigation. However, pursuant to an Indemnification and Cooperation Agreement among Trane and certain other parties (Indemnification Agreement), American Standard Europe BVBA (renamed WABCO Europe BVBA) (WABCO Europe), which is a subsidiary of WABCO following the reorganization, will be responsible for, and will indemnify Trane and its subsidiaries (including certain subsidiaries formerly engaged in the Bath and Kitchen business) and their respective affiliates against, any fines related to this investigation. Trane and the charged subsidiaries responded to the European Commission on August 1, 2007 and July 31, 2007, respectively. A hearing with the European Commission regarding the response to the Statement of Objections was conducted from November 12-14, 2007, in Brussels. WABCO Europe and other former Trane subsidiaries participated in the hearing. Trane, however, did not participate in the hearing.

In 2006, the European Commission adopted new fining guidelines (2006 Guidelines) and stated its intention to apply these guidelines in all cases in which a Statement of Objections is issued after September 2006. In applying the 2006 Guidelines, the Commission retains considerable discretion in calculating the fine although the European Union regulations provide for a cap on the maximum fine equal to ten percent of Trane's worldwide revenue attributable to all of its products for the fiscal year prior to the year in which the fine is imposed. If the maximum fine is levied in 2010, the total liability could be as high as $1.1 billion based on Trane's last full fiscal year of worldwide revenue attributable to all of its businesses owned at the time the Statement of Objections was issued, subject to a probable reduction for leniency of at least 20 percent provided WABCO Europe, as the leniency applicant, fulfilled all conditions set forth in the European Commission's leniency notice. WABCO has stated in its Form 10-K for the fiscal year ended December 31, 2009, that its ability to satisfy its obligations under the Indemnification Agreement is contingent on its funding capability at the time of the fine, which could be affected by, among other things, its ability to access its then existing credit facilities, its ability to obtain alternative sources of financing, its ability to obtain some payment relief from the European Commission or its ability to obtain a suspension of the payment obligation from the European Court of First Instance.

Tax Related Matters

On July 20, 2007, we received a notice from the IRS containing proposed adjustments to our tax filings in connection with an audit of the 2001 and 2002 tax years. The IRS did not contest the validity of our reincorporation in Bermuda. The most significant adjustments proposed by the IRS involve treating the entire intercompany debt incurred in connection with our reincorporation in Bermuda as equity. As a result of this recharacterization, the IRS disallowed the deduction of interest paid on the debt and imposed dividend withholding taxes on the payments denominated as interest. The IRS also asserted an alternative argument to be applied if the intercompany debt is respected as debt. In that circumstance, the IRS proposed to ignore the entities that hold the debt and to which the interest was paid, and impose 30% withholding tax on a portion of the interest payments as if they were made directly to a company that was not eligible for reduced U.S. withholding tax under a U.S. income tax treaty. The IRS asserted under this alternative theory that we owe additional taxes with respect to 2002 of approximately $84 million plus interest. If either of these positions were upheld in their entirety, we would be required to record additional charges. We strongly disagreed with the view of the IRS, and filed a protest with the IRS in the third quarter of 2007.

On January 12, 2010, we received an amended notice from the IRS eliminating its assertion that the intercompany debt incurred in connection with our reincorporation in Bermuda should be treated as equity. However, the IRS continues to assert the alternative position described above and proposes adjustments to our 2001 and 2002 tax filings. In addition, the IRS provided notice on January 19, 2010, that it is assessing penalties of 30% on the asserted underpayment of tax described above.

We have and intend to continue to vigorously contest these proposed adjustments. We, in consultation with our outside advisors, carefully considered the form and substance of our intercompany financing arrangements, including the actions necessary to qualify for the benefits of the applicable U.S. income tax treaties. We believe that these financing arrangements are in accordance with the laws of the relevant jurisdictions including the U.S., that the entities involved should be respected and that the interest payments qualify for the U.S. income tax treaty benefits claimed.

Although the outcome of this matter cannot be predicted with certainty, based upon an analysis of the strength of our position, we believe that we are adequately reserved for this matter. As we move forward to resolve this matter with the IRS, it is reasonably possible that the reserves established may be adjusted. However, we do not expect that the ultimate resolution will have a material adverse impact on our future results of operations or financial position. At this time, the IRS has not proposed any similar adjustments for years subsequent to 2002. However, if all or a portion of these adjustments proposed by the IRS are ultimately sustained, it is likely to also affect subsequent tax years. For a further discussion of tax matters, see Note 20 to the consolidated financial statements.

Asbestos Related Matters

Certain wholly-owned subsidiaries of the Company are named as defendants in asbestos-related lawsuits in state and federal courts. In virtually all of the suits, a large number of other companies have also been named as defendants. The vast majority of those claims has been filed against either Ingersoll Rand Company (IR-New Jersey) or Trane and generally allege injury caused by exposure to asbestos contained in certain historical products sold by IR-New Jersey or Trane, primarily pumps, boilers and railroad brake shoes. Neither IR-New Jersey nor Trane was a producer or manufacturer of asbestos, however, some formerly manufactured products utilized asbestos-containing components such as gaskets and packings purchased from third-party suppliers.

See also the discussion under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Environmental and Asbestos Matters and also Note 23 to the consolidated financial statements.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the last quarter of its fiscal year ended December 31, 2009.

Executive Officers of the Registrant

Pursuant to the General Instruction G(3) of Form 10-K, the following list of executive officers of the Company as of February 26, 2010 is included as an unnumbered item in Part I of this report in lieu of being included in the Company's Proxy Statement for its 2010 Annual General Meeting of Shareholders.

Name and Age	Date of Service as an Executive Officer	Principal Occupation and Other Information for Past Five Years
Michael W. Lamach (46)	2/16/2004	Chief Executive Officer and President (since February 2010); President and Chief Operating Officer (2009-2010); Senior Vice President and President, Trane Commercial (2008-2009); Senior Vice President and President, Security Technologies (2004-2008)
Steven R. Shawley (57)	8/1/2005	Senior Vice President and Chief Financial Officer (since June 2008); Senior Vice President and President, Climate Control Technologies (2005-2008); President, Climate Control Americas (2003-2005)
Marcia J. Avedon (48)	2/7/2007	Senior Vice President, Human Resources and Communication (since February 2007); Merck & Co., Inc., Senior Vice President, Human Resources (2003-2006)
James R. Bolch (52)	10/16/2005	Senior Vice President and President, Industrial Technologies (since October 2005); Schindler Elevator Corporation, Executive Vice President, Service Business (2004-2005)
John W. Conover IV (55)	7/1/2009	Senior Vice President and President, Security Technologies (since July 2009); President, Trane Commercial Systems, Americas (2005-2009)
William B. Gauld (56)	10/2/2006	Senior Vice President, Enterprise Services (since October 2006); W Group, Principal (2005-2006); Pearson, plc, Chief Information Officer (2001-2005)
Steven B. Hochhauser (48)	6/16/2008	Senior Vice President and President, Residential Solutions (since October 2009); Senior Vice President and President, Security Technologies (2008-2009); Johns Manville, Chairman, President and Chief Executive Officer (2004-2007) and Chief Operating Officer (2002-2004)
Patricia Nachtigal (63)	11/2/1988	Director (since January 1, 2002); Senior Vice President and General Counsel (since November 1988)
Didier Teirlinck (53)	6/4/2008	Senior Vice President and President, Climate Solutions (since October 2009); President, Climate Control Technologies (since June 2008); President, Climate Control Europe (2005-2008); President, Volvo Equipment (2000-2005)
Todd D. Wyman (42)	11/16/2009	Senior Vice President, Global Operations and Integrated Supply Chain: (since November 2009); GE Transportation, Vice President, Global Supply Chain (2007-2009); GE Transportation, General Manager, Global Supply Chain (2003-2007)
Richard J. Weller (53)	9/8/2008	Vice President and Controller (since September 2008); Vice President, Finance (June-September 2008); Vice President, Finance, Security Technologies Sector (2005-2008); Textron Inc., Vice President, Finance, Shared Services (2002-2005)

No family relationship exists between any of the above-listed executive officers of the Company. All officers are elected to hold office for one year or until their successors are elected and qualified.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Information regarding the principal market for our ordinary shares and related shareholder matters is as follows:

Our ordinary shares are traded on the New York Stock Exchange under the symbol IR. As of February 18, 2010, the approximate number of record holders of ordinary shares was 5,521. The high and low sales price per share and the dividend paid per share for the following periods were as follows:

	Common shares		
2009	High	Low	Dividend
First quarter	$ 20.20	$ 11.46	$ 0.18
Second quarter	24.02	13.65	0.18
Third quarter	32.95	19.48	0.07
Fourth quarter	37.60	28.77	0.07

2008	High	Low	Dividend
First quarter	$ 46.57	$ 34.46	$ 0.18
Second quarter	46.84	36.54	0.18
Third quarter	41.14	29.18	0.18
Fourth quarter	30.60	11.75	0.18

The Bank of New York Mellon (BNY Mellon Shareowner Services, P.O. Box 358015, New York, NY 15252-8015, (800) 507-9357) is our transfer agent, registrar and dividend reinvestment agent.

Future dividends on our ordinary shares, if any, will be at the discretion of our Board of Directors and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant, as well as our ability to pay dividends in compliance with the Irish Companies Act. Under the Irish Companies Act, dividends and distributions may only be made from distributable reserves. Distributable reserves, broadly, means the accumulated realized profits of IR-Ireland. In addition, no distribution or dividend may be made unless the net assets of IR-Ireland are equal to, or in excess of, the aggregate of IR-Ireland's called up share capital plus undistributable reserves and the distribution does not reduce IR-Ireland's net assets below such aggregate.

Information regarding equity compensation plans required to be disclosed pursuant to this Item is incorporated by reference from our definite Proxy Statement for the Annual General Meeting of Shareholders.

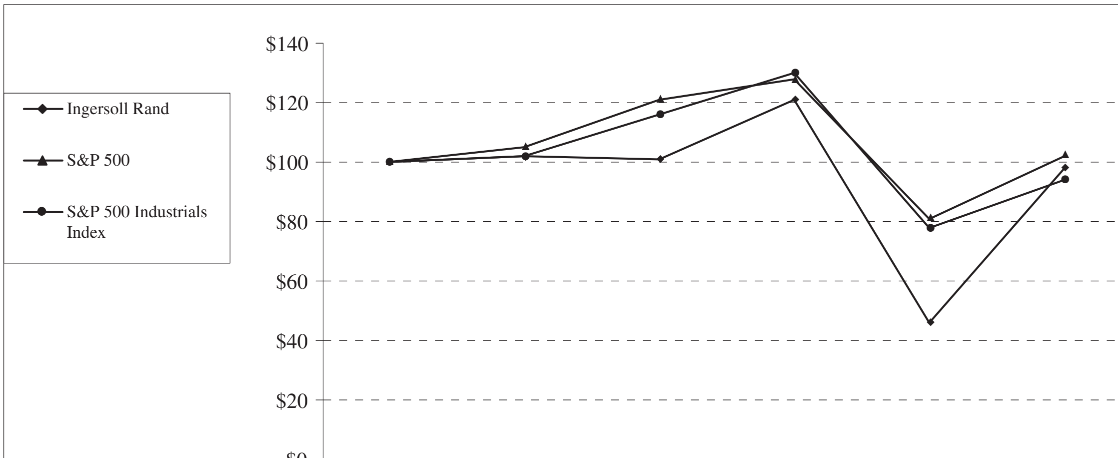
We treat ordinary shares of our parent owned by a subsidiary as treasury stock. These shares are recorded at cost and included in the Shareholders' equity section of the Consolidated Balance Sheet. At December 31, 2007, Class A common shares of IR-Limited owned by the Company amounted to 97.4 million. As a result of the acquisition of Trane in June 2008, the Company issued 45.4 million IR-Limited Class A common shares to fund the equity portion of the consideration. In June 2009, IR-Limited cancelled the remaining 52.0 million shares in anticipation of the Ireland Reorganization that became effective on July 1, 2009.

Total share repurchases for the year ended December 31, 2009 are as follows:

Period	Total number of shares purchased (000's)	Average price paid per share	Total number of shares purchased as part of the publicly announced program (000's)	Approximate dollar value of shares still available to be purchased under the program ($000's)
01/01/2009 - 03/31/2009	-	-	-	$ 1,998,120
04/01/2009 - 06/30/2009	-	-	-	1,998,120
07/01/2009 - 09/30/2009	-	-	-	1,998,120
10/01/2009 - 12/31/2009	-	-	-	1,998,120
Total	-		-	

Performance Graph

The following graph compares the cumulative total shareholder return on our ordinary shares with the cumulative total return on (i) the Standard & Poor's 500 Stock Index and (ii) the Standard & Poor's 500 Industrial Index for the five years ended December 31, 2009. The graph assumes an investment of $100 in our ordinary shares, the Standard & Poor's 500 Stock Index and the Standard & Poor's 500 Industrial Index on December 31, 2004 and assumes the reinvestment of dividends.



	2004	2005	2006	2007	2008	2009
Ingersoll Rand	100	102	101	121	46	98
S&P 500	100	105	121	128	81	102
S&P 500 Industrials Index	100	102	116	130	78	94

Item 6. **SELECTED FINANCIAL DATA**

In millions, except per share amounts:

At and for the years ended December 31,	2009	2008	2007	2006	2005
Net revenues	$ 13,195.3	$ 13,227.4	$ 8,763.1	$ 8,033.7	$ 7,263.7
Net earnings (loss) attributable to Ingersoll-Rand plc ordinary shareholders:					
Continuing operations	462.9	(2,567.4)	733.1	765.0	731.8
Discontinued operations	(11.6)	(57.4)	3,233.6	267.5	322.4
Total assets	19,991.0	20,924.5	14,376.2	12,145.9	11,756.4
Total debt	4,096.6	5,124.1	1,453.7	1,984.6	2,117.0
Total Ingersoll-Rand plc shareholders' equity	7,101.8	6,661.4	7,907.0	5,404.8	5,761.9
Earnings (loss) per share attributable to Ingersoll-Rand plc ordinary shareholders:					
Basic:					
Continuing operations	$ 1.45	$ (8.54)	$ 2.52	$ 2.39	$ 2.17
Discontinued operations	(0.04)	(0.19)	11.12	0.84	0.95
Diluted:					
Continuing operations	$ 1.41	$ (8.54)	$ 2.48	$ 2.37	$ 2.14
Discontinued operations	(0.04)	(0.19)	10.95	0.83	0.95
Dividends per common share	$ 0.50	$ 0.72	$ 0.72	$ 0.68	$ 0.57

1. 2006 – 2005 amounts have been restated to reflect Compact Equipment and the Road Development business unit as discontinued operations.

2. 2008 amounts include the results of Trane since the acquisition date (June 5, 2008 through December 31, 2008).

3. 2008 Earnings (loss) from continuing operations include an after-tax, non-cash asset impairment charge of $3.4 billion that was recognized in the fourth quarter.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause a difference include, but are not limited to, those discussed under Item 1A. Risk Factors in this Annual Report on Form 10-K. The following section is qualified in its entirety by the more detailed information, including our financial statements and the notes thereto, which appears elsewhere in this Annual Report.

Overview

Organization

Ingersoll-Rand plc (IR-Ireland), an Irish public limited company, and its consolidated subsidiaries (we, our, the Company) is a diversified, global company that provides products, services and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and increase industrial productivity and efficiency. Our business segments consist of Climate Solutions, Residential Solutions, Industrial Technologies and Security Technologies, each with strong brands and leading positions within their respective markets. We generate revenue and cash primarily through the design, manufacture, sale and service of a diverse portfolio of industrial and commercial products that include well-recognized, premium brand names such as Club Car®, Hussmann®, Ingersoll-Rand®, Schlage®, Thermo King® and Trane®.

We are dedicated to inspiring progress for our customers, shareholders, employees and communities by achieving:

- *Dramatic Growth*, by focusing on innovative solutions for our customers;
- *Operational Excellence*, by pursuing continuous improvement in all of our operations; and
- *Dual Citizenship*, by bringing together the talents of all Ingersoll Rand people to leverage the capabilities of our global enterprise.

To achieve these goals and to become a more diversified company with strong growth prospects, we transformed our enterprise portfolio by divesting cyclical, low-growth and asset-intensive businesses. In addition, our acquisition strategy has helped deliver more consistent revenue and earnings performance across all phases of the economic cycle. Aside from our portfolio transformation, we continue to focus on increasing our recurring revenue stream, which includes revenues from parts, service, used equipment and rentals. We also intend to continuously improve the efficiencies, capabilities, products and services of our high-potential businesses.

On July 1, 2009, Ingersoll-Rand Company Limited (IR-Limited), a Bermuda company, completed a reorganization to change the jurisdiction of incorporation of the parent company of Ingersoll Rand from Bermuda to Ireland. As a result, IR-Ireland replaced IR-Limited as the ultimate parent company effective July 1, 2009. All references related to the Company prior to July 1, 2009 relate to IR-Limited.

Ireland Reorganization

On March 5, 2009, our board of directors approved a reorganization of the Company that would change the jurisdiction of incorporation of our parent company from Bermuda to Ireland (the Ireland Reorganization). The first step in the Ireland Reorganization was the establishment of IR-Limited's tax residency in Ireland, which occurred in March 2009. Subsequently, IR-Ireland replaced IR-Limited as the ultimate parent company pursuant to a scheme of arrangement under Bermuda law (the Scheme of Arrangement). Major milestones to complete the Scheme of Arrangement were as follows:

- On April 1, 2009, IR-Limited formed IR-Ireland as a direct subsidiary.

- On April 20, 2009, IR-Limited petitioned the Supreme Court of Bermuda to order the calling of a meeting of the Class A common shareholders of IR-Limited to approve the Scheme of Arrangement.
- On April 23, 2009, the Supreme Court of Bermuda ordered IR-Limited to seek the approval of its Class A common shareholders on the Scheme of Arrangement.
- On June 3, 2009, IR-Limited received the requisite approval from its Class A common shareholders.
- On June 11, 2009, the Supreme Court of Bermuda issued an order (the Sanction Order) approving the Scheme of Arrangement.

On June 30, 2009, IR-Limited filed the Sanction Order with the Bermuda Registrar of Companies and, at 12:01 a.m. on July 1, 2009 (the Transaction Time) the following steps occurred simultaneously:

- All fractional shares of IR-Limited held of record were cancelled and IR-Limited paid to each holder of fractional shares that were cancelled an amount based on the average of the high and low trading prices of the IR-Limited Class A common shares on the New York Stock Exchange on June 29, 2009.
- All previously outstanding whole Class A common shares of IR-Limited were cancelled.
- IR-Limited issued to IR-Ireland 319,166,220 Class A common shares.
- IR-Ireland issued 319,166,220 ordinary shares to holders of whole IR-Limited Class A common shares that were cancelled as a part of the Scheme of Arrangement.
- All previously outstanding ordinary shares of IR-Ireland held by IR-Limited and its nominees were acquired by IR-Ireland and cancelled for no consideration.

As a result of the Ireland Reorganization, IR-Limited became a wholly-owned subsidiary of IR-Ireland and the Class A common shareholders of IR-Limited became ordinary shareholders of IR-Ireland.

The Ireland Reorganization did not have a material impact on our financial results. Ingersoll-Rand plc will still continue to be subject to United States Securities and Exchange Commission reporting requirements and prepare financial statements in accordance with U.S. Generally Accepted Accounting Principles. Shares of Ingersoll-Rand plc will continue to trade on the New York Stock Exchange under the symbol "IR", the same symbol under which the Ingersoll-Rand Company Limited Class A common shares previously traded.

At the Transaction Time, IR-Limited completed the transfer of all the outstanding shares of Ingersoll-Rand Global Holding Company Limited (IR-Global) to Ingersoll-Rand International Holding Limited (IR-International), another wholly-owned indirect subsidiary of IR-Limited incorporated in Bermuda, whereupon IR-International assumed the obligations of IR-Limited as an issuer or guarantor, as the case may be, under the indentures governing the Company's outstanding notes, medium-term notes and debentures. IR-Ireland and IR-Limited also fully and unconditionally guarantee the payment obligations of IR-International, IR-Global and Ingersoll-Rand Company, a wholly-owned indirect subsidiary of IR-Limited incorporated in New Jersey (IR-New Jersey), as the case may be, as the issuers of debt securities under these indentures. Neither IR-Ireland nor IR-Limited has issued or intends to issue guarantees in respect of any indebtedness incurred by Trane. In addition, any securities issued by the Company that were convertible, exchangeable or exercisable into Class A common shares of IR-Limited became convertible, exchangeable or exercisable, as the case may be, into the ordinary shares of IR-Ireland.

On July 1, 2009, IR-Global amended and restated its commercial paper program (the Commercial Paper Program) pursuant to which IR-Global may issue, on a private placement basis, unsecured commercial paper notes up to a maximum aggregate amount outstanding at any time of $2.25 billion. Under the Commercial Paper Program, IR-Global may issue notes from time to time, and the proceeds of the financing will be used for general corporate purposes. Each of IR-Ireland, IR-Limited and IR-International has provided an irrevocable and unconditional guarantee for the notes issued under the Commercial Paper Program. Pursuant to the terms of our credit facility entered into on August 12, 2005 and our credit facility entered into on June 27, 2008 (the Credit Facilities), at the Transaction Time, IR-Ireland and IR-International became guarantors to such Credit Facilities. In connection therewith, IR-Ireland and IR-International entered into Addendums on July 1, 2009 to become parties to the Credit Facilities.

In connection with the Transaction, effective as of the Transaction Time, IR-Ireland assumed the existing obligations of IR-Limited under the equity incentive plans and other similar employee award plans of Ingersoll Rand (collectively, the Plans), including all awards issued thereunder. Furthermore, the Plans have been amended to provide (1) that ordinary shares of IR-Ireland will be issued, held available or used to measure benefits as appropriate under the Plans, in lieu of shares of IR-Limited, including upon exercise of any options or share appreciation rights or upon the vesting of restricted stock units or performance units issued under those Plans; and (2) for the appropriate substitution of IR-Ireland for IR-Limited in those Plans.

Trends and Economic Events

We are a global corporation with worldwide operations. As a global business, our operations are affected by worldwide, regional and industry-specific economic factors, as well as political factors, wherever we operate or do business. Our geographic and industry diversity, as well as the diversity of our product sales and services, has helped limit the impact of any one industry or the economy of any single country on our consolidated operating results.

Since the onset of the economic downturn in 2008, we have seen weaker demand for many of our products and services. Although the challenging and difficult end market environments in which we operate are showing signs of stabilization, albeit at lower levels, we are still operating in a depressed economic climate.

Despite the challenging economic environment, we continue to execute our business strategy. The divestiture of both Compact Equipment and the Road Development business unit in 2007, in addition to the acquisition of Trane in 2008, have enabled us to become more balanced across the products we offer. In addition, our current enterprise-wide restructuring actions initiated in the fourth quarter of 2008 are designed to streamline the footprint of our manufacturing facilities and reduce our general and administrative cost base.

Given the broad range of products manufactured and geographic markets served, management uses a variety of factors to predict the outlook for the Company. We monitor key competitors and customers in order to gauge relative performance and the outlook for the future. In addition, our order rates are indicative of future revenue and thus a key measure of anticipated performance. In those industry segments where we are a capital equipment provider, revenues depend on the capital expenditure budgets and spending patterns of our customers, who may delay or accelerate purchases in reaction to changes in their businesses and in the economy.

For 2010, we expect current market conditions to continue to impact our financial results. U.S. and European non-residential construction markets are expected to remain weak; however, some of our end markets are showing signs of stabilization.

Despite the current market environment, we have a solid foundation of global brands and leading market shares in all of our major product lines. Our growing geographic and industry diversity coupled with our large installed product base provides growth opportunities within our service, parts and replacement revenue streams. In addition, we are investing substantial resources to innovate and develop new products and services which will fuel our future growth.

Acquisition of Trane

At the close of business on June 5, 2008 (the Acquisition Date), we completed the acquisition of 100% of the outstanding common shares of Trane. Trane, previously named American Standard Companies Inc., provides systems and services that enhance the quality and comfort of the air in homes and buildings around the world.

Trane's systems and services have leading positions in premium commercial, residential, institutional and industrial markets, a reputation for reliability, high quality and product innovation and a powerful distribution network. Trane's 2007 annual revenues were $7.5 billion.

We paid a combination of (i) 0.23 of an IR-Limited Class A common share and (ii) $36.50 in cash, without interest, for each outstanding share of Trane common stock. The total cost of the acquisition was approximately $9.6 billion, including change in control payments and direct costs of the transaction. We financed the cash portion of the acquisition with a combination of cash on hand, commercial paper and a 364-day senior unsecured bridge loan facility.

The components of the purchase price were as follows:

In billions		
Cash consideration	$	7.3
Stock consideration (Issuance of 45.4 million IR-Limited Class A common shares)		2.0
Estimated fair value of Trane stock options converted to 7.4 million IR-Limited stock options		0.2
Transaction costs		0.1
Total	$	9.6

As a result of the acquisition, the results of the operations of Trane have been included in the statement of financial position at December 31, 2009 and 2008 and the consolidated statements of operations and cash flows for the full year of 2009 and since the Acquisition Date in 2008. For further details on the acquisition of Trane, see Note 4 to the consolidated financial statements.

Significant events in 2009

In the fourth quarter of 2009, we realigned our external reporting structure to more closely reflect our corporate and business strategies and to promote additional productivity and growth. Our segments are now as follows: Climate Solutions, Residential Solutions, Industrial Technologies and Security Technologies. As part of the change, we eliminated the Air Conditioning Systems and services segment which represented the acquired Trane business and created two new reportable segments, the Climate Solutions segment and the Residential Solutions segment. See Note 24 in the consolidated financial statements for a further discussion of the segment realignment.

During 2009, we completed a comprehensive financing program that significantly enhanced our liquidity and debt profile. Actions taken include the issuance of $1.0 billion in long-term debt (Senior Notes and Exchangeable Senior Notes) in April 2009 and the replacement of our Trane accounts receivable purchase program in March 2009 with a new accounts receivable purchase program that encompassed originators from all four of our business segments. The proceeds from our debt issuance were used to repay the $950.0 million outstanding under our senior unsecured bridge loan facility.

In the fourth quarter of 2008, we initiated enterprise-wide restructuring actions in order to streamline both our manufacturing footprint and our general and administrative cost base. We have incurred approximately $182.1 million of costs associated with our restructuring programs since the fourth quarter of 2008, $111.4 million of which occurred during 2009. These combined restructuring actions generated approximately $194 million of annual pretax savings for 2009.

Significant events in 2008

As discussed in Acquisition of Trane above, on June 5, 2008, we acquired 100% of the outstanding common shares of Trane for approximately $9.6 billion.

In August 2008, we filed a universal shelf registration statement with the Securities and Exchange Commission (SEC) for an indeterminate amount of securities for future issuance and issued $1.6 billion of long-term debt pursuant to the shelf registration statement. This issuance consisted of $250 million Senior Floating Rate Notes due in 2010, $600 million 6.000% Senior Notes due in 2013 and $750 million 6.875% Senior Notes due in 2018. These notes are fully and unconditionally guaranteed by IR-Limited, which directly owns 100% of the subsidiary issuer, IR Global Holding Company Limited. The net proceeds from the offering were used to partially reduce the amount outstanding under the senior unsecured bridge loan facility, which had a balance of $754 million at December 31, 2008.

In the fourth quarter of 2008, we tested goodwill and other indefinite-lived intangible assets for impairment. As a result of decreased global equity valuations, the tightening of industrial and retail end markets and a resulting decline in our 2009 projected financial performance, we incurred a non-cash pre-tax impairment charge of $3,710.0 million, $3,385.0 million after-tax.

Significant events in 2007

On November 30, 2007, we completed the sale of our Bobcat, Utility Equipment and Attachments business units (collectively, Compact Equipment) to Doosan Infracore for cash proceeds of approximately $4.9 billion, subject to post-closing purchase price adjustments. Compact Equipment manufactured and sold compact equipment including skid-steer loaders, compact track loaders, mini-excavators and telescopic tool handlers; portable air compressors, generators, light towers; general-purpose light construction equipment; and attachments. We are currently in the process of resolving the final purchase price adjustments with Doosan Infracore.

On April 30, 2007, we completed the sale of our Road Development business unit to AB Volvo (publ) for cash proceeds of approximately $1.3 billion. The Road Development business unit manufactured and sold asphalt paving equipment, compaction equipment, milling machines and construction-related material handling equipment.

During 2007, we repurchased 39.7 million common shares at a cost $1,999.9 million under our existing $4 billion share repurchase program. This repurchase program was originally authorized by the Board of Directors in December 2006 to repurchase up to $2 billion and subsequently expanded to $4 billion in May 2007.

Results of Operations

Dollar amounts in millions, except per share data	2009	% of Revenues	2008	% of Revenues	2007	% of Revenues
Net revenues	$ 13,195.3		$ 13,227.4		$ 8,763.1	
Cost of goods sold	(9,645.1)	73.1%	(9,748.1)	73.7%	(6,272.0)	71.6%
Selling and administrative expenses	(2,708.6)	20.5%	(2,343.1)	17.7%	(1,433.3)	16.3%
Asset impairment	-		(3,710.0)		-	
Operating income (loss)	841.6	6.4%	(2,573.8)	-19.5%	1,057.8	12.1%
Interest expense	(302.2)		(245.4)		(136.2)	
Other, net	19.7		63.2		30.2	
Earnings (loss) before income taxes	559.1		(2,756.0)		951.8	
(Provision) benefit for income taxes	(71.3)		208.6		(204.4)	
Earnings (loss) from continuing operations	487.8		(2,547.4)		747.4	
Discontinued operations, net of tax	(11.6)		(57.4)		3,242.6	
Net earnings (loss)	476.2		(2,604.8)		3,990.0	
Less: Net earnings attributable to noncontrolling interests	(24.9)		(20.0)		(23.3)	
Net earnings (loss) attributable to Ingersoll-Rand plc	$ 451.3		$ (2,624.8)		$ 3,966.7	
Diluted net earnings (loss) per ordinary share attributable to Ingersoll-Rand plc ordinary shareholders:						
Continuing operations	$ 1.41		$ (8.54)		$ 2.48	
Discontinued operations	(0.04)		(0.19)		10.95	
Net earnings (loss)	$ 1.37		$ (8.73)		$ 13.43	

Net Revenues

Net revenues for the year ended December 31, 2009 decreased by 0.2%, or $32.1 million, compared with the same period of 2008, which primarily resulted from the following:

Volume/product mix	-15.5%
Pricing	0.8%
Currency exchange rates	-1.4%
Acquisitions	15.9%
Total	-0.2%

The acquisition of Trane increased net revenues by $2,096.3 million compared with the same period of 2008. The increase, which represented 15.9% of the year-over-year change in revenues, was a consequence of 2008 reported results only reflecting activity since the Acquisition Date. Excluding the results of Trane, revenues decreased by 16.1%, or $2,128.4 million, which resulted from lower volumes and product mix (16%) and an unfavorable currency impact (1%). These reductions were partially offset by improved pricing (1%). The Trane commercial and residential HVAC businesses also experienced substantial volume declines during the year.

Net revenues for the year ended December 31, 2008 increased by 50.9%, or $4,464.3 million, compared with the same period of 2007, which primarily resulted from the following:

Volume/product mix	-4.3%
Pricing	2.6%
Currency exchange rates	1.7%
Acquisitions	50.9%
Total	50.9%

The acquisition of Trane on June 5, 2008 increased revenues by $4,401.3 million compared to the same period in 2007. The increase, which represented 50.2% of the year-over-year change in revenues, was a consequence of 2008 reported results including activity since the Acquisition Date. Excluding the results of Trane, revenues increased by 0.7%, or $63.0 million. Softening overall demand in many major end-markets was the primary driver of the volume reduction. However, we continued to make progress in increasing recurring revenues, which improved by 6% over prior year and accounted for 19% of net revenues in 2008.

Cost of Goods Sold

For the year ended December 31, 2009, cost of goods sold decreased by $103.0 million, or 1.1% compared to the same period in 2008, which included the results of Trane since the Acquisition Date. Trane increased cost of goods sold by $1,421.8 million, which contributed 14.6% to the year-over-year change. Excluding the results of Trane, cost of goods sold decreased by $1,524.8 million, or 15.7% as a result of increased productivity actions and expense reduction across the businesses. These actions helped to mitigate the impact of lower volumes due to the continued global weakness in our major end markets. As a result, cost of goods sold as a percentage of revenue decreased to 73.1% from 73.7%. In addition, cost of goods sold included $58.3 million of restructuring costs compared to restructuring and integration costs of $56.7 million in 2008.

For the year ended December 31, 2008, cost of goods sold increased by $3,476.1 million compared to the same period in 2007. The increase was primarily related to the acquisition of Trane, which contributed $3,330.8 million to the year-over-year increase. As a result, cost of goods sold as a percentage of revenue increased to 73.7% compared with 71.6% for the same period of 2007. In addition, cost of goods sold included $56.7 million of restructuring and integration costs compared to restructuring costs of $24.8 million in 2007. Higher material costs and unfavorable business and product mix more than offset price increases. In addition, decreased leverage due to lower volumes contributed to the year-over-year increase.

Selling and Administrative Expenses

For the year ended December 31, 2009, selling and administrative expense increased by $365.5 million, or 15.6% compared to the same period in 2008, which included the results of Trane since the Acquisition Date. Trane increased selling and administrative expenses by $558.5 million, which contributed 23.8% to the year-over-year change. Excluding the results of Trane, selling and administrative expense decreased by $193.0 million, or 8.2% as a result of increased productivity actions and expense reduction across the businesses. These actions partially offset the dramatic decline in volume experienced during 2009. As a result, selling and administrative expense as a percentage of revenue increased to 20.5% compared with 17.7% for the same period of 2008. In addition, selling and administrative expense included $53.1 million of restructuring costs compared to $34.2 million of restructuring and integration costs in 2008.

For the year ended December 31, 2008, selling and administrative expense increased by $909.8 million compared to the same period in 2007. The increase was primarily related to the acquisition of Trane, which contributed $877.3 million to the year-over-year-increase. As a result, selling and administrative expense as a percentage of revenue increased to 17.7% compared with 16.3% for the same period of 2007. In addition, selling and administrative expense included $34.2 million of restructuring and integration costs compared to $3.9 million of restructuring costs in 2007. Decreased leverage due to lower volumes more than offset expense reduction and price increases.

Asset Impairment
During the fourth quarter of 2008, we tested goodwill and other indefinite-lived intangible assets for impairment. As a result of decreased global equity valuations, the tightening of industrial and retail end markets and a resulting decline in our 2009 projected financial performance, we incurred a non-cash pre-tax impairment charge of $3,710.0 million, $3,385.0 million after-tax.

The following table summarizes the impairment charges that were taken by sector during 2008:

In millions	Goodwill	Intangible Assets	Marketable Securities	Total
Climate Solutions	$ 840.0	$ 400.0	$ -	$ 1,240.0
Residential Solutions	1,656.0	454.0	-	2,110.0
Security Technologies	344.0	6.0	10.0	360.0
Total	$ 2,840.0	$ 860.0	$ 10.0	$ 3,710.0

For a further discussion of impairment related matters, see Goodwill and Indefinite-Lived Intangible Assets under Critical Accounting Policies and Note 5 to the consolidated financial statements.

Operating Margin
Operating margin for the year ended December 31, 2009 increased to 6.4% from a negative 19.5% for the same period in 2008, which included the results of Trane since the Acquisition Date. Operating margin for the year ended December 31, 2008 was impacted by a non-cash charge of $3,710.0 million related to an asset impairment recognized in the fourth quarter. Excluding the asset impairment, which had a 28.1 point impact on 2008 operating margins, year-over-year operating margins decreased by 2.2 points. The primary drivers of the decrease related to lower volumes, an unfavorable currency impact and lower margins in the acquired Trane businesses. Results were further impacted by $111.4 million of restructuring costs which impacted operating margins in 2009 by 0.8 points. Productivity actions, expense reduction and improved pricing helped to mitigate the impact of the continued global weakness in our major end markets.

Operating margin decreased from 12.1% for the year ended December 31, 2007 to a negative 19.5% for the same period in 2008, which included the results of Trane since the Acquisition Date. Operating margin for the year ended December 31, 2008 was impacted by a non-cash charge of $3,710.0 million related to an asset impairment recognized in the fourth quarter. Excluding the asset impairment, which had a 28.1 point impact on 2008 operating margins, year-over-year operating margins decreased by 3.5 points. The primary drivers of the decrease related to lower volumes, higher commodity costs and an unfavorable business and product mix. Results were further impacted by restructuring and integration costs associated with the acquisition of Trane in June 2008. Productivity actions, expense reduction and improved pricing helped to mitigate the impact of the global weakness in our major end markets.

Interest Expense
Interest expense for the year ended December 31, 2009 increased $56.8 million compared with the same period of 2008. The increase is primarily related to higher average debt levels as a result of the funding of the acquisition of Trane in June 2008.

Interest expense for the year ended December 31, 2008 increased $109.2 million compared with the same period of 2007. The increase is primarily related to significantly higher debt levels used to help fund the acquisition of Trane in June 2008.

Other, Net
The year-over-year changes in Other, net primarily resulted from the following:

In millions	2009	2008	2007
Interest income	$ 13.3	$ 95.6	$ 36.2
Currency gain (loss)	(36.1)	(41.9)	(2.8)
Earnings from equity investments	8.1	3.4	1.0
Other	34.4	6.1	(4.2)
Other, net	$ 19.7	$ 63.2	$ 30.2

For the year ended December 31, 2009, Other, net decreased by $43.5 million compared with the same period of 2008. The decrease was primarily related to lower interest income as a result of lower average cash balances during the year. The decrease was partially offset by lower exchange losses in 2009. In addition, we recorded income of approximately $25 million in the fourth quarter of 2009 primarily related to a favorable settlement with an insurance carrier associated with a portion of our asbestos obligation. The settlement is included in other in the table above.

Included in currency exchange gains (losses) above is a $24 million charge recorded in the fourth quarter of 2009, associated with the recent devaluation in the Venezuelan Bolivar. At December 31, 2009, we remeasured our foreign currency receivables and payables associated with the Venezuelan Bolivar at the parallel rate of 6.0 Bolivars for each U.S. dollar, based on our inability to settle certain transactions through the official government channels in an expeditious manner. Previously, we remeasured all foreign currency transactions at the official rate of 2.15 Bolivars for each U.S. dollar. In addition, effective January 1, 2010, Venezuela has been designated highly inflationary, as the blended Consumer Price Index/National Consumer Price Index reached cumulative three-year inflation in excess of 100% during the fourth quarter of 2009. As such, all future foreign currency fluctuations will be recorded in income.

For the year ended December 31, 2008, Other, net increased by $33.0 million compared with the same period of 2007. The increase was a result of greater interest income generated by higher average cash balances prior to the acquisition of Trane in June 2008. The increase was partially offset by currency losses due to significant volatility in currency exchange rates, predominately in the fourth quarter.

Provision for Income Taxes
For the year ended December 31, 2009, the effective tax rate was 12.8% compared to 7.5% in 2008. The 2009 tax rate was below the U.S. Statutory rate of 35.0% primarily due to earnings in non-U.S. jurisdictions, which, in aggregate, have a lower effective rate. The 5.3 point increase in the effective rate is primarily the result of an increase in valuation allowances as well as changes in earnings mix offset by a reduction in our liability for unrecognized tax benefits.

For the year ended December 31, 2008, the effective tax rate was 7.5%. The tax rate was substantially below the U.S. Statutory rate of 35.0% primarily due to the large impairment charge recognized in the fourth quarter, as well as earnings in non-U.S. jurisdictions, which, in aggregate, have a lower effective rate. Excluding the impairment charge, the adjusted effective rate would have been 12.4%, compared with an effective rate of 21.8% in 2007. The 9.4 point reduction in the effective rate is primarily the result of lower earnings in high tax jurisdiction during 2008. See Note 20 to the consolidated financial statements for further discussion of tax matters.

Review of Business Segments
In the fourth quarter of 2009, we realigned our external reporting structure to more closely reflect our corporate and business strategies and to promote additional productivity and growth. Our segments are now as follows: Climate Solutions, Residential Solutions, Industrial Technologies and Security Technologies. As part of the

change, we eliminated the Air Conditioning Systems and Services segment which represented the acquired Trane business and created two new reportable segments, the Climate Solutions segment and the Residential Solutions segment. See Note 24 in the consolidated financial statements for a further discussion of the segment realignment.

The segment discussions that follow describe the significant factors contributing to the changes in results for each segment included in continuing operations.

Climate Solutions
Our Climate Solutions segment delivers energy-efficient refrigeration and Heating, Ventilation and Air Conditioning (HVAC) throughout the world. Encompassing the transport and stationary refrigeration markets as well as the commercial HVAC markets, this segment offers customers a broad range of products, services and solutions to manage controlled temperature environments. This segment includes the market leading brands of Hussmann, Thermo King and Trane.

In the fourth quarter of 2009, we realigned our external reporting structure to eliminate the Air Conditioning Systems and Services segment, which represented the Trane commercial and residential businesses acquired at the close of business on June 5, 2008 (the Acquisition Date). As a result, the Trane commercial HVAC business is now incorporated within the newly created Climate Solutions segment, along with the transport and stationary refrigeration business. Reported results include revenue and operating income from the Trane commercial HVAC business for the six months and 25 days since the Acquisition Date in 2008 and for the full year in 2009.

Dollar amounts in millions	2009	% change	2008	% change	2007
Net revenues	$ 7,293.7	8.0%	$ 6,750.6	100.2%	$ 3,372.4
Operating income (loss)	406.9	n/a	(771.8) *	n/a	382.6
Operating margin	5.6%		-11.4%		11.3%

* Amount includes a non-cash impairment charge of $1,240.0 million.

2009 vs 2008
Net revenues for the year ended December 31, 2009 increased by 8.0% or $543.1 million, compared with the same period of 2008, which primarily resulted from the following:

Volume/product mix	-13.9%
Pricing	0.5%
Currency exchange rates	-1.1%
Acquisition of the Trane commercial HVAC business	22.5%
Total	8.0%

Net revenues in the Trane commercial HVAC business increased $1,522.2 million compared with the same period of 2008. The increase, which represented 22.5% of the segment's year-over-year increase, was a consequence of 2008 reported results only reflecting activity since the Acquisition Date.

Net revenues in the transport and stationary refrigeration business decreased 29.2%, or $979.1 million, compared with the same period of 2008. The decrease, which had a 14.5% impact on the segment's year-over-year results, was primarily due to lower volumes and product mix (14%) and an unfavorable currency impact (1%). These reductions were slightly offset by improved pricing (1%).

Trane commercial HVAC revenues were impacted by a continued decline in activity in non-residential construction markets in all major geographic areas, except Asia. Both equipment and service revenue, as well as parts, services and solutions were impacted by the decrease in end market activity. Net revenues in our transport and stationary refrigeration businesses decreased primarily as a result of the continued decline in the heavy truck market in Europe. However, improved activity in the U.S. and Asian refrigerated trailer and truck markets during the fourth quarter helped to mitigate the declines in Europe. In addition, sea-going container revenues and worldwide bus revenues have begun to improve in the fourth quarter due to an increase in end market activity. Worldwide display cases and contracting revenue were impacted by continued slower supermarket capital expenditures in both the U.S. and Europe.

Operating income for the year ended December 31, 2009 increased by $1,178.7 million, compared with the same period of 2008. This increase was a result of a non-cash charge of $1,240.0 million recognized in the fourth quarter of 2008 related to the impairment of goodwill and other indefinite-lived intangible assets. Excluding the impairment, which had an 18.3 point impact on 2008 operating margins, year-over-year operating income decreased 13.1% or $61.3 million.

Excluding the asset impairment charge of $1,200.0 million in 2008, operating income in the Trane commercial HVAC business increased $101.7 million compared with the same period in 2008, which only included the results of Trane for the six months and 25 days since the Acquisition Date. This increase had a 21.7% impact to segment operating income. However, operating results for the year were negatively impacted by a significant reduction in volumes and pricing, partially offset by increased productivity and improved material costs.

Included in 2009 operating income within the Trane commercial HVAC business was $97.3 million of ongoing purchase accounting charges primarily related to the amortization of intangible assets. In addition, we recorded $26.1 million of restructuring charges in 2009 associated with employee termination benefits and other costs associated with announced restructuring plans. These costs had a combined 1.7 point impact on the segment's 2009 operating margins. 2008 comparable amounts were $48.1 million related to ongoing purchase accounting costs and $14.6 million related to severance and other business integration costs. In addition, 2008 operating income included $147.4 million in non-recurring purchase accounting charges associated with the fair value allocation of purchase price to backlog, inventory and in-process research and development costs. These costs had a combined 3.1 point impact on the segment's 2008 operating margins.

Operating income in our transport and stationary refrigeration business decreased by 51.1%, or $163.0 million, compared with the same period of 2008, excluding the $40.0 million asset impairment charge in 2008. This decrease, which had a 34.8% impact on segment operating income, resulted from lower volumes and product mix ($313 million) and an unfavorable currency impact. This decrease was partially offset by increased productivity ($127 million) and improved pricing ($34 million). In addition, we recorded $11.6 million of restructuring charges in 2009 associated with employee termination benefits and other costs associated with announced restructuring plans.

2008 vs 2007

Net revenues for the year ended December 31, 2008 increased by 100.2% or $3,378.2 million, compared with the same period of 2007. The dramatic year-over-year increase was a result of the inclusion of the Trane commercial HVAC business since the Acquisition Date in 2008 operating results, which totaled $3,393.8 million for the period. Excluding the results of Trane, net revenues decreased by 0.5% or $15.6 million, compared with the same period in 2007. The slight decrease in the year-over-year results were primarily due to lower volumes (4%) offset by a favorable currency impact (3%) and improved pricing.

Net revenues for the Trane commercial HVAC businesses decreased in both domestic and international markets. Increased revenues for parts, services and solutions were more than offset by a decline in equipment revenue. Net revenues for our transport and stationary refrigeration business decreased primarily as a result of the decline in the truck market, which decreased refrigerated trailer and truck revenues in North America and Europe. In addition, sea-going container revenues, as well as bus and aftermarket revenues also decreased as a result of slower end market activity. Worldwide display cases and contracting revenue decreased due to declines in display case sales to regional supermarkets in the U.S. and a sharp decline in the installation business. However, sales of the TriPac® auxiliary unit continued to experience substantial growth in 2008.

Operating income for the year ended December 31, 2008 decreased by $1,154.4 million compared to the same period of 2007. In the fourth quarter, we recognized a non-cash charge of $1,240.0 million related to the impairment of goodwill and other indefinite-lived intangible assets within the segment. The charge had an 18.3 point impact on operating margins in 2008.

Excluding the asset impairment, the Trane commercial HVAC business added $149.3 million of operating income to the segment since the Acquisition Date. Included within operating income is $147.4 million in non-recurring purchase accounting charges associated with the fair value allocation of purchase price to inventory step-up, backlog amortization and in-process research and development costs. In addition, ongoing purchase accounting charges, primarily related to the amortization of intangible assets, were $48.1 million. Other significant charges associated with the acquisition were $14.6 million and were primarily related to severance and other business integration costs. These costs had a combined 3.1 point impact on the segment's operating margins in 2008.

Excluding the asset impairment, operating income in our transport and stationary refrigeration business for the year ended December 31, 2008 decreased by 16.6% or $63.7 million, compared to the same period in 2007. During 2008, we recorded $38.6 million of restructuring charges associated with employee termination benefits and other costs associated with announced restructuring plans. Other factors contributing to the year-over-year decrease were lower volumes and product mix ($73 million) and increased material costs ($46 million), partially offset by increased productivity ($51 million), improved pricing ($44 million) and a favorable currency impact.

Residential Solutions

Our Residential Solutions segment provides safety, comfort and efficiency to homeowners throughout North America and parts of South America. It offers customers a broad range of products, services and solutions including mechanical and electronic locks, energy-efficient HVAC systems, indoor air quality solutions, advanced controls, portable security systems and remote home management. This segment is comprised of well-known brands like American Standard, Schlage and Trane.

In the fourth quarter of 2009, we realigned our external reporting structure to eliminate the Air Conditioning Systems and Services segment, which represented the Trane commercial and residential businesses acquired at the close of business on June 5, 2008 (the Acquisition Date). As a result, the Trane residential HVAC business is now incorporated within the newly created Residential Solutions segment, along with our residential security business. Reported results include revenue and operating income from the Trane residential HVAC business for the six months and 25 days since the Acquisition Date in 2008 and for the full year in 2009.

Dollar amounts in millions	2009	% change	2008	% change	2007
Net revenues	$ 2,001.5	35.8%	$ 1,473.7	180.3%	$ 525.7
Operating income (loss)	122.9	n/a	(2,037.0) *	n/a	44.9
Operating margin	6.1%		-138.2%		8.5%

* Amount includes a non-cash impairment charge of $2,110.0 million.

2009 vs. 2008

Net revenues for the year ended December 31, 2009 increased by 35.8% or $527.8 million, compared with the same period of 2008, which primarily resulted from the following:

Volume/product mix	-3.8%
Pricing	0.6%
Acquisition of Trane residential HVAC business	39.0%
Total	35.8%

Net revenues in the Trane residential HVAC business increased $574.1 million compared with the same period of 2008. The increase, which represented 39.0% of the segment's year-over-year increase, was a consequence of 2008 reported results only reflecting activity since the Acquisition Date. Net revenues for the Trane residential HVAC business for the year ended December 31, 2009 were impacted by lower volumes and reduced pricing.

Net revenues in the residential security business decreased by 9.9%, or $46.3 million, compared with the same period of 2008. The decrease, which had a 3.2% impact on the segment's year-over-year results, was primarily due to lower volumes and product mix (4%). These reductions were slightly offset by improved pricing (1%).

Trane residential HVAC revenues were impacted by continued weakness in the U.S. housing market. However, improved fourth quarter sales to the replacement market helped to mitigate the slower end market activity. Residential security revenues were impacted by lower same store sales at large customers and ongoing weakness in the new homebuilder channel. In the fourth quarter, these declines were more than offset by new product revenues and market share gains.

Operating income for the year ended December 31, 2009 increased by $2,159.9 million, compared with the same period of 2008. This increase was a result of a non-cash charge of $2,110.0 million recognized in the fourth quarter of 2008 related to the impairment of goodwill and other indefinite-lived intangible assets within the Trane residential HVAC business. Excluding the impairment, which had a 143.2 point impact on 2008 operating margins, year-over-year operating income increased by 68.4% or $49.9 million.

Excluding the asset impairment charge in 2008, operating income in the Trane residential HVAC business increased $43.1 million compared with the same period in 2008, which included the results of Trane for the six months and 25 days since the Acquisition Date. This increase had a 59.0% impact to segment operating income, excluding impairment. However, operating results for the year were impacted by a reduction in volumes and pricing, offset by increased productivity and improved material costs.

Included in 2009 operating income for the Trane residential HVAC business was $80.6 million of ongoing purchase accounting charges primarily related to the amortization of intangible assets. In addition, we recorded $7.5 million of restructuring charges in 2009 associated with employee termination benefits and other costs associated with announced restructuring plans. These costs had a combined 4.4 point impact on the segment's 2009 operating margins. 2008 comparable amounts were $33.0 million related to ongoing purchase accounting costs and $5.6 million related to severance and other business integration costs. In addition, 2008 operating income included $11.0 million in non-recurring purchase accounting charges associated with the fair value allocation of purchase price to backlog, inventory and in-process research and development costs. These costs had a combined 3.3 point impact on the segment's 2008 operating margins.

Operating income in our residential security business increased by 11.7%, or $6.8 million, compared with the same period of 2008. This increase, which had a 9.3% impact on segment operating income, resulted from increased productivity ($18 million) and improved pricing ($10 million). This increase was partially offset by lower volumes and product mix ($16 million). In addition, we recorded $1.4 million of restructuring charges in 2009 associated with employee termination benefits and other costs associated with announced restructuring plans.

2008 vs. 2007

Net revenues for the year ended December 31, 2008 increased by 180.3% or $948.0 million, compared with the same period of 2007. The dramatic year-over-year increase was a result of the inclusion of the Trane residential HVAC business since the Acquisition Date, which totaled $1,007.5 million for the period. Excluding the results of Trane, net revenues decreased by 11.3% or $59.5 million, compared with the same period in 2007. The decrease in year-over-year results were primarily due to lower volumes (22%) offset by improved pricing (10%).

Net revenues for the Trane residential HVAC businesses decreased in all markets. In addition, net revenues for our residential security business decreased primarily due to lower volume as a result of lower same store sales at large customers and ongoing weakness in the new homebuilder channel.

Operating income for the year ended December 31, 2008 decreased by $2,081.9 million, compared to the same period of 2007. In the fourth quarter, we recognized a non-cash charge of $2,110.0 million related to the impairment of goodwill and other indefinite-lived intangible assets within the Trane residential HVAC business. Excluding the asset impairment charge, which had a 143.2 point impact on operating margins in 2008, year-over-year operating income increased by 62.6% or $28.1 million.

Excluding the asset impairment, the Trane residential HVAC business added $15.0 million of operating income to the segment since the Acquisition Date in 2008. This increase contributed 33.4% to the year-over-year increase in overall operating income. Included within operating income is $11.0 million in non-recurring purchase accounting charges associated with the fair value allocation of purchase price to inventory step-up, backlog amortization and in-process research and development costs. In addition, ongoing purchase accounting charges, primarily related to the amortization of intangible assets, were $33.0 million. Other significant charges associated with the acquisition were $5.6 million and were primarily related to severance and other business integration costs. These costs had a combined 3.3 point impact on the segment's operating margins in 2008.

Operating income in our residential security business for the year ended December 31, 2008 increased by 29.2% or $13.1 million, compared to the same period in 2007. Factors contributing to the year-over-year increase were improved pricing ($51 million) and increased productivity ($16 million) partially offset by lower volumes and product mix ($53 million). In addition, we recorded $6.3 million of restructuring charges in 2008 associated with employee termination benefits and other costs associated with announce restructuring plans.

Industrial Technologies

Our Industrial Technologies segment provides products, services and solutions that enhance energy efficiency, productivity and operations. It offers our global customers a diverse and innovative range of products including compressed air systems, tools, pumps, fluid handling systems, golf and utility vehicles in addition to environmentally friendly micro turbines. This segment includes the Club Car and Ingersoll Rand market leading brands.

Dollar amounts in millions	2009	% change	2008	% change	2007
Net revenues	$2,181.0	-25.8%	$2,938.3	2.1%	$2,877.1
Operating income	171.8	-51.4%	353.7	-9.8%	392.0
Operating margin	7.9%		12.0%		13.6%

2009 vs 2008

For the year ended December 31, 2009, net revenues decreased by 25.8% or $757.3 million, compared with the same period of 2008. The primary drivers of the year-over-year decrease were lower volumes and product mix (25%) and an unfavorable currency impact (2%). These reductions were partially offset by improved pricing (1%).

Revenues in the Air and Productivity Solutions business declined in all geographic areas. The decrease in the U.S. was a result of volume declines in major industrial, process and fluid handling end markets as well as lower aftermarket results. Non-U.S. revenues were also impacted by volume declines in industrial activity. Club Car revenues sharply decreased in all geographic areas due to weakening economic fundamentals in key golf, hospitality and recreation markets. In addition, the decline was impacted by customers deferring golf car replacement by extending their leases. Market share gains and growth in low-speed vehicle sales at Club Car helped to offset some of the slow end market activity.

Operating income decreased by 51.4% or $181.9 million during 2009. During 2009, we recorded $27.1 million of restructuring charges associated with employee termination benefits and other cost associated with announced restructuring plans, which had a 1.2 point impact on operating margins. The remaining decrease was primarily related to lower volumes and product mix ($263 million), an unfavorable currency impact ($20 million) and higher material costs ($17 million). These reductions were partially offset by increased productivity ($123 million) and improved pricing ($16 million).

2008 vs 2007

For the year ended December 31, 2008, net revenues increased by 2.1% or $61.2 million, compared with the same period of 2007. The primary drivers of the year-over-year increase were improved pricing (2%), acquisitions (2%) and a favorable currency impact (1%). The improved results were partially offset by lower volumes and product mix (3%).

The increase in segment revenue was driven by the worldwide increase in the Air and Productivity Solutions business. However, lower volumes in all geographic areas in the second half of the year show the weakening industrial and fluid handling end markets. In addition, slower industrial production levels as well as the deferral of some maintenance by customers more than offset aftermarket growth. Club Car revenues declined in all geographic areas compared with 2007 mainly due to weak economic fundamentals in key golf, hospitality and recreation markets. However, the business continued to gain market share in the declining golf market and a softening utility vehicle market.

Operating income decreased by 9.8% or $38.3 million during 2008. In the fourth quarter of 2008, we recorded $9.6 million of restructuring charges associated with employee termination benefits and other cost associated with announced restructuring plans, which had a 0.4 point impact on operating margins. The remaining decrease was primarily related to higher material costs ($61 million), lower volumes and product mix ($42 million) and increased spending on new product development ($15 million). These reductions were partially offset by improved pricing ($62 million) and increased productivity ($46 million).

Security Technologies

Our Security Technologies segment is a leading global provider of products and services that make environments safe, secure and productive. The segment's market-leading solutions include electronic and biometric access control systems and software, locks and locksets, door closers, exit devices, steel doors and frames as well as time, attendance and personnel scheduling systems. These products serve a wide range of markets including the commercial construction market, healthcare, retail, maritime and transport industries as well as educational and governmental facilities. This segment includes the CISA, LCN, Schlage and Von Duprin brands.

In the fourth quarter of 2009, we realigned our external reporting structure to eliminate the Air Conditioning Systems and Services segment, which represented the Trane commercial and residential businesses acquired at the close of business on June 5, 2008 (the Acquisition Date). As a result, the Trane residential HVAC business is now incorporated within the newly created Residential Solutions segment, along with our residential security business. As a result, our residential security business is no longer included as a part of our Security Technologies segment, which now represents our commercial security business.

Dollar amounts in millions	2009	% change	2008	% change	2007
Net revenues	$ 1,719.1	-16.7%	$ 2,064.8	3.9%	$ 1,987.9
Operating income	323.7	663.4%	42.4 *	-89.1%	388.6
Operating margin	18.8%		2.1%		19.5%

* Amount includes a non-cash impairment charge of $360.0 million.

2009 vs 2008

For the year ended December 31, 2009, net revenues decreased by 16.7% or $345.7 million, compared with the same period of 2008. The year-over-year decrease was primarily related to lower volumes and product mix (17%) and an unfavorable currency impact (2%). These reductions were partially offset by improved pricing (2%).

The decrease in net revenues was a result of the recent decline in the worldwide contracting of construction markets. Revenues were impacted by the decline in new building and remodeling markets in the United States and Europe.

Operating income for the year ended December 31, 2009 increased by 663.4% or $281.3 million, compared with the same period of 2008. This increase was a result of a non-cash charge of $360.0 million recognized in the fourth quarter of 2008 related to the impairment of goodwill, other indefinite-lived intangible assets and marketable securities within the segment. The charge had a 17.4 point impact on 2008 operating margins.

Excluding the asset impairment charge, operating income for the year ended December 31, 2009 decreased by 19.6% or $78.7 million, compared with the same period in 2008. The decrease was primarily a result of lower volumes and product mix ($179 million) and an unfavorable currency impact ($14 million). These reductions were partially offset by increased productivity ($75 million), improved pricing ($46 million) and lower material costs ($15 million). We also recorded $24.5 million of restructuring charges in 2009 associated with employee termination benefits and other costs associated with announced restructuring plans.

2008 vs 2007

For the year ended December 31, 2008, net revenues increased by 3.9% or $76.9 million, compared with the same period of 2007. The year-over-year increase was primarily related to improved pricing (3%) and a favorable currency impact (1%).

Net revenues increased slightly during the year driven by electronic solutions growth in Asia. However, declines in the North American commercial construction market and well as in Europe during the fourth quarter significantly lowered year-over-year revenues.

Operating income decreased by 89.1% or $346.2 million during 2008. In the fourth quarter, we recognized a non-cash charge of $360.0 million related to the impairment of goodwill, other indefinite-lived intangible assets and marketable securities within the segment. The charge had a 17.4 point impact on operating margins in 2008.

Excluding the impairment charge, operating income for the year ended December 31, 2008 increased by 3.6% or $13.8 million, compared to the same period in 2007. The increase was primarily a result of improved pricing ($68 million) and productivity gains ($26 million), which more than offset the decrease in volume ($22 million), increased material costs ($16 million) and a negative currency impact ($7 million). We also recorded $6.8 million of restructuring charges in 2008 associated with employee termination benefits and other costs associated with announced restructuring plans.

Discontinued Operations

The components of discontinued operations for the years ended December 31 are as follows:

In millions	2009	2008	2007
Revenues	$ -	$ 15.3	$ 2,957.8
Pre-tax earnings (loss) from operations	(60.5)	(50.3)	(82.5)
Pre-tax gain (loss) on sale	1.6	(5.2)	4,391.6
Tax benefit (expense)	47.3	(1.9)	(1,066.5)
Discontinued operations, net	$ (11.6)	$ (57.4)	$ 3,242.6

During 2009, we recorded a tax benefit of $28 million primarily associated with reducing our liability for unrecognized tax benefits, and a tax charge of $29 million associated with correcting immaterial accounting errors. See Note 20 to the consolidated financial statements for a further description of these tax matters.

Pre-tax loss from operations in 2007 includes a non-cash charge of $449.0 million related to our liability for all pending and estimated future asbestos claims through 2053 as discussed below in “Other Discontinued Operations.”

Discontinued operations by business for the years ended December 31 are as follows:

In millions	2009	2008	2007
Compact Equipment, net of tax	$ (30.6)	$ (11.7)	$ 2,927.1
Road Development, net of tax	9.0	(29.8)	681.5
Other discontinued operations, net of tax	10.0	(15.9)	(366.0)
Total discontinued operations, net of tax	$ (11.6)	$ (57.4)	$ 3,242.6

Compact Equipment Divestiture

On July 29, 2007, we agreed to sell our Bobcat, Utility Equipment and Attachments business units (collectively, Compact Equipment) to Doosan Infracore for gross proceeds of approximately $4.9 billion, subject to post closing purchase price adjustments. The sale was completed on November 30, 2007. We are currently in the process of resolving the final purchase price adjustments with Doosan Infracore.

Compact Equipment manufactured and sold compact equipment, including skid-steer loaders, compact track loaders, mini-excavators and telescopic tool handlers; portable air compressors, generators and light towers; general-purpose light construction equipment; and attachments. We accounted for Compact Equipment as discontinued operations within the income statement.

Net revenues and after-tax earnings of Compact Equipment for the years ended December 31 were as follows:

In millions	2009	2008	2007
Net revenues	$ -	$ 15.3	$ 2,705.9
After-tax earnings (loss) from operations	$7.2	$(0.6)	$275.1
Gain (loss) on sale, net of tax	(37.8)	(11.1)	2,652.0
Total discontinued operations, net of tax	$ (30.6)	$ (11.7)	$ 2,927.1

Road Development Divestiture

On February 27, 2007, we agreed to sell our Road Development business unit to AB Volvo (publ) for cash proceeds of approximately $1.3 billion. The sale was completed on April 30, 2007.

The Road Development business unit manufactured and sold asphalt paving equipment, compaction equipment, milling machines and construction-related material handling equipment. We accounted for the Road Development business unit as discontinued operations within the income statement.

Net revenues and after-tax earnings of the Road Development business unit for the years ended December 31 were as follows:

In millions	2009	2008	2007
Net revenues	$ -	$ -	$ 251.9
After-tax earnings (loss) from operations	$ 0.8	$ (0.4)	$ 37.8
Gain (loss) on sale, net of tax	8.2	(29.4)	643.7
Total discontinued operations, net of tax	$ 9.0	$ (29.8)	$ 681.5

Other Discontinued Operations

We also have retained costs from previously sold businesses that mainly include costs related to postretirement benefits, product liability and legal costs (mostly asbestos-related). The components of other discontinued operations for the years ended December 31 were as follows:

In millions	2009	2008	2007
Retained costs, net of tax	$ 4.4	$ (16.7)	$ (340.9)
Net gain (loss) on disposals, net of tax	5.6	0.8	(25.1)
Total discontinued operations, net of tax	$ 10.0	$ (15.9)	$ (366.0)

Retained costs, net of tax for the year ended December 31, 2008 includes $6.5 million of after-tax costs related to an adverse verdict in a product liability lawsuit associated with a previously divested business.

During the fourth quarter of 2007, we recorded a non-cash charge of $449.0 million ($277 million after-tax) related to our liability for all pending and estimated future asbestos claims through 2053. Refer to Note 23 in the consolidated financial statements for further details on asbestos-related matters.

Liquidity and Capital Resources

During the year ended December 31, 2009, we completed a comprehensive financing program that significantly enhanced our liquidity and debt profile. Actions taken include the issuance of $1.0 billion of long-term debt (Senior Notes and Exchangeable Senior Notes) in April 2009 and the replacement of our Trane accounts receivable purchase program in March 2009 with a new accounts receivable purchase program that encompassed originators from all four of our business segments. The proceeds from our debt issuance were used to repay the $950.0 million outstanding under our senior unsecured bridge loan facility.

We currently believe that our cash and cash equivalents balance, the cash generated by our operations, our committed credit lines as well as our expected ability to access the capital markets will be sufficient to meet our operating and capital needs for the foreseeable future.

Liquidity

The following table contains several key measures to gauge our financial condition and liquidity at the period ended December 31:

In millions	2009	2008	2007
Cash and cash equivalents	$ 876.7	$ 550.2	$ 4,735.3
Short-term borrowings and current maturities of long-term debt	876.7	2,350.4	741.0
Long-term debt	3,219.9	2,773.7	712.7
Total debt	4,096.6	5,124.1	1,453.7
Total Ingersoll-Rand plc shareholders' equity	7,101.8	6,661.4	7,907.9
Total shareholders' equity	7,205.7	6,762.1	8,005.4
Debt-to-total capital ratio	36.2%	43.1%	15.4%

The large cash and cash equivalents balance at December 31, 2007 is attributable to the sale of both the Compact Equipment and the Road Development business units during 2007, which generated proceeds of $6,154.3 million. The lower cash and cash equivalents balance at December 31, 2008 is a result of the acquisition of Trane.

Short-term borrowings and current maturities of long-term debt consisted of the following:

In millions	2009	2008
Commercial paper program	$ -	$ 998.7
Senior unsecured bridge loan facility	-	754.0
Debentures with put feature	343.6	345.7
Current maturities of long-term debt	526.5	200.4
Other short-term borrowings	6.6	51.6
Total	$ 876.7	$ 2,350.4

Commercial Paper Program
We use borrowings under our commercial paper program for general corporate purposes. As of December 31, 2009, we had no outstanding commercial paper borrowings after paying down $998.7 million during 2009. We funded these payments primarily using cash generated from operations.

Senior Unsecured Bridge Loan Facility
In connection with the Trane acquisition, we entered into a $3.9 billion senior unsecured bridge loan facility, with a 364-day term. We drew down $2.95 billion against the bridge loan facility in June 2008. The proceeds, along with cash on hand and the issuance of $1.5 billion in commercial paper, were used to fund the cash component of the consideration paid for the acquisition as well as to pay for related fees and expenses incurred in connection with the acquisition.

As of December 31, 2008, our outstanding balance of the senior unsecured bridge loan facility was $754 million after a $196 million payment in the fourth quarter of 2008. In the first quarter of 2009, we borrowed an additional $196 million under the facility, increasing the outstanding balance to $950.0 million as of March 31, 2009. We repaid the outstanding balance in April 2009 with proceeds from our long-term debt issuance as discussed below and terminated the facility.

Debentures with Put Feature
At December 31, 2007, we had outstanding $547.9 million of fixed rate debentures which only requires early repayment at the option of the holder. These debentures contain a put feature that the holders may exercise on each anniversary of the issuance date. If exercised, we are obligated to repay in whole or in part, at the holder's option, the outstanding principal amount (plus accrued and unpaid interest) of the debentures held by the holder. If these options are not fully exercised, the final maturity dates would range between 2027 and 2028.

In 2008, holders of these debentures chose to exercise the put feature on $202.2 million of the debentures. As a result, approximately $345.7 million remained outstanding as of December 31, 2008. In 2009, holders of these debentures chose to exercise the put feature on $2.1 million of the remaining debentures. As a result, approximately $343.6 million remained outstanding at December 31, 2009. In February 2010, holders of these debentures have the option to exercise the put feature on $37.2 million of the outstanding debentures. Based on our cash flow forecast, we believe we will have sufficient liquidity to repay any amounts redeemable as a result of these put features.

Long-Term Debt
In August 2008, we filed a universal shelf registration statement with the Securities and Exchange Commission (SEC) for an indeterminate amount of securities for future issuance and issued $1.6 billion of long-term debt pursuant to the shelf registration statement through our wholly owned subsidiary, IR Global Holding Company Limited. This issuance consisted of $250 million Senior Floating Rate Notes due in 2010, $600 million 6.000% Senior Notes due in 2013 and $750 million 6.875% Senior Notes due in 2018. These notes are fully and unconditionally guaranteed by IR-Limited. The net proceeds from the offering were used to reduce the amount outstanding under the senior unsecured bridge loan facility.

Interest on the fixed rate notes will be paid twice a year. We have the option to redeem them in whole or in part at any time, and from time to time, prior to their stated maturity date at redemption prices set forth in the debt offering documents. Interest on the floating rate notes will be paid four times a year. The notes are subject to certain customary covenants, however, none of these covenants are considered restrictive to our operations.

Senior Notes Due 2014
In April 2009, we issued $655 million of 9.5% Senior Notes through our wholly-owned subsidiary, Ingersoll-Rand Global Holding Company Limited (IR-Global). The notes are fully and unconditionally guaranteed by each of IR-Ireland, IR-Limited and IR-International. Interest on the fixed rate notes will be paid twice a year in arrears. We have the option to redeem them in whole or in part at any time, and from time to time, prior to their stated maturity date at redemption prices set forth in the indenture agreement. The notes are subject to certain customary covenants, however, none of these covenants are considered restrictive to our operations.

Exchangeable Senior Notes Due 2012
In April 2009, we issued $345 million of 4.5% Exchangeable Senior Notes through our wholly-owned subsidiary, IR-Global. The notes are fully and unconditionally guaranteed by each of IR-Ireland, IR-Limited and IR-International. Interest on the exchangeable notes will be paid twice a year in arrears. In addition, holders may exchange their notes at their option prior to November 15, 2011 in accordance with specified circumstances set forth in the indenture agreement or anytime on or after November 15, 2011 through their scheduled maturity. Upon exchange, the notes will be paid in cash up to the aggregate principal amount of the notes to be exchanged, the remainder due on the option feature, if any, will be paid in cash, IR ordinary shares or a combination thereof at the option of the Company. The notes are subject to certain customary covenants, however, none of these covenants are considered restrictive to our operations.

We allocated the proceeds of the exchangeable notes between debt and equity, in a manner that reflects our nonconvertible debt borrowing rate. We allocated approximately $305 million of the gross proceeds to debt, with the remaining discount of approximately $40 million (approximately $39 million after allocated fees) recorded within equity. Additionally, we will amortize the discount into earnings over a three-year period.

Accounts Receivable Purchase Program
On March 31, 2009, we expanded our existing Trane accounts receivable purchase program and replaced it with a new accounts receivable purchase program that encompassed originators from all four of our business segments. The increase in originators allowed us to increase the program size from $150 million to $325 million. At December 31, 2009, the outstanding balance of eligible trade receivables sold to an affiliated master special purpose vehicle was $544.2 million. However, no net interests have been sold to any of the three conduits administered by unaffiliated financial institutions. In the first quarter of 2010, we expect to terminate the new accounts receivable purchase program prior to its expiration in March 2010. See Note 12 to the consolidated financial statements for a further description of the program.

Pension Plans
Our investment objectives in managing defined benefit plan assets are to ensure that present and future benefit obligations to all participants and beneficiaries are met as they become due; to provide a total return that, over the long-term, minimizes our required contributions at the appropriate levels of risk; and to meet any statutory or regulatory requirements.

We monitor the impact of market conditions on our funding requirements and pension plan expense on a quarterly basis. None of our pension plans have experienced any significant impact on their liquidity to pay retirees in the plans due to the volatility in the markets. For further details on pension plan activity, see Note 15 to the consolidated financial statements.

Cash Flows
The following table reflects the major categories of cash flows for the years ended December 31, respectively. For additional details, please see the Consolidated Statements of Cash Flows in the consolidated financial statements.

In millions	2009	2008	2007
Operating cash flow provided by (used in) continuing operations	$ 1,751.5	$ 374.3	$ 826.3
Investing cash flow provided by (used in) continuing operations	(182.7)	(7,306.4)	6,052.4
Financing cash flow provided by (used in) continuing operations	(1,208.1)	2,760.6	(2,568.5)

Operating Activities
Net cash provided by operating activities from continuing operations was $1,751.5 million for the year ended December 31, 2009 compared with $374.3 million in 2008. Prior year operating cash flows were impacted by a tax payment of approximately $700 million in the first quarter of 2008 paid to various taxing authorities primarily associated with the Compact Equipment divestiture. Cash flows from operating activities for the year ended December 31, 2009 include significant improvements in accounts receivable collections and inventory management, in addition to the results of Trane for the entire period.

Net cash provided by operating activities from continuing operations was $374.3 million for the year ended December 31, 2008 compared with $826.3 million in 2007. The change was primarily related to tax payments of approximately $1.1 billion paid to various taxing authorities, $594.4 million associated with the Compact Equipment divestiture. Tax payments in 2007 were approximately $470 million. In addition, cash flows from operating activities include Trane cash flows from operations since the Acquisition Date.

Investing Activities
Net cash used in investing activities from continuing operations was $182.7 million for the year ended December 31, 2009 compared with $7,306.4 million in 2008. The change in investing activities is primarily attributable to cash used for the acquisition of Trane in 2008.

Net cash used in investing activities from continuing operations was $7,306.4 million for the year ended December 31, 2008 compared with net cash provided by continuing operations of $6,052.4 million in 2007. The change is primarily attributable to cash used for the acquisition of Trane in 2008. In addition, during the year ended December 31, 2007, net cash proceeds of $6,154.3 million was received related to the sale of Compact Equipment and the Road Development business unit.

Financing Activities
Net cash used in financing activities during the year ended December 31, 2009 was $1,208.1 million, compared with $2,760.6 million of net cash provided by financing activities during 2008. The change in financing activities is primarily related to the proceeds received from the bridge loan facility and commercial paper used to finance the acquisition of Trane in June 2008. During the year ended December 31, 2009, we refinanced the bridge loan facility and repaid the amounts outstanding on our commercial paper program.

Net cash provided by financing activities from continuing operations was $2,760.6 million for the year ended December 31, 2008 compared with $2,568.5 million of net cash used in financing activities during 2007. The change in financing activities primarily relates to the outstanding balance of both our bridge loan facility and commercial paper which were used to finance the acquisition of Trane. In addition, $1.6 billion relates to the net proceeds from our long-term debt issuance in August 2008. Furthermore, 2007 was impacted by the repurchase of $2.0 billion of our outstanding shares.

Capital Resources
Based on historical performance and current expectations, we believe our cash and cash equivalents balance, the cash generated from our operations, our committed credit lines and our expected ability to access capital markets will satisfy our working capital needs, capital expenditures and other liquidity requirements associated with our operations through at least the next 12 months.

Capital expenditures were $204.2 million, $306.0 million and $119.7 million for 2009, 2008 and 2007, respectively. Our investments continue to improve manufacturing productivity, reduce costs and provide environmental enhancements and advanced technologies for existing facilities. The capital expenditure program for 2010 is estimated to be approximately $250 million, including amounts approved in prior periods. Many of these projects are subject to review and cancellation at our option without incurring substantial charges.

During 2007, we initiated restructuring actions relating to ongoing cost reduction efforts across each of our sectors. These actions include both workforce reductions as well as the consolidation of manufacturing facilities. In addition, we announced plans to initiate enterprise-wide restructuring actions in October 2008. These actions include streamlining the footprint of manufacturing facilities and reducing the general and administrative cost base. As of December 31, 2009, we have incurred approximately $182.1 million of costs associated with these restructuring actions since the fourth quarter of 2008.

For financial market risk impacting the Company, see Item 7A. Quantitative and Qualitative Disclosure About Market Risk.

Capitalization
In addition to cash on hand and operating cash flow, we maintain significant credit availability under our commercial paper programs. Our ability to borrow at a cost-effective rate under the commercial paper programs is contingent upon maintaining an investment-grade credit rating. As of December 31, 2009, our credit ratings were as follows:

	Short-term	Long-term
Moody's	P-2	Baa1
Standard and Poor's	A-2	BBB+

The credit ratings set forth above are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organization. Each rating should be evaluated independently of any other rating.

In June 2008, we entered into a $1.0 billion senior unsecured revolving credit facility with a three-year term. The line is unused and provides support for our commercial paper program as well as for other general corporate purposes.

In addition to the three-year credit facility, we have a committed revolving credit facility totaling $1.25 billion, which expires in August 2010. This line is unused and provides support for our commercial paper program as well as for other general corporate purposes. Other available non-U.S. lines of credit were $993.3 million, of which $823.9 million were unused at December 31, 2009. These lines provide support for bank guarantees, letters of credit and other general corporate purposes.

Our public debt does not contain any financial covenants and our revolving credit lines have a debt-to-total capital covenant of 65%. As of December 31, 2009, our debt-to-total capital ratio was significantly beneath this limit.

Guarantees
As part of the reorganization of IR-New Jersey in 2001, IR-Limited fully and unconditionally guaranteed all of the issued public debt securities of IR-New Jersey. IR-New Jersey unconditionally guaranteed payment of the

principal, premium, if any, and interest on IR-Limited's 4.75% Senior Notes due in 2015 in aggregate principal amount of $300 million. The guarantee is unsecured and provided on an unsubordinated basis. The guarantee ranks equally in right of payment with all of the existing and future unsecured and unsubordinated debt of IR-New Jersey. In addition, public debt securities issued by IR Global Holding Company Limited (IR-Global) are fully and unconditionally guaranteed by IR-Limited.

As a part of the reorganization of IR-Limited in 2009, the guarantee structure was updated to reflect the newly created legal structure under which (i) IR-International assumed the obligations of IR-Limited as issuer or guarantor, as the case may be, and (ii) IR-Ireland and IR-Limited fully and unconditionally guaranteed the obligations under the various indentures covering the currently outstanding public debt of IR-International, IR-Global and IR-New Jersey. Neither IR-Ireland nor IR-Limited has issued or intends to issue guarantees in respect of any indebtedness incurred by Trane.

Contractual Obligations
The following table summarizes our contractual cash obligations by required payment periods, in millions:

	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Short-term debt	$ 6.6	$ -	$ -	$ -	$ 6.6
Long-term debt	868.8 *	377.2 **	1,273.2	1,610.0	4,129.2
Interest payments on long-term debt	256.9	475.4	382.1	716.2	1,830.6
Purchase obligations	847.4	7.5	3.5	-	858.4
Operating leases	169.9	242.0	138.2	123.9	674.0
Total contractual cash obligations	$ 2,149.6	$ 1,102.1	$ 1,797.0	$ 2,450.1	$ 7,498.8

* Includes $343.6 million of debt redeemable at the option of the holder. The scheduled maturities of these bonds range between 2027 and 2028.
** Includes $345 million related to the Exchangeable Senior Notes due in 2012. See Note 13 in the consolidated financial statements for additional information.

Future expected obligations under our pension and postretirement benefit plans, income taxes, environmental and asbestos matters have not been included in the contractual cash obligations table above.

Pensions
At December 31, 2009, we had net obligations of $903.0 million, which consist of noncurrent pension assets of $1.1 million and current and non-current pension benefit liabilities of $904.1 million. It is our objective to contribute to the pension plans to ensure adequate funds are available in the plans to make benefit payments to plan participants and beneficiaries when required. We currently project that we will contribute approximately $85 million to our plans worldwide in 2010. Because the timing and amounts of long-term funding requirements for pension obligations are uncertain, they have been excluded from the preceding table. See Note 15 to the consolidated financial statements for additional information.

Postretirement Benefits Other than Pensions
At December 31, 2009, we had postretirement benefit obligations of $979.4 million. We fund postretirement benefit costs principally on a pay-as-you-go basis as medical costs are incurred by covered retiree populations. Benefit payments, which are net of expected plan participant contributions and Medicare Part D subsidy, are expected to be approximately $79 million in 2010. Because the timing and amounts of long-term funding requirements for postretirement obligations are uncertain, they have been excluded from the preceding table. See Note 15 to the consolidated financial statements for additional information.

Income Taxes
At December 31, 2009, we have total unrecognized tax benefits for uncertain tax positions of $525.1 million and $80.3 million of related accrued interest and penalties. The liability has been excluded from the preceding table

as we are unable to reasonably estimate the amount and period in which these liabilities might be paid. See Note 20 to the consolidated financial statements for additional information regarding matters relating to income taxes, including unrecognized tax benefits and IRS tax disputes.

Environmental and Asbestos Matters
We are involved in various litigations, claims and administrative proceedings, including those related to environmental and product liability matters. We believe that these liabilities are subject to the uncertainties inherent in estimating future costs for contingent liabilities, and will likely be resolved over an extended period of time. Because the timing and amounts of potential future cash flows are uncertain, they have been excluded from the preceding table. See Note 23 to the consolidated financial statements for additional information.

See Note 13 and Note 23 for additional information on matters affecting our liquidity.

Critical Accounting Policies
Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with those accounting principles requires management to use judgment in making estimates and assumptions based on the relevant information available at the end of each period. These estimates and assumptions have a significant effect on reported amounts of assets and liabilities, revenue and expenses as well as the disclosure of contingent assets and liabilities because they result primarily from the need to make estimates and assumptions on matters that are inherently uncertain. Actual results may differ from estimates. The following is a summary of certain accounting estimates and assumptions made by management that we consider critical.

- Allowance for doubtful accounts – The Company has provided an allowance for doubtful accounts receivable which represents the best estimate of probable loss inherent in the Company's accounts receivable portfolio. This estimate is based upon the Company's policy, derived from its knowledge of its end markets, customer base and products.

- Goodwill and indefinite-lived intangible assets – We have significant goodwill and indefinite-lived intangible assets on our balance sheet related to acquisitions. Our goodwill and other indefinite-lived intangible assets are tested and reviewed annually during the fourth quarter for impairment or when there is a significant change in events or circumstances that indicate that the fair value of an asset may be less than the carrying amount of the asset.

  Recoverability of goodwill is measured at the reporting unit level and determined using a two step process. The first step compares the carrying amount of the reporting unit to its estimated fair value. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. To the extent that the carrying value of the reporting unit exceeds its estimated fair value, a second step is performed, wherein the reporting unit's carrying value of goodwill is compared to the implied fair value of goodwill. To the extent that the carrying value exceeds the implied fair value, impairment exists and must be recognized.

  As quoted market prices are not available for our reporting units, the calculation of their estimated fair value in step one is based on two valuation techniques, a discounted cash flow model (income approach) and a market adjusted multiple of earnings and revenues (market approach), with each method being equally weighted in the calculation. In step 2, the implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. The estimated fair value of the reporting unit is allocated to all of the assets and liabilities of the reporting unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit, as determined in the first step of the goodwill impairment test, was the price paid to acquire that reporting unit.

Recoverability of other intangible assets with indefinite useful lives is measured by a comparison of the carrying amount of the intangible assets to the estimated fair value of the respective intangible assets. Any excess of the carrying value over the estimated fair value is recognized as an impairment loss equal to that excess. The calculation of estimated fair value is determined on a relief from royalty methodology (income approach) which is based on the implied royalty paid, at an appropriate discount rate, to license the use of an asset rather than owning the asset. The present value the after-tax cost savings (i.e. royalty relief) indicates the estimated fair value of the asset.

The determination of estimated fair value and the implied fair value of goodwill requires management to make assumptions about estimated cash flows, including profit margins, long-term forecasts, discount rates and terminal growth rates. Management developed these assumptions based on the market and geographic risks unique to each reporting unit.

2009 Impairment Test

For our annual impairment testing during the fourth quarter of 2009, we determined that the fair value of the reporting units and indefinite-lived intangible assets exceeded their respective carrying values.

The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporates management assumptions about expected future cash flows. Under the income approach, we assumed a forecasted cash flow period of five years with discount rates generally ranging from 11% to 15% and terminal growth rates generally ranging from 2% to 5%. Under the market approach, management used an adjusted multiple of earnings and revenues based on the market information of comparable companies. Additionally, management compared the estimate aggregate fair value of its reporting units to the Company's overall market capitalization.

For all reporting units except one, the excess of the estimated fair value over carrying value (expressed as a percentage of carrying value) was a minimum of 15%. The one reporting unit with a percentage of carrying value less than 15%, reported within the Climate Solutions segment, exceeded its carrying value by 8%. This reporting unit has goodwill of approximately $840 million. A significant increase in the discount rate, decrease in the long-term growth rate, or substantial reductions in our end markets and volume assumptions could have a negative impact on the estimated fair value of the reporting unit.

2008 Impairment Test

Due to the deterioration in the worldwide equity and credit markets and a tightening of industrial and retail end markets in the fourth quarter of 2008, the Company's market capitalization declined well below its book value. In addition, the weakening worldwide economic conditions resulted in our projected 2009 financial performance decline. As a result, the Company updated its impairment testing through December 31, 2008. Based on the estimated fair value and book value of our reporting units, we recorded an impairment charge in the fourth quarter of 2008 of approximately $3,710.0 million ($3,385.0 million after-tax).

The assumptions used represent management's best estimate of fair value. Under the income approach, we assumed a forecasted cash flow period of five years with discount rates generally ranging from 11%-15% and terminal growth rates generally ranging from 2%-5%. Under the market approach, management used an adjusted multiple of earnings and revenues based on the market information of comparable companies. Additionally, management compared the estimated aggregate fair value of its reporting units to the Company's overall market capitalization.

- Long-lived assets and finite-lived intangibles – Long-lived assets and finite-lived intangibles are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. Assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows can be generated. Impairment in the carrying value of an asset would be recognized whenever anticipated future undiscounted cash flows from an asset are less than its carrying value. The impairment is measured as the amount by which the carrying value exceeds the fair value of the asset as determined by an estimate of discounted cash flows. The Company believes that its use of estimates and assumptions are reasonable and comply with generally accepted accounting principles. Changes in business conditions could potentially require future adjustments to these valuations.

- Loss contingencies – Liabilities are recorded for various contingencies arising in the normal course of business, including litigation and administrative proceedings, environmental and asbestos matters and product liability, product warranty, worker's compensation and other claims. The Company has recorded reserves in the financial statements related to these matters, which are developed using input derived from actuarial estimates and historical and anticipated experience data depending on the nature of the reserve, and in certain instances with consultation of legal counsel, internal and external consultants and engineers. Subject to the uncertainties inherent in estimating future costs for these types of liabilities, the Company believes its estimated reserves are reasonable and does not believe the final determination of the liabilities with respect to these matters would have a material effect on the financial condition, results of operations, liquidity or cash flows of the Company for any year.

- Asbestos matters – Certain wholly-owned subsidiaries of the Company are named as defendants in asbestos-related lawsuits in state and federal courts. The Company records a liability for its actual and anticipated future claims as well as an asset for anticipated insurance settlements. Although the Company was neither a manufacturer nor producer of asbestos, some of its formerly manufactured components from third party suppliers utilized asbestos related components. As a result, the Company records certain income and expenses associated with our asbestos liabilities and corresponding insurance recoveries within discontinued operations, net of tax, as they relate to previously divested businesses. Income and expenses associated with Trane's asbestos liabilities and corresponding insurance recoveries are recorded within continuing operations. Refer to Note 23 in the consolidated financial statements for further details of asbestos-related matters.

- Revenue recognition – Revenue is recognized and earned when all of the following criteria are satisfied: (a) persuasive evidence of a sales arrangement exists; (b) price is fixed or determinable; (c) collectability is reasonably assured; and (d) delivery has occurred or service has been rendered. Delivery generally occurs when the title and the risks and rewards of ownership have substantially transferred to the customer. Revenue from maintenance contracts or extended warranties is recognized on a straight-line basis over the life of the contract, unless another method is more representative of the costs incurred. The Company enters into agreements that contain multiple elements, such as equipment, installation and service revenue. For multiple-element arrangements, the Company recognizes revenue for delivered elements when the delivered item has stand-alone value to the customer, fair values of undelivered elements are known, customer acceptance has occurred, and there are only customary refund or return rights related to the delivered elements. Revenues from certain of our equipment and the related installation sold under construction-type contracts are recorded using the percentage-of-completion method in accordance with GAAP.

- Income taxes – Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. The Company recognizes future tax benefits, such as net operating losses and non-U.S. tax credits, to the extent that realizing these benefits is considered in its judgment to be more likely than not. The Company regularly reviews the recoverability of its deferred tax assets considering its historic profitability, projected future taxable income, timing of the reversals of existing temporary differences and the feasibility of its tax planning strategies. Where appropriate, the Company records a valuation allowance with respect to a future tax benefit.

  Effective January 1, 2007, the Company adopted the provisions of FASB ASC 740, "Income Taxes," (ASC 740) which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. Additionally, ASC 740 provides guidance on the recognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions.

The provision for income taxes involves a significant amount of management judgment regarding interpretation of relevant facts and laws in the jurisdictions in which the Company operates. Future changes in applicable laws, projected levels of taxable income, and tax planning could change the effective tax rate and tax balances recorded by the Company. In addition, tax authorities periodically review income tax returns filed by the Company and can raise issues regarding its filing positions, timing and amount of income or deductions, and the allocation of income among the jurisdictions in which the Company operates. A significant period of time may elapse between the filing of an income tax return and the ultimate resolution of an issue raised by a revenue authority with respect to that return. The Company believes that it has adequately provided for any reasonably foreseeable resolution of these matters. The Company will adjust its estimate if significant events so dictate. To the extent that the ultimate results differ from the original or adjusted estimates of the Company, the effect will be recorded in the provision for income taxes in the period that the matter is finally resolved.

- Employee benefit plans – The Company provides a range of benefits to eligible employees and retired employees, including pensions, postretirement and postemployment benefits. Determining the cost associated with such benefits is dependent on various actuarial assumptions including discount rates, expected return on plan assets, compensation increases, employee mortality and turnover rates and health-care cost trend rates. Actuarial valuations are performed to determine expense in accordance with generally accepted accounting principles in the United States. Actual results may differ from the actuarial assumptions and are generally accumulated and amortized into earnings over future periods. The Company reviews its actuarial assumptions at each measurement date and makes modifications to the assumptions based on current rates and trends, if appropriate. The discount rate, the rate of compensation increase and the expected long-term rates of return on plan assets are determined as of the measurement date. A discount rate reflects a rate at which pension benefits could be effectively settled. For U.S. plans, it is established and based primarily on a study based on the Citigroup Pension Liability index. For non-U.S. plans, it is based upon a review of the current yields reported on AA corporate bonds or the yields of high-quality fixed-income investments available and expected to be available during the life of the plans. The rate of compensation increase is dependent on expected future compensation levels. The expected long-term rate of return on plan assets reflects the average rate of returns expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. The expected long-term rate of return on plan assets is based on what is achievable given the plan's investment policy, the types of assets held and the target asset allocation. The expected long-term rate of return is determined as of the measurement date. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on input from its actuaries, outside investment advisors and information as to assumptions used by plan sponsors.

  Changes in any of the assumptions can have an impact on the net periodic pension cost or postretirement benefit cost. Estimated sensitivities to the net periodic pension cost of a 0.25% rate decline in the two basic assumptions are as follows: the discount rate would increase expense by approximately $9.6 million and the estimated return on assets assumption would increase expense by approximately $6.4 million. A 0.25% rate decrease in the discount rate for postretirement benefits would increase net periodic postretirement benefit cost by $0.8 million and a 1.0% increase in the health-care cost trend rate would increase the cost by approximately $2.0 million.

The preparation of financial statements includes the use of estimates and assumptions that affect a number of amounts included in the Company's consolidated financial statements. If actual amounts are ultimately different from previous estimates, the revisions are included in the Company's results for the period in which the actual amounts become known. Historically, the aggregate differences, if any, between the Company's estimates and actual amounts in any year have not had a material impact on the consolidated financial statements.

Recently Adopted Accounting Pronouncements:
FASB ASC 715, "Compensation – Retirement Benefits," (ASC 715) requires an entity to measure its defined benefit plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position. The measurement date provisions of ASC 715 are effective for the Company for the fiscal year ending December 31, 2008. The Company has adopted the measurement provisions of ASC 715, which resulted in an after-tax charge to Retained earnings in the amount of $3.7 million ($6.5 million pre-tax) in 2008. Plans acquired during 2008 were not impacted by this change.

Effective January 1, 2007, the Company adopted the provisions of FASB ASC 740, "Income Taxes," (ASC 740) which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. As a result of adopting these provisions of ASC 740 as of January 1, 2007, the Company recorded additional liabilities to its previously established reserves, and corresponding decrease in Retained earnings of $145.6 million.

In September 2006, the FASB issued revised guidance within FASB ASC 820, "Fair Value Measurements and Disclosures" (ASC 820) to provide a framework for measuring fair value that is based on the assumptions market participants would use when pricing an asset or liability. ASC 820 also establishes a fair value hierarchy that prioritizes the information to develop those assumptions. Additionally, the guidance expands the disclosures about fair value measurements to include disclosing the fair value measurements of assets or liabilities within each level of the fair value hierarchy. These provisions of ASC 820 were effective for the Company starting on January 1, 2008. In accordance with ASC 820, the Company has delayed its implementation of these provisions for the fair value of goodwill, indefinite-lived intangible assets and nonfinancial long-lived assets and liabilities. Refer to Note 16 in the consolidated financial statements for a full discussion of these provisions of ASC 820.

In February 2007, the FASB issued revised guidance within FASB ASC 825, "Financial Instruments" (ASC 825) which allows companies the option, at specified election dates, to measure financial assets and liabilities at their current fair value, with the corresponding changes in fair value from period to period recognized in the income statement. Additionally, ASC 825 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar assets and liabilities. These provisions of ASC 825 are effective for the Company starting on January 1, 2008. As of December 31, 2009, the Company has not elected this option available under ASC 825.

In December 2007, the FASB issued revised guidance to address the financial accounting and reporting for business combinations, which can be found in FASB ASC 805, "Business Combinations" (ASC 805). ASC 805 supersedes SFAS 141, "Business Combinations" and retains the fundamental requirements set forth therein regarding the purchase method of accounting. However, it expands the guidance to enable proper recognition and measurement, at fair value, the identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquired business. In addition, ASC 805 introduces new accounting guidance on how to recognize and measure contingent consideration, contingencies, acquisition and restructuring costs. These provisions of ASC 805 are effective for acquisitions occurring after January 1, 2009.

In December 2007, the FASB issued revised guidance within FASB ASC 810, "Consolidations" (ASC 810) which clarifies that a noncontrolling interest in a subsidiary represents an ownership interest that should be reported as equity in the consolidated financial statements. In addition, ASC 810 requires expanded income statement presentation and disclosures that clearly identify and distinguish between the interests of the Company and the interests of the non-controlling owners of the subsidiary. ASC 810, as it relates to noncontrolling interests, is effective for the Company starting on January 1, 2009. See Note 3 to the consolidated financial statements for a discussion on these provisions of ASC 810.

In March 2008, the FASB issued revised guidance within FASB ASC 815, "Derivatives and Hedging" (ASC 815) which amends and expands the disclosures previously required. ASC 815 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. The expanded disclosure requirements found in ASC 815 as they relate to the modifications made in March 2008 are effective for the Company starting on January 1, 2009. See Note 14 to the consolidated financial statements for a discussion of these provisions of ASC 815.

In May 2008, the FASB issued revised guidance within FASB ASC 470, "Debt" (ASC 470) which requires us to allocate between debt and equity the proceeds of the Company's exchangeable notes, in a manner that reflects the Company's nonconvertible debt borrowing rate. In addition, the Company is required to amortize any discount into earnings over a period of three years. These provisions of ASC 470 became applicable to the Company during the second quarter of 2009, upon issuance of the exchangeable senior notes in April 2009.

Recently Issued Accounting Pronouncements:

In June 2009, the FASB issued revised guidance within ASC 810. These revisions eliminate FASB Interpretation 46(R)'s exceptions to consolidating qualifying special-purpose entities, contain new criteria for determining the primary beneficiary, and increase the frequency of required reassessments to determine whether a company is the primary beneficiary of a variable interest entity. ASC 810 also contains a new requirement that any term, transaction, or arrangement that does not have a substantive effect on an entity's status as a variable interest entity, a company's power over a variable interest entity, or a company's obligation to absorb losses or its right to receive benefits of an entity must be disregarded in applying FASB Interpretation 46(R)'s provisions. The elimination of the qualifying special-purpose entity concept and its consolidation exceptions means more entities will be subject to consolidation assessments and reassessments. These provisions of ASC 810 are effective as of the beginning of the first fiscal year beginning after November 15, 2009, and for interim periods within that first period, with earlier adoption prohibited. The Company is currently assessing the potential impacts, if any, on its consolidated financial statements.

In June 2009, the FASB issued revised guidance within FASB ASC 860, "Transfers and Servicing" (ASC 860). These revisions eliminate the concept of a qualifying special-purpose entity, create more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, clarify other sale- accounting criteria, and change the initial measurement of a transferor's interest in transferred financial assets. These provisions of ASC 860 will be effective for transfers of financial assets in fiscal years beginning after November 15, 2009 and in interim periods within those fiscal years with earlier adoption prohibited. The Company is currently assessing the potential impacts, if any, on its consolidated financial statements.

Item 7A. **QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

We are exposed to fluctuations in currency exchange rates, interest rates and commodity prices which could impact our results of operations and financial condition. To manage certain of those exposures, we use derivative instruments, primarily forward contracts. Derivative instruments utilized by us in our hedging activities are viewed as risk management tools, involve little complexity and are not used for trading or speculative purposes. To minimize the risk of counter party non-performance, derivative instrument agreements are made only through major financial institutions with significant experience in such derivative instruments.

Foreign Currency Exposures

We have operations throughout the world that manufacture and sell their products in various international markets. As a result, we are exposed to movements in exchange rates of various currencies against the U.S. dollar as well as against other currencies throughout the world. We actively manage the currency exposures that are associated with purchases and sales and other assets and liabilities at the operating unit level. Exposures that cannot be naturally offset within an operating unit to an insignificant amount are hedged with foreign currency derivatives. We also have non-U.S. currency net asset exposures, which we currently do not hedge with any derivative instrument.

We evaluate our exposure to changes in currency exchange rates on our foreign currency derivatives using a sensitivity analysis. The sensitivity analysis is a measurement of the potential gain or loss in fair value based on a percentage increase or decrease in exchange rates. Based on the firmly committed currency derivative instruments in place at December 31, 2009, a hypothetical change in fair value of those derivative instruments assuming a 10% increase in exchange rates would result in an unrealized gain of approximately $69.1 million, as compared with an unrealized gain of $23.9 million at December 31, 2008. These amounts would be offset by changes in the fair value of the underlying currency transactions.

Commodity Price Exposures

We are exposed to volatility in the prices of raw materials used in some of our products and we use fixed price contracts to manage this exposure. We do not have any committed commodity derivative instruments in place at December 31, 2009.

Interest Rate Exposure

Our debt portfolio mainly consists of fixed-rate instruments, and therefore any fluctuation in market interest rates would not have a material effect on our results of operations.

Item 8. **FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

(a) The following consolidated financial statements and the report thereon of PricewaterhouseCoopers LLP dated February 26, 2010, are presented following Item 15 of this Annual Report on Form 10-K.

Consolidated Financial Statements:
Report of independent registered public accounting firm
Consolidated statements of income for the years ended December 31, 2009, 2008 and 2007
Consolidated balance sheets at December 31, 2009 and 2008
For the years ended December 31, 2009, 2008 and 2007:
Consolidated statements of shareholders' equity
Consolidated statements of cash flows
Notes to consolidated financial statements

Financial Statement Schedule:
Consolidated schedule for the years ended December 31, 2009, 2008 and 2007:
Schedule II – Valuation and Qualifying Accounts

(b) The unaudited quarterly financial data for the two years ended December 31, is as follows:

In millions, except per share amounts	2009			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues	$ 2,932.9	$ 3,473.8	$ 3,482.7	$ 3,305.8
Cost of goods sold	(2,206.4)	(2,540.4)	(2,486.6)	(2,411.7)
Operating income (loss)	49.9	250.6	318.3	222.7
Net earnings (loss)	(21.8)	127.6	222.6	147.8
Net earnings (loss) attributable to Ingersoll-Rand plc	(26.7)	122.1	216.6	139.4
Earnings (loss) per share attributable to Ingersoll-Rand plc ordinary shareholders:				
Basic	$ (0.08)	$ 0.38	$ 0.67	$ 0.43
Diluted	$ (0.08)	$ 0.38	$ 0.65	$ 0.42

	2008			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues	$ 2,163.3	$ 3,080.8	$ 4,313.2	$ 3,670.0
Cost of goods sold	(1,540.9)	(2,196.1)	(3,209.4)	(2,801.6)
Operating income (loss)	247.0	361.6	347.4	(3,529.8)
Net earnings (loss)	185.4	262.6	233.2	(3,286.1)
Net earnings (loss) attributable to Ingersoll-Rand plc	181.6	256.1	227.7	(3,290.2)
Earnings (loss) per share attributable to Ingersoll-Rand plc ordinary shareholders:				
Basic	$ 0.66	$ 0.89	$ 0.71	$ (10.27)
Diluted	$ 0.66	$ 0.88	$ 0.70	$ (10.27)

1. 2008 amounts include the results of Trane since the acquisition date (June 5, 2008 through December 31, 2008).
2. The fourth quarter of 2008 includes a one-time, non-cash charge of $3,710.0 million ($3,385.0 after-tax) related to the impairment of assets.

Item 9. CHANGES IN AND DISAGREEMENTS WITH INDEPENDENT ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of December 31, 2009, that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this Annual Report on Form 10-K has been recorded, processed, summarized and reported when required and the information is accumulated and communicated, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management has assessed the effectiveness of internal control over financial reporting as of December 31, 2009. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in *Internal Control – Integrated Framework.* Management concluded that based on its assessment, the Company's internal control over financial reporting was effective as of December 31, 2009.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2009 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal controls over financial reporting during the quarter ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

PART III

The information called for by Part III (Items 10, 11, 12, and 13) of Form 10-K will be included in the Company's Proxy Statement for the Company's 2010 Annual General Meeting of Shareholders, which the Company intends to file within 120 days after the close of its fiscal year ended December 31, 2009 and is hereby incorporated by reference to such Proxy Statement, except that the information as to the Company's executive officers which follows Item 4 in this Annual Report on Form 10-K, is incorporated by reference into Items 10 and 12, respectively, of this Report.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated herein by reference to the information contained under the caption "Fees of the Independent Auditors" in our 2010 Proxy Statement.

PART IV

Item 15. **EXHIBITS AND FINANCIAL STATEMENTS SCHEDULE**

(a) 1. and 2. Financial statements and financial statement schedule

See Item 8.

3. Exhibits

The exhibits listed on the accompanying index to exhibits are filed as part of this Annual Report on Form 10-K.

INGERSOLL-RAND PLC
INDEX TO EXHIBITS
(Item 15(a))

Description

Pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), Ingersoll-Rand plc (the "Company") has filed certain agreements as exhibits to this Annual Report on Form 10-K. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

(a) Exhibits

Exhibit No.	Description	Method of Filing
3.1	Memorandum of Association of Ingersoll-Rand plc	Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
3.2	Articles of Association of Ingersoll-Rand plc	Incorporated by reference to Exhibit 3.2 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
3.3	Certificate of Incorporation of Ingersoll-Rand plc	Incorporated by reference to Exhibit 3.3 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
4.1	Second Supplemental Indenture, dated as of April 3, 2009, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as trustee, to that certain Indenture, dated as of August 12, 2008, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as trustee	Incorporated by reference to Exhibit 4.1 to Ingersoll-Rand Company Limited's Form 8-K (File No. 001-16831) filed with the SEC on April 6, 2009.
4.2	Third Supplemental Indenture, dated as of April 6, 2009, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as trustee, to that certain Indenture, dated as of August 12, 2008, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as trustee	Incorporated by reference to Exhibit 4.2 to Ingersoll-Rand Company Limited's Form 8-K (File No. 001-16831) filed with the SEC on April 6, 2009.

4.3	Fourth Supplemental Indenture, dated as of June 29, 2009, among Ingersoll-Rand Global Holding Company Limited, a Bermuda exempted company, Ingersoll-Rand Company Limited, a Bermuda exempted company, Ingersoll-Rand International Holding Limited, a Bermuda exempted company, Ingersoll-Rand plc, an Irish public limited company, and Wells Fargo Bank, N.A., as Trustee, to the Indenture dated as of August 12, 2008	Incorporated by reference to Exhibit 4.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
4.4	First Supplemental Indenture, dated as of June 29, 2009, among Ingersoll-Rand Company Limited, a Bermuda exempted company, Ingersoll-Rand Company, a New Jersey corporation, Ingersoll-Rand International Holding Limited, a Bermuda exempted company, Ingersoll-Rand plc, an Irish public limited company, and Wells Fargo Bank, N.A., as Trustee, to the Indenture dated as of May 24, 2005	Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
4.5	Fifth Supplemental Indenture, dated as of June 29, 2009, among Ingersoll-Rand Company, a New Jersey corporation, Ingersoll-Rand plc, an Irish public limited company, Ingersoll-Rand International Holding Limited, a Bermuda exempted company, and The Bank of New York Mellon, as Trustee, to the Indenture dated as of August 1, 1986	Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
4.6	Form of Senior Indenture among Ingersoll-Rand plc, Ingersoll-Rand Company Limited, Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand International Holding Limited and Wells Fargo Bank, N.A., as Trustee	Incorporated by reference to Exhibit 4.1 to the Company's Form S-3 (File No. 333-161334) filed with the SEC on August 13, 2009.
4.7	Form of Senior Debt Security	Included as part of Exhibit 4.6.
4.8	Form of Senior Guarantee	Included as part of Exhibit 4.6.
4.9	Form of Ordinary Share Certificate of Ingersoll-Rand plc	Incorporated by reference to Exhibit 4.6 to the Company's Form S-3 (File No. 333-161334) filed with the SEC on August 13, 2009.
10.1	Herbert L. Henkel Letter, dated February 4, 2009, relating to his benefits under the Ingersoll-Rand Company Elected Officers Supplemental Program II	Incorporated by reference to Exhibit 10.37 to the Company's Form 10-K for the fiscal year ended 2008 (File No. 001-16831) filed with the SEC on March 2, 2009.

10.2	Michael W. Lamach Letter, dated February 4, 2009	Incorporated by reference to Exhibit 10.43 to the Company's Form 10-K for the fiscal year ended 2008 (File No. 001-16831) filed with the SEC on March 2, 2009.
10.3	Form of IR Stock Option Grant Agreement	Incorporated by reference to Exhibit 10.55 to the Company's Form 10-K for the fiscal year ended 2008 (File No. 001-16831) filed with the SEC on March 2, 2009.
10.4	Form of IR Restricted Share Unit Grant Agreement	Incorporated by reference to Exhibit 10.56 to the Company's Form 10-K for the fiscal year ended 2008 (File No. 001-16831) filed with the SEC on March 2, 2009.
10.5	Form of IR Performance Share Unit Grant Agreement (for performance years 2009-2010)	Incorporated by reference to Exhibit 10.57 to the Company's Form 10-K for the fiscal year ended 2008 (File No. 001-16831) filed with the SEC on March 2, 2009.
10.6	Form of IR Performance Share Unit Grant Agreement (for performance years 2009-2011)	Incorporated by reference to Exhibit 10.58 to the Company's Form 10-K for the fiscal year ended 2008 (File No. 001-16831) filed with the SEC on March 2, 2009.
10.7	Amendment No. 1 dated as of March 2, 2009 to the Credit Agreement dated as of June 27, 2008 among the Company; Ingersoll-Rand Global Holding Company Limited; J.P. Morgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent, Bank of America, N.A., Deutsche Bank Securities Inc., The Bank of Tokyo Mitsubishi, Ltd., New York Branch, BNP Paribas and William Street LLC, as Documentation Agents, and J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., as joint lead arrangers and joint bookrunners; and certain lending institutions from time to time parties thereto	Incorporated by reference to Exhibit 99.1 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on March 5, 2009.

10.8	Amendment No. 1 dated as of March 2, 2009 to the Credit Agreement dated as of June 5, 2008 among the Company; Ingersoll-Rand Global Holding Company Limited; JPMorgan Chase Bank, N.A., as administrative agent; Credit Suisse Securities (USA) LLC and Goldman Sachs Credit Partners L.P., as syndication agents; J.P. Morgan Securities Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs Credit Partners L.P., as joint lead arrangers and joint bookrunners; and the lending institutions from time to time parties thereto	Incorporated by reference to Exhibit 99.2 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on March 5, 2009.
10.9	Amendment No. 1 dated as of March 2, 2009 to the Credit Agreement dated as of August 12, 2005, among the Company, Ingersoll-Rand Company and the banks listed therein, and Citicorp USA, Inc., as Syndication Agent, and Bank of America, N.A., Deutsche Bank Securities Inc., The Bank of Tokyo-Mitsubishi, Ltd., New York Branch and UBS Securities LLC, as Documentation Agents, and JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., as Lead Arrangers and Bookrunners	Incorporated by reference to Exhibit 99.3 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on March 5, 2009.
10.10	Amendment No. 1 dated as of March 2, 2009 to the Credit Agreement, dated as of June 25, 2004, among the Company, Ingersoll-Rand Company and the banks listed therein, The JPMorgan Chase Bank, as Administrative Agent, Citibank N.A., and Deutsche Bank Securities Inc., as Co-Syndication Agents, and The Bank of Tokyo-Mitsubishi, Ltd, as Documentation Agent, and J.P. Morgan Securities Inc., as Lead Arranger and Bookrunner	Incorporated by reference to Exhibit 99.4 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on March 5, 2009.

10.11	Receivable Interest Purchase Agreement, dated as of March 31, 2009, among IR Receivables Funding Trust, CAFCO, LLC, Enterprise Funding Company LLC and JS Siloed Trust, as Investors, Citibank, N.A., Bank of America, N.A. ("BofA") and JPMorgan Chase Bank, N.A. ("JPMorgan"), as Banks, Citicorp North America, Inc. ("CNAI"), as Program Agent, CNAI, BofA and JPMorgan as Investor Agents, Ingersoll-Rand Company, as Collection Agent, and the Originators and Intermediate SPVs parties thereto	Incorporated by reference to Exhibit 10.11 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.
10.12	Initial Purchase and Contribution Agreement, among Hussmann Services Corporation, Thermo King SVC, Inc., Thermo King Corporation, Thermo King De Puerto Rico, Inc., Krack Corporation, Ingersoll-Rand Industrial Refrigeration, Inc., Crystal Refrigeration, Inc., Taylor Industries, Inc., Terry D. Carter Service Co., Inc., Refrigeration Engineering, Inc., Checker Flag Parts, Inc., Hussmann Corporation, Nelson Refrigeration, Inc., Rogers Refrigeration Co., Inc., Refrigeration Service & Design, Inc., WHS Refrigeration Services, Inc., as Sellers, IR Climate Receivables Funding, Inc., as Purchaser, and Ingersoll-Rand Company, as Collection Agent	Incorporated by reference to Exhibit 10.12 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.
10.13	Secondary Purchase Agreement, among IR Climate Receivables Funding, Inc., as Seller, IR Receivables Funding Trust, Purchaser, and Ingersoll-Rand Company, as Collection Agent	Incorporated by reference to Exhibit 10.13 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.
10.14	Initial Purchase and Contribution Agreement, among Ingersoll-Rand Company, as Seller, Club Car, Inc., as Purchaser, and Ingersoll-Rand Company, as Collection Agent	Incorporated by reference to Exhibit 10.14 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.
10.15	Secondary Purchase and Contribution Agreement, among Club Car, Inc., as Seller, IR Industrial Receivables Funding LLC, as Purchaser, and Ingersoll-Rand Company, as Collection Agent	Incorporated by reference to Exhibit 10.15 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.

10.16	Tertiary Purchase Agreement, among IR Industrial Receivables Funding LLC, as Seller, IR Receivables Funding Trust, as Purchaser, and Ingersoll-Rand Company, as Collection Agent	Incorporated by reference to Exhibit 10.16 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.
10.17	Initial Purchase and Contribution Agreement, among Schlage Lock Company LLC, as Seller, Von Duprin LLC, as Purchaser, and Ingersoll-Rand Company, as Collection Agent	Incorporated by reference to Exhibit 10.17 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.
10.18	Secondary Purchase and Contribution Agreement, among Von Duprin LLC, as Seller, IR Security Receivables Funding LLC, as Purchaser, and Ingersoll-Rand Company, as Collection Agent	Incorporated by reference to Exhibit 10.18 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.
10.19	Tertiary Purchase Agreement, among IR Security Receivables Funding LLC, as Seller, IR Receivables Funding Trust, as Purchaser, and Ingersoll-Rand Company, as Collection Agent	Incorporated by reference to Exhibit 10.19 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.
10.20	Initial Purchase and Contribution Agreement, among Trane U.S. Inc., as Seller, ASI Receivables Funding LLC, as Purchaser, and Ingersoll-Rand Company, as Collection Agent	Incorporated by reference to Exhibit 10.20 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.
10.21	Secondary Purchase Agreement, among ASI Receivables Funding LLC, as Seller, and IR Receivables Funding Trust, as Purchaser, and Ingersoll-Rand Company, as Collection Agent	Incorporated by reference to Exhibit 10.21 to the Company's Form 10-Q for the quarter ended March 31, 2009 (File No. 001-16831) filed with the SEC on May 8, 2009.
10.22	Form of Tier 1 Change in Control Agreement	Incorporated by reference to Exhibit 10.32 to the Company's Form 10-Q for the period ended June 30, 2009 (File No. 001-34400) filed with the SEC on August 6, 2009.
10.23	Form of Tier 2 Change in Control Agreement	Incorporated by reference to Exhibit 10.33 to the Company's Form 10-Q for the period ended June 30, 2009 (File No. 001-34400) filed with the SEC on August 6, 2009.

10.24	Issuing and Paying Agency Agreement by and among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand plc, Ingersoll-Rand Company Limited, Ingersoll-Rand International Holding Limited and JPMorgan Chase Bank, National Association, dated as of July 1, 2009	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 6, 2009.
10.25	Amended and Restated Commercial Paper Dealer Agreement among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand Company Limited, Ingersoll-Rand plc, Ingersoll-Rand International Holding Limited and J.P. Morgan Securities Inc., dated as of July 1, 2009	Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 6, 2009.
10.26	Amended and Restated Commercial Paper Dealer Agreement among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand Company Limited, Ingersoll-Rand plc, Ingersoll-Rand International Holding Limited and Banc of America Securities LLC, dated as of July 1, 2009	Incorporated by reference to Exhibit 10.3 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 6, 2009.
10.27	Amended and Restated Commercial Paper Dealer Agreement among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand Company Limited, Ingersoll-Rand plc, Ingersoll-Rand International Holding Limited and Citigroup Global Markets Inc., dated as of July 1, 2009	Incorporated by reference to Exhibit 10.4 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 6, 2009.
10.28	Amended and Restated Commercial Paper Dealer Agreement among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand Company Limited, Ingersoll-Rand plc, Ingersoll-Rand International Holding Limited and Deutsche Bank Securities Inc., dated as of July 1, 2009	Incorporated by reference to Exhibit 10.5 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 6, 2009.
10.29	Addendum, dated as of July 1, 2009, between Ingersoll-Rand plc and JPMorgan Chase Bank, N.A., as Administrative Agent under the Credit Agreement, to the Credit Agreement dated as of June 27, 2008	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.

10.30	Addendum, dated as of July 1, 2009, between Ingersoll-Rand plc and JPMorgan Chase Bank, N.A., as Administrative Agent under the Credit Agreement, to the Credit Agreement dated as of August 12, 2005	Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.31	Addendum, dated as of July 1, 2009, between Ingersoll-Rand International Holding Limited and JPMorgan Chase Bank, N.A., as Administrative Agent under the Credit Agreement, to the Credit Agreement dated as of June 27, 2008	Incorporated by reference to Exhibit 10.3 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.32	Addendum, dated as of July 1, 2009, between Ingersoll-Rand International Holding Limited and JPMorgan Chase Bank, N.A., as Administrative Agent under the Credit Agreement, to the Credit Agreement dated as of August 12, 2005	Incorporated by reference to Exhibit 10.4 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.33	Deed Poll Indemnity of Ingersoll-Rand plc, an Irish public limited company, as to the directors, secretary and officers and senior executives of Ingersoll-Rand plc and the directors and officers of Ingersoll-Rand plc's subsidiaries	Incorporated by reference to Exhibit 10.5 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.34	Deed Poll Indemnity of Ingersoll-Rand Company Limited, a Bermuda company, as to the directors, secretary and officers and senior executives of Ingersoll-Rand plc and the directors and officers of Ingersoll-Rand plc's subsidiaries	Incorporated by reference to Exhibit 10.6 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.35	Ingersoll-Rand Company Incentive Stock Plan of 1995 (amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.7 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.36	Ingersoll-Rand plc Incentive Stock Plan of 1998 (amended and restated as of July 1, 2009)	Incorporated by reference to Exhibit 10.8 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.37	IR Executive Deferred Compensation Plan (as amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.9 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.38	IR Executive Deferred Compensation Plan II (as amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.10 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.

10.39	IR-plc Director Deferred Compensation and Stock Award Plan (as amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.11 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.40	IR-plc Director Deferred Compensation and Stock Award Plan II (as amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.12 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.41	Ingersoll-Rand Company Supplemental Employee Savings Plan (amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.13 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.42	Ingersoll-Rand Company Supplemental Employee Savings Plan II (effective January 1, 2005 and amended and restated through July 1, 2009)	Incorporated by reference to Exhibit 10.14 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.43	Ingersoll-Rand plc Incentive Stock Plan of 2007 (amended and restated as of July 1, 2009)	Incorporated by reference to Exhibit 10.15 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.44	Ingersoll Rand plc Incentive Stock Plan of 2007 – Rules for the Grant of Options to Participants in France (as amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.16 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.45	Trane Inc. 2002 Omnibus Incentive Plan (restated to include all amendments through July 1, 2009)	Incorporated by reference to Exhibit 10.17 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.46	Trane Inc. Stock Incentive Plan (restated to include all amendments through July 1, 2009)	Incorporated by reference to Exhibit 10.18 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.47	Trane Inc. Deferred Compensation Plan (as amended and restated as of July 1, 2009, except where otherwise stated)	Incorporated by reference to Exhibit 10.19 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.48	Trane Inc. Supplemental Savings Plan (restated to include all amendments through July 1, 2009)	Incorporated by reference to Exhibit 10.20 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.

10.49	First Amendment to the Ingersoll-Rand Company Supplemental Pension Plan, dated as of July 1, 2009	Incorporated by reference to Exhibit 10.21 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.50	First Amendment to the Ingersoll-Rand Company Supplemental Pension Plan II, dated as of July 1, 2009	Incorporated by reference to Exhibit 10.22 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.51	Amendment to the Ingersoll-Rand Company Management Incentive Unit Plan, dated as of June 5, 2009	Incorporated by reference to Exhibit 10.34 to the Company's Form 10-Q for the period ended June 30, 2009 (File No. 001-34400) filed with the SEC on August 6, 2009.
10.52	Amendment to the Ingersoll-Rand Company Management Incentive Unit Plan, dated as of July 1, 2009	Incorporated by reference to Exhibit 10.23 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.53	Second Amendment to the Ingersoll-Rand Company Elected Officer Supplemental Program, dated as of July 1, 2009	Incorporated by reference to Exhibit 10.24 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.54	First Amendment to the Ingersoll-Rand Company Elected Officer Supplemental Program II through July 1, 2009	Incorporated by reference to Exhibit 10.25 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.55	Second Amendment to the Ingersoll-Rand Company Estate Enhancement Program, dated as of July 1, 2009	Incorporated by reference to Exhibit 10.26 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.56	Michael W. Lamach Letter, dated February 3, 2010	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on February 5, 2010.
12	Computations of Ratios of Earnings to Fixed Charges	Filed herewith.
21	List of Subsidiaries of Ingersoll-Rand plc	Filed herewith.
23.1	Consent of Independent Registered Public Accounting Firm	Filed herewith.
23.2	Consent of Analysis, Research & Planning Corporation	Filed herewith.

31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
101	The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2009, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Income Statement, (ii) the Consolidated Balance Sheet, (iii) the Consolidated Statement of Shareholders' Equity (iv) the Consolidated Statement of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text.	Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INGERSOLL-RAND PLC
(Registrant)

By: /S/ Michael W. Lamach
(Michael W. Lamach)
Chief Executive Officer
Date: February 26, 2010

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/S/ Herbert L. Henkel (Herbert L. Henkel)	Chairman of the Board	February 26, 2010
/S/ Michael W. Lamach (Michael W. Lamach)	President, Chief Executive Officer and Director (Principal Executive Officer)	February 26, 2010
/S/ Steven R. Shawley (Steven R. Shawley)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2010
/S/ Richard J. Weller (Richard J. Weller)	Vice President and Controller (Principal Accounting Officer)	February 26, 2010
/S/ Ann C. Berzin (Ann C. Berzin)	Director	February 26, 2010
/S/ John Bruton (John Bruton)	Director	February 26, 2010
/S/ Jared L. Cohon (Jared L. Cohon)	Director	February 26, 2010
/S/ Gary D. Forsee (Gary D. Forsee)	Director	February 26, 2010
/S/ Peter C. Godsoe (Peter C. Godsoe)	Director	February 26, 2010
/S/ Edward E. Hagenlocker (Edward E. Hagenlocker)	Director	February 26, 2010
/S/ Constance J. Horner (Constance J. Horner)	Director	February 26, 2010

Signature	Title	Date
/S/ Theodore E. Martin (Theodore E. Martin)	Director	February 26, 2010
/S/ Patricia Nachtigal (Patricia Nachtigal)	Director	February 26, 2010
/S/ Orin R. Smith (Orin R. Smith)	Director	February 26, 2010
/S/ Richard J. Swift (Richard J. Swift)	Director	February 26, 2010
/S/ Tony L. White (Tony L. White)	Director	February 26, 2010

INGERSOLL-RAND PLC
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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Ingersoll-Rand plc:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Ingersoll-Rand plc and its subsidiaries (the "Company") at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control over Financial Reporting." Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 3 to the consolidated financial statements, the Company has changed the manner in which it accounts for uncertain tax positions effective January 1, 2007, and the manner in which it accounts for its defined benefit pension and other postretirement plans in 2008.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Charlotte, North Carolina
February 26, 2010

Ingersoll-Rand plc
Consolidated Statements of Income

In millions, except per share amounts

For the years ended December 31,	2009	2008	2007
Net revenues	$ 13,195.3	$ 13,227.4	$ 8,763.1
Cost of goods sold	(9,645.1)	(9,748.1)	(6,272.0)
Selling and administrative expenses	(2,708.6)	(2,343.1)	(1,433.3)
Asset impairment	-	(3,710.0)	-
Operating income (loss)	841.6	(2,573.8)	1,057.8
Interest expense	(302.2)	(245.4)	(136.2)
Other, net	19.7	63.2	30.2
Earnings (loss) before income taxes	559.1	(2,756.0)	951.8
Benefit (provision) for income taxes	(71.3)	208.6	(204.4)
Earnings (loss) from continuing operations	487.8	(2,547.4)	747.4
Discontinued operations, net of tax	(11.6)	(57.4)	3,242.6
Net earnings (loss)	476.2	(2,604.8)	3,990.0
Less: Net earnings attributable to noncontrolling interests	(24.9)	(20.0)	(23.3)
Net earnings (loss) attributable to Ingersoll-Rand plc	$ 451.3	$ (2,624.8)	$ 3,966.7
Amounts attributable to Ingersoll-Rand plc ordinary shareholders:			
Continuing operations	$ 462.9	$ (2,567.4)	$ 733.1
Discontinued operations	(11.6)	(57.4)	3,233.6
Net earnings (loss)	$ 451.3	$ (2,624.8)	$ 3,966.7
Earnings (loss) per share attributable to Ingersoll-Rand plc ordinary shareholders:			
Basic:			
Continuing operations	$ 1.45	$ (8.54)	$ 2.52
Discontinued operations	(0.04)	(0.19)	11.12
Net earnings (loss)	$ 1.41	$ (8.73)	$ 13.64
Diluted:			
Continuing operations	$ 1.41	$ (8.54)	$ 2.48
Discontinued operations	(0.04)	(0.19)	10.95
Net earnings (loss)	$ 1.37	$ (8.73)	$ 13.43

See accompanying notes to consolidated financial statements.

Ingersoll-Rand plc
Consolidated Balance Sheets

In millions, except share amounts

December 31,	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 876.7	$ 550.2
Accounts and notes receivable, net	2,120.2	2,512.1
Inventories	1,193.2	1,615.1
Other current assets	637.2	722.3
Total current assets	4,827.3	5,399.7
Property, plant and equipment, net	1,912.8	1,968.5
Goodwill	6,606.0	6,620.1
Intangible assets, net	5,042.8	5,214.1
Other noncurrent assets	1,602.1	1,722.1
Total assets	$ 19,991.0	$ 20,924.5
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 1,079.0	$ 1,046.5
Accrued compensation and benefits	492.8	508.8
Accrued expenses and other current liabilities	1,529.7	1,605.7
Short-term borrowings and current maturities of long-term debt	876.7	2,350.4
Total current liabilities	3,978.2	5,511.4
Long-term debt	3,219.9	2,773.7
Postemployment and other benefit liabilities	1,954.2	1,865.5
Deferred and noncurrent income taxes	1,933.3	2,184.8
Other noncurrent liabilities	1,699.7	1,827.0
Total liabilities	12,785.3	14,162.4
Shareholders' equity:		
Ingersoll-Rand plc shareholders' equity		
Common shares, $1 par value (320,616,056 and 370,813,037 shares issued at December 31, 2009 and 2008, respectively, and net of 26,074 and 52,020,439 shares owned by subsidiary at December 31, 2009 and 2008, respectively)	320.6	318.8
Capital in excess of par value	2,377.6	2,246.0
Retained earnings	4,837.9	4,547.4
Accumulated other comprehensive income (loss)	(434.3)	(450.8)
Total Ingersoll-Rand plc shareholders' equity	7,101.8	6,661.4
Noncontrolling interests	103.9	100.7
Total shareholders' equity	7,205.7	6,762.1
Total liabilities and shareholders' equity	$ 19,991.0	$ 20,924.5

See accompanying notes to consolidated financial statements.

Ingersoll-Rand plc
Consolidated Statements of Shareholders' Equity

In millions, except per share amounts	Total shareholders' equity	Common stock Amount	Common stock Shares	Capital in excess of par value	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling Interest	Comprehensive income
Balance at December 31, 2006	$ 5,478.4	$ 306.8	306.8	$ 0.0	$ 5,456.1	$ (358.1)	$ 73.6	
Adoption of FIN 48	(145.6)	-	-	-	(145.6)	-	-	
Net earnings	3,990.0	-	-	-	3,966.7	-	23.3	$ 3,990.0
Currency translation	418.2	-	-	-	-	411.9	6.3	418.2
Change in value of marketable securities and cash flow hedges, net of tax of $1.7	(2.2)	-	-	-	-	(2.2)	-	(2.2)
Pension and OPEB adjustments, net of tax of $130.0	194.9	-	-	-	-	194.9	-	194.9
Total comprehensive income								$ 4,600.9
Shares issued under incentive stock plans	196.6	5.5	5.5	191.1	-	-	-	
Repurchase of common shares by subsidiary	(1,999.9)	(39.7)	(39.7)	(281.6)	(1,678.6)	-	-	
Share-based compensation	90.5	-	-	90.5	-	-	-	
Acquisition (divestiture) of noncontrolling interests	(0.3)	-	-	-	-	-	(0.3)	
Dividends to noncontrolling interests	(5.4)	-	-	-	-	-	(5.4)	
Cash dividends, declared and paid ($0.72 per share)	(209.8)	-	-	-	(209.8)	-	-	
Balance at December 31, 2007	8,005.4	272.6	272.6	(0.0)	7,388.8	246.5	$ 97.5	
Net earnings (loss)	(2,604.8)	-	-	-	(2,624.8)	-	20.0	$ (2,604.8)
Currency translation	(245.8)	-	-	-	-	(238.8)	(7.0)	(245.8)
Change in value of marketable securities and cash flow hedges, net of tax of $2.7	3.5	-	-	-	-	3.5	-	3.5
Pension and OPEB adjustments, net of tax of $254.8	(463.3)	-	-	-	-	(463.3)	-	(463.3)
Total comprehensive income								$ (3,310.4)
Effects of measurement date change pursuant to FASB Statement No. 158								
Service cost, interest cost and expected return on plan assets for December 1 – December 31, 2007, net of tax of $1.4	(2.4)	-	-	-	(2.4)	-	-	
Amortization of net transition obligation, prior service cost and net actuarial losses for December 1 – December 31, 2007, net of tax of $1.4	-	-	-	-	(1.3)	1.3	-	
Shares issued under incentive stock plans	32.0	0.8	0.8	31.2	-	-	-	
Repurchase of common shares by subsidiary	(2.0)	-	-	(2.0)	-	-	-	
Treasury shares issued as Trane merger consideration	2,035.1	45.4	45.4	1,989.7	-	-	-	
Conversion of Trane options to IR options	184.0	-	-	184.0	-	-	-	
Share-based compensation	43.1	-	-	43.1	-	-	-	
Acquisition of noncontrolling interests	7.7	-	-	-	-	-	7.7	
Dividends to noncontrolling interests	(17.5)	-	-	-	-	-	(17.5)	
Cash dividends, declared and paid ($0.72 per share)	(212.9)	-	-	-	(212.9)	-	-	
Balance at December 31, 2008	6,762.1	318.8	318.8	2,246.0	4,547.4	(450.8)	$ 100.7	
Net earnings	476.2	-	-	-	451.3	-	24.9	$ 476.2
Currency translation	67.3	-	-	-	-	67.3	-	67.3
Change in value of marketable securities and cash flow hedges, net of tax of $0.8	(0.8)	-	-	-	-	(0.8)	-	(0.8)
Pension and OPEB adjustments, net of tax of ($4.6)	(50.0)	-	-	-	-	(50.0)	-	(50.0)
Total comprehensive income								$ 492.7
Shares issued under incentive stock plans	27.9	1.8	1.8	26.1	-	-	-	
Issuance of exchangeable notes	38.7	-	-	38.7	-	-	-	
Share-based compensation	68.2	-	-	68.2	-	-	-	
Acquisition of noncontrolling interests	(1.5)	-	-	(0.1)	-	-	(1.4)	
Dividends to noncontrolling interests	(20.2)	-	-	-	-	-	(20.2)	
Cash dividends, declared and paid ($0.50 per share)	(160.8)	-	-	-	(160.8)	-	-	
Other	(1.4)	-	-	(1.3)	-	-	(0.1)	
Balance at December 31, 2009	$ 7,205.7	$ 320.6	320.6	$ 2,377.6	$ 4,837.9	$ (434.3)	$ 103.9	

See accompanying notes to consolidated financial statements.

Ingersoll-Rand plc
Consolidated Statements of Cash Flows
In millions

For the years ended December 31,	2009	2008	2007
Cash flows from operating activities:			
Net earnings (loss)	$ 476.2	$ (2,604.8)	$ 3,990.0
Loss (income) from discontinued operations, net of tax	11.6	57.4	(3,242.6)
Adjustments to arrive at net cash provided by (used in) operating activities:			
Asset impairment charge	-	3,710.0	-
Depreciation and amortization	424.9	453.1	138.8
(Gain)/loss on sale of property, plant and equipment	2.5	(0.1)	(0.7)
Equity earnings, net of dividends	3.2	9.9	(1.0)
Stock settled share based compensation	68.3	42.3	31.0
Deferred income taxes	(32.0)	(334.0)	146.6
Other items	169.5	(35.8)	30.6
Changes in other assets and liabilities (Increase) decrease in:			
Accounts and notes receivable	427.2	245.3	46.2
Inventories	430.8	120.7	75.4
Other current and noncurrent assets	271.7	119.9	(32.3)
Increase (decrease) in:			
Accounts payable	28.1	(208.5)	(88.1)
Other current and noncurrent liabilities	(530.5)	(1,201.1)	(267.6)
Net cash (used in) provided by continuing operating activities	1,751.5	374.3	826.3
Net cash (used in) provided by discontinued operating activities	(16.9)	(25.9)	75.2
Cash flows from investing activities:			
Capital expenditures	(204.2)	(306.0)	(119.7)
Proceeds from sale of property, plant and equipment	22.2	77.4	14.2
Acquisitions, net of cash acquired	-	(7,107.3)	(25.7)
Proceeds from business dispositions, net of cash	-	52.9	6,154.3
Proceeds from sales and maturities of marketable securities	-	7.8	0.7
Other	(0.7)	(31.2)	28.6
Net cash (used in) provided by continuing investing activities	(182.7)	(7,306.4)	6,052.4
Net cash (used in) provided by discontinued investing activities	-	-	(57.7)
Cash flows from financing activities:			
Proceeds from bridge loan	196.0	2,950.0	-
Payments of bridge loan	(950.0)	(2,196.0)	-
Commercial paper program (net)	(998.7)	998.7	(378.0)
Other short-term borrowings (net)	(57.6)	5.8	(31.9)
Proceeds from long-term debt	1,010.3	1,610.4	2.0
Payments of long-term debt	(210.5)	(384.5)	(141.8)
Net proceeds (repayments) in debt	(1,010.5)	2,984.4	(549.7)
Settlement of cross currency swap	(26.9)	-	-
Debt issue costs	(16.1)	(23.0)	-
Proceeds from exercise of stock options	27.2	18.5	160.2
Excess tax benefit from share based compensation	0.7	13.1	36.1
Dividends paid to noncontrolling interests	(20.2)	(17.5)	(5.4)
Dividends paid to ordinary shareholders	(160.8)	(212.9)	(209.8)
Acquisition of noncontrolling interest	(1.5)	-	-
Repurchase of common shares by subsidiary	-	(2.0)	(1,999.9)
Net cash (used in) provided by continuing financing activities	(1,208.1)	2,760.6	(2,568.5)
Net cash (used in) provided by discontinued financing activities	-	-	-
Effect of exchange rate changes on cash and cash equivalents	(17.3)	12.3	51.8
Net increase (decrease) in cash and cash equivalents	326.5	(4,185.1)	4,379.5
Cash and cash equivalents – beginning of period	550.2	4,735.3	355.8
Cash and cash equivalents – end of period	$ 876.7	$ 550.2	$ 4,735.3
Cash paid during the year for:			
Interest, net of amounts capitalized	$ 209.8	$ 81.7	$ 95.3
Income taxes, net of refunds	$ 71.5	$ 1,058.0	$ 470.1

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF COMPANY

Ingersoll-Rand plc (IR-Ireland), an Irish public limited company, and its consolidated subsidiaries (the Company) is a diversified, global company that provides products, services and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and increase industrial productivity and efficiency. The Company's business segments consist of Climate Solutions, Residential Solutions, Industrial Technologies and Security Technologies, each with strong brands and leading positions within their respective markets. The Company generates revenue and cash primarily through the design, manufacture, sale and service of a diverse portfolio of industrial and commercial products that include well-recognized, premium brand names such as Club Car®, Hussmann®, Ingersoll-Rand®, Schlage®, Thermo King® and Trane®.

On July 1, 2009, Ingersoll-Rand Company Limited (IR-Limited), a Bermuda company, completed a reorganization to change the jurisdiction of incorporation of the parent company of Ingersoll Rand from Bermuda to Ireland. As a result, IR-Ireland replaced IR-Limited as the ultimate parent company effective July 1, 2009. All references related to the Company prior to July 1, 2009 relate to IR-Limited.

NOTE 2 – THE REORGANIZATION

On March 5, 2009, the Company's board of directors approved a reorganization that would change the jurisdiction of incorporation of the parent company from Bermuda to Ireland (the Ireland Reorganization). The first step in the Ireland Reorganization was the establishment of IR-Limited's tax residency in Ireland, which occurred in March 2009. Subsequently, IR-Ireland replaced IR-Limited as the ultimate parent company pursuant to a scheme of arrangement under Bermuda law (the Scheme of Arrangement). Major milestones to complete the Scheme of Arrangement were as follows:

- On April 1, 2009, IR-Limited formed IR-Ireland as a direct subsidiary.
- On April 20, 2009, IR-Limited petitioned the Supreme Court of Bermuda to order the calling of a meeting of the Class A common shareholders of IR-Limited to approve the Scheme of Arrangement.
- On April 23, 2009, the Supreme Court of Bermuda ordered IR-Limited to seek the approval of its Class A common shareholders on the Scheme of Arrangement.
- On June 3, 2009, IR-Limited received the requisite approval from its Class A common shareholders.
- On June 11, 2009, the Supreme Court of Bermuda issued an order (the Sanction Order) approving the Scheme of Arrangement.

On June 30, 2009, IR-Limited filed the Sanction Order with the Bermuda Registrar of Companies and, at 12:01 a.m. on July 1, 2009 (the Transaction Time) the following steps occurred simultaneously:

- All fractional shares of IR-Limited held of record were cancelled and IR-Limited paid to each holder of fractional shares that were cancelled an amount based on the average of the high and low trading prices of the IR-Limited Class A common shares on the New York Stock Exchange on June 29, 2009.
- All previously outstanding whole Class A common shares of IR-Limited were cancelled.
- IR-Limited issued to IR-Ireland 319,166,220 Class A common shares.
- IR-Ireland issued 319,166,220 ordinary shares to holders of whole IR-Limited Class A common shares that were cancelled as a part of the Scheme of Arrangement.

- All previously outstanding ordinary shares of IR-Ireland held by IR-Limited and its nominees were acquired by IR-Ireland and cancelled for no consideration.

As a result of the Ireland Reorganization, IR-Limited became a wholly-owned subsidiary of IR-Ireland and the Class A common shareholders of IR-Limited became ordinary shareholders of IR-Ireland. All references related to the Company prior to July 1, 2009 relate to IR-Limited.

The Ireland Reorganization did not have a material impact on the Company's financial results. Ingersoll-Rand plc will continue to be subject to United States Securities and Exchange Commission reporting requirements and prepare financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Shares of Ingersoll-Rand plc will continue to trade on the New York Stock Exchange under the symbol "IR", the same symbol under which the Ingersoll-Rand Company Limited Class A common shares previously traded.

See Note 18 for a discussion of the modifications made to the Company's equity-based plans. See Notes 13 and 25 for a discussion of certain modifications to the indentures governing the Company's outstanding notes, medium-term notes and debentures and the documents relating to the Company's commercial paper program.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies used in the preparation of the accompanying financial statements follows:

Basis of Presentation: The accompanying consolidated financial statements reflect the consolidated operations of the Company and have been prepared in accordance with GAAP as defined by the Financial Accounting Standards Board (FASB) within the FASB Accounting Standards Codification (FASB ASC). In the opinion of management, the accompanying consolidated financial statements contain all adjustments, which include normal recurring adjustments, necessary to present fairly the consolidated results for the periods presented.

The Company adopted the FASB's new standard for accounting for noncontrolling interests on January 1, 2009. A noncontrolling interest in a subsidiary is considered an ownership interest that should now be reported as equity in the consolidated financial statements. As a result, the Company now includes noncontrolling interests as a component of Total shareholders' equity in the Consolidated Balance Sheet and the earnings attributable to noncontrolling interests are now presented as an adjustment from Net earnings (loss) used to arrive at Net earnings (loss) attributable to Ingersoll-Rand plc in the Consolidated Statement of Income. Prior to the adoption of this new standard, earnings associated with noncontrolling interests were reported as a component of Other, net.

As discussed in Note 4, the Company acquired Trane Inc. (Trane) at the close of business on June 5, 2008 (the Acquisition Date). The results of operations of Trane have been included in the consolidated statements of income and cash flows for the year ended December 31, 2009. The consolidated statements of income and cash flows for the year ended December 31, 2008 includes the results of Trane since the Acquisition Date.

Certain reclassifications of amounts reported in prior years have been made to conform to the 2009 classification.

Reorganization: IR-Ireland is the successor to IR-Limited following a corporate reorganization that became effective on July 1, 2009 (the Ireland Reorganization). IR-Limited is the successor to Ingersoll-Rand Company, a New Jersey corporation (IR-New Jersey), following a corporate reorganization that occurred on December 31, 2001 (the Bermuda Reorganization). Both the Ireland Reorganization and the Bermuda Reorganization were accounted for as a reorganization of entities under common control and accordingly, did not result in any changes to the consolidated amounts of assets, liabilities and shareholders' equity.

Principles of Consolidation: The consolidated financial statements include all majority-owned subsidiaries of the Company. Partially-owned equity affiliates are accounted for under the equity method. The Company is also required to consolidate variable interest entities in which it bears a majority of the risk to the entities' potential losses or stands to gain from a majority of the entities' expected returns. Intercompany accounts and transactions have been eliminated. The assets, liabilities, results of operations and cash flows of all discontinued operations have been separately reported as discontinued operations and held for sale for all periods presented.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Estimates are based on several factors including the facts and circumstances available at the time the estimates are made, historical experience, risk of loss, general economic conditions and trends, and the assessment of the probable future outcome. Some of the more significant estimates include accounting for doubtful accounts, useful lives of property, plant and equipment and intangible assets, purchase price allocations of acquired businesses, valuation of assets including goodwill and other intangible assets, product warranties, sales allowances, pension plans, postretirement benefits other than pensions, taxes, environmental costs, product liability, asbestos matters and other contingencies. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically, and the effects of changes, if any, are reflected in the statement of operations in the period that they are determined.

Currency Translation: Assets and liabilities of non-U.S. subsidiaries, where the functional currency is not the U.S. dollar, have been translated at year-end exchange rates, and income and expenses accounts have been translated using average exchange rates throughout the year. Adjustments resulting from the process of translating an entity's financial statements into the U.S. dollar have been recorded in the equity section of the balance sheet within Accumulated other comprehensive income (loss). Transactions that are denominated in a currency other than an entity's functional currency are subject to changes in exchange rates with the resulting gains and losses recorded within net earnings.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, demand deposits and all highly liquid investments with original maturities at the time of purchase of three months or less.

Marketable Securities: The Company has classified its marketable securities as available-for-sale in accordance with GAAP. Available-for-sale marketable securities are accounted for at market prices, with the unrealized gain or loss, less applicable deferred income taxes, recorded within Accumulated other comprehensive income (loss). If any of the Company's marketable securities experience other than temporary declines in value as defined by GAAP, a loss is recorded in the Consolidated Statement of Income.

Inventories: Depending on the business, U.S. inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method or the lower of cost or market using the first-in, first-out (FIFO) method. Non-U.S. inventories are primarily stated at the lower of cost or market using the FIFO method. At December 31, 2009 and 2008, approximately 44% and 45%, respectively, of all inventory utilized the LIFO method.

Allowance for Doubtful Accounts: The Company has provided an allowance for doubtful accounts reserve which represents the best estimate of probable loss inherent in the Company's account receivables portfolio. This estimate is based upon company policy, derived from knowledge of its end markets, customer base and products. The Company reserved $57.6 million and $52.1 million for doubtful accounts as of December 31, 2009 and 2008, respectively.

Property, Plant and Equipment: Property, plant and equipment are stated at cost, less accumulated depreciation. Assets placed in service are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset except for leasehold improvements, which are depreciated over the shorter of their economic useful life or their lease term. The range of useful lives used to depreciate property, plant and equipment is as follows:

Buildings	10 to 50 years
Machinery and equipment	3 to 15 years
Software	2 to 7 years

Repair and maintenance costs that do not extend the useful life of the asset are charged against earnings as incurred. Major replacements and significant improvements that increase asset values and extend useful lives are capitalized.

The Company assesses the recoverability of the carrying value of its property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of an asset to the future net undiscounted cash flows expected to be generated by the asset. If the undiscounted cash flows are less than the carrying amount of the asset, an impairment loss is recognized for the amount by which the carrying value of the asset exceeds the fair value of the assets.

Goodwill and Intangible Assets: The Company records as goodwill the excess of the purchase price over the fair value of the net assets acquired. Once the final valuation has been performed for each acquisition, adjustments may be recorded.

In accordance with GAAP, goodwill and other indefinite-lived intangible assets are tested and reviewed annually for impairment during the fourth quarter or whenever there is a significant change in events or circumstances that indicate that the fair value of the asset may be less than the carrying amount of the asset.

Recoverability of goodwill is measured at the reporting unit level and determined using a two step process. The first step compares the carrying amount of the reporting unit to its estimated fair value. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. To the extent that the carrying value of the reporting unit exceeds its estimated fair value, a second step is performed, wherein the reporting unit's carrying value of goodwill is compared to the implied fair value of goodwill. To the extent that the carrying value exceeds the implied fair value, impairment exists and must be recognized.

Recoverability of other indefinite-lived intangible assets is measured by a comparison of the carrying amount of the intangible assets to the estimated fair value of the respective intangible assets. Any excess of the carrying value over the estimated fair value is recognized as an impairment loss equal to that excess.

Intangible assets such as patents, customer-related intangible assets and other intangible assets with finite useful lives are amortized on a straight-line basis over their estimated economic lives. The weighted-average useful lives approximate the following:

Customer relationships	20 years
Trademarks	25 years
Completed technology/patents	10 years
Other	10 years *

* Excludes intangibles acquired and fully expensed in the year of acquisition.

Recoverability of intangible assets with finite useful lives is assessed in the same manner as property, plant and equipment as described above.

Income Taxes: Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. The Company recognizes future tax benefits, such as net operating losses and non-U.S. tax credits, to the extent that realizing these benefits is considered in its judgment to be more likely than not. The Company regularly reviews the recoverability of its deferred tax assets considering its historic profitability, projected future taxable income, timing of the reversals of existing temporary differences and the feasibility of its tax planning strategies. Where appropriate, the Company records a valuation allowance with respect to a future tax benefit.

Product Warranties: Warranty accruals are recorded at the time of sale and are estimated based upon product warranty terms and historical experience. The Company assesses the adequacy of its liabilities and will make adjustments as necessary based on known or anticipated warranty claims, or as new information becomes available.

Treasury Stock: The Company, through one of its consolidated subsidiaries, has repurchased its common shares from time to time in the open market and in privately negotiated transactions as authorized by the Board of Directors. These repurchases are based upon current market conditions and the discretion of management. Amounts are recorded at cost and included within the Shareholders' equity section. For the year ended December 31, 2008, common shares owned by the Company amounted to 52.0 million. During 2009, the Company cancelled approximately 52.0 million treasury shares in anticipation of the Ireland Reorganization.

Revenue Recognition: Revenue is recognized and earned when all of the following criteria are satisfied: (a) persuasive evidence of a sales arrangement exists; (b) price is fixed or determinable; (c) collectability is reasonably assured; and (d) delivery has occurred or service has been rendered. Delivery generally occurs when the title and the risks and rewards of ownership have substantially transferred to the customer. Revenue from maintenance contracts or extended warranties is recognized on a straight-line basis over the life of the contract, unless another method is more representative of the costs incurred. The Company enters into agreements that contain multiple elements, such as equipment, installation and service revenue. For multiple-element arrangements, the Company recognizes revenue for delivered elements when the delivered item has stand-alone value to the customer, fair values of undelivered elements are known, customer acceptance has occurred, and only customary refund or return rights exist related to the delivered elements. Revenues from certain of our equipment and the related installation sold under construction-type contracts are recorded using the percentage-of-completion method in accordance with GAAP.

Environmental Costs: The Company is subject to laws and regulations relating to protecting the environment. Environmental expenditures relating to current operations are expensed or capitalized as appropriate. Expenditures relating to existing conditions caused by past operations, which do not contribute to current or future revenues, are expensed. Liabilities for remediation costs are recorded when they are probable and can be reasonably estimated, generally no later than the completion of feasibility studies or the Company's commitment to a plan of action. The assessment of this liability, which is calculated based on existing technology, does not reflect any offset for possible recoveries from insurance companies, and is not discounted.

Asbestos Matters: Certain wholly-owned subsidiaries of the Company are named as defendants in asbestos-related lawsuits in state and federal courts. The Company records a liability for its actual and anticipated future claims as well as an asset for anticipated insurance settlements. Although the Company was neither a manufacturer nor producer of asbestos, some of its formerly manufactured components from third party suppliers utilized asbestos related components. As a result, amounts related to asbestos are recorded within Discontinued operations, net of tax, except for amounts related to Trane asbestos liabilities, which are recorded in continuing operations. Refer to Note 23 for further details of asbestos related matters.

Research and Development Costs: The Company conducts research and development activities for the purpose of developing and improving new products and services. These expenditures, including qualifying engineering costs, are expensed when incurred. For the years ended December 31, 2009, 2008 and 2007, these expenditures amounted to $257.4 million, $204.6 million and $128.6 million, respectively. The Company also incurs engineering costs that are not considered research and development expenditures.

Software Costs: The Company follows the guidance outlined in FASB ASC 350, "Intangibles – Goodwill and Other" (ASC 350) for all software developed or obtained for internal use, which requires companies to capitalize certain internal-use software costs once specific criteria are met and subsequently amortize these costs over the software's useful life, which ranges from 2 to 7 years.

Employee Benefit Plans: The Company provides a range of benefits to eligible employees and retired employees, including pensions, postretirement and post-employment benefits. Determining the cost associated with such benefits is dependent on various actuarial assumptions, including discount rates, expected return on plan assets, compensation increases, employee mortality and turnover rates, and health-care cost trend rates. Actuaries perform the required calculations to determine expense in accordance with generally accepted accounting principles in the United States. Actual results may differ from the actuarial assumptions and are generally accumulated and amortized into earnings over future periods. These amounts are generally recognized into Shareholders' equity on an annual basis. The Company reviews its actuarial assumptions at each measurement date and makes modifications to the assumptions based on current rates and trends, if appropriate. In 2008, the Company changed the measurement date for all defined benefit plans from November 30 to December 31, as required by GAAP.

Loss Contingencies: Liabilities are recorded for various contingencies arising in the normal course of business, including litigation and administrative proceedings, environmental matters, product liability, product warranty, worker's compensation and other claims. The Company has recorded reserves in the financial statements related to these matters, which are developed using input derived from actuarial estimates and historical and anticipated experience data depending on the nature of the reserve, and in certain instances with consultation of legal counsel, internal and external consultants and engineers. Subject to the uncertainties inherent in estimating future costs for these types of liabilities, the Company believes its estimated reserves are reasonable and does not believe the final determination of the liabilities with respect to these matters would have a material effect on the financial condition, results of operations, liquidity or cash flows of the Company for any year.

Derivative Instruments: The Company periodically enters into cash flow and other hedge transactions to specifically hedge exposure to various risks related to interest rates, currency rates and commodity pricing. The Company recognizes all derivatives on the consolidated balance sheet at their fair value as either assets or liabilities. For cash flow designated hedges, the effective portion of the changes in fair value of the derivative contract are recorded in Accumulated other comprehensive income (loss), net of taxes, and are recognized in the income statement at the time earnings are affected by the hedged transaction. For other derivative transactions, the changes in the fair value of the derivative contract are recognized in the Consolidated Statement of Income.

Recently Adopted Accounting Pronouncements:

FASB ASC 715, "Compensation – Retirement Benefits," (ASC 715) requires an entity to measure its defined benefit plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position. The measurement date provisions of ASC 715 are effective for the Company for the fiscal year ending December 31, 2008. The Company has adopted the measurement provisions of ASC 715, which resulted in an after-tax charge to Retained earnings in the amount of $3.7 million ($6.5 million pre-tax) in 2008. Plans acquired during 2008 were not impacted by this change.

Effective January 1, 2007, the Company adopted the provisions of FASB ASC 740, "Income Taxes," (ASC 740) which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. As a result of adopting these provisions of

ASC 740 as of January 1, 2007, the Company recorded additional liabilities to its previously established reserves, and corresponding decrease in Retained earnings of $145.6 million.

In September 2006, the FASB issued revised guidance within FASB ASC 820, "Fair Value Measurements and Disclosures" (ASC 820) to provide a framework for measuring fair value that is based on the assumptions market participants would use when pricing an asset or liability. ASC 820 also establishes a fair value hierarchy that prioritizes the information to develop those assumptions. Additionally, the guidance expands the disclosures about fair value measurements to include disclosing the fair value measurements of assets or liabilities within each level of the fair value hierarchy. These provisions of ASC 820 are effective for the Company starting on January 1, 2008. In accordance with ASC 820, the Company has delayed its implementation of these provisions for the fair value of goodwill, indefinite-lived intangible assets and nonfinancial long-lived assets and liabilities. Refer to Note 16 for a full discussion of these provisions of ASC 820.

In February 2007, the FASB issued revised guidance within FASB ASC 825, "Financial Instruments" (ASC 825) which allows companies the option, at specified election dates, to measure financial assets and liabilities at their current fair value, with the corresponding changes in fair value from period to period recognized in the income statement. Additionally, ASC 825 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar assets and liabilities. These provisions of ASC 825 are effective for the Company starting on January 1, 2008. As of December 31, 2009, the Company has not elected the option available under ASC 825.

In December 2007, the FASB issued revised guidance to address the financial accounting and reporting for business combinations, which can be found in FASB ASC 805, "Business Combinations" (ASC 805). ASC 805 supersedes SFAS 141, "Business Combinations" and retains the fundamental requirements set forth therein regarding the purchase method of accounting. However, it expands the guidance to enable proper recognition and measurement, at fair value, the identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquired business. In addition, ASC 805 introduces new accounting guidance on how to recognize and measure contingent consideration, contingencies, acquisition and restructuring costs. These provisions of ASC 805 are effective for acquisitions occurring after January 1, 2009.

In December 2007, the FASB issued revised guidance within FASB ASC 810, "Consolidations" (ASC 810) which clarifies that a noncontrolling interest in a subsidiary represents an ownership interest that should be reported as equity in the consolidated financial statements. In addition, ASC 810 requires expanded income statement presentation and disclosures that clearly identify and distinguish between the interests of the Company and the interests of the non-controlling owners of the subsidiary. ASC 810, as it relates to noncontrolling interests in consolidated financial statements, is effective for the Company starting on January 1, 2009.

In March 2008, the FASB issued revised guidance within FASB ASC 815, "Derivatives and Hedging" (ASC 815), which amends and expands the disclosures previously required. ASC 815 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. The expanded disclosure requirements found in ASC 815 as they relate to the modifications made in March 2008 are effective for the Company starting on January 1, 2009. See Note 14 for a discussion of these provisions of ASC 815.

In May 2008, the FASB issued revised guidance within FASB ASC 470, "Debt" (ASC 470) which requires us to allocate between debt and equity the proceeds of the Company's exchangeable notes, in a manner that reflects the Company's nonconvertible debt borrowing rate. In addition, the Company is required to amortize any discount into earnings over a period of three years. These provisions of ASC 470 became applicable to the Company during the second quarter of 2009, upon issuance of the exchangeable senior notes in April 2009.

Recently Issued Accounting Pronouncements:
In June 2009, the FASB issued revised guidance within ASC 810. These revisions eliminate FASB Interpretation 46(R)'s exceptions to consolidating qualifying special-purpose entities, contain new criteria for determining the primary beneficiary, and increase the frequency of required reassessments to determine whether a company is the primary beneficiary of a variable interest entity. ASC 810 also contains a new requirement that any term, transaction, or arrangement that does not have a substantive effect on an entity's status as a variable interest entity, a company's power over a variable interest entity, or a company's obligation to absorb losses or its right to receive benefits of an entity must be disregarded in applying FASB Interpretation 46(R)'s provisions. The elimination of the qualifying special-purpose entity concept and its consolidation exceptions means more entities will be subject to consolidation assessments and reassessments. These provisions of ASC 810 are effective as of the beginning of the first fiscal year beginning after November 15, 2009, and for interim periods within that first period, with earlier adoption prohibited. The Company is currently assessing the potential impacts, if any, on its consolidated financial statements.

In June 2009, the FASB issued revised guidance within FASB ASC 860, "Transfers and Servicing" (ASC 860). These revisions eliminate the concept of a qualifying special-purpose entity, create more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, clarify other sale-accounting criteria, and change the initial measurement of a transferor's interest in transferred financial assets. These provisions of ASC 860 will be effective for transfers of financial assets in fiscal years beginning after November 15, 2009 and in interim periods within those fiscal years with earlier adoption prohibited. The Company is currently assessing the potential impacts, if any, on its consolidated financial statements.

NOTE 4 – ACQUISITION OF TRANE INC.
At the close of business on June 5, 2008 (the Acquisition Date), the Company completed its acquisition of 100% of the outstanding common shares of Trane. Trane, formerly American Standard Companies Inc., provides systems and services that enhance the quality and comfort of the air in homes and buildings around the world. Trane's systems and services have leading positions in premium commercial, residential, institutional and industrial markets, a reputation for reliability, high quality and product innovation and a powerful distribution network.

The Company paid a combination of (i) 0.23 of an IR-Limited Class A common share and (ii) $36.50 in cash, without interest, for each outstanding share of Trane common stock. The total cost of the acquisition was approximately $9.6 billion, including change in control payments and direct costs of the transaction. The Company financed the cash portion of the acquisition with a combination of cash on hand, commercial paper and a 364-day senior unsecured bridge loan facility.

The components of the purchase price were as follows:

In billions		
Cash consideration	$	7.3
Stock consideration (Issuance of 45.4 million IR-Limited Class A common shares)		2.0
Estimated fair value of Trane stock options converted to 7.4 million IR-Limited stock options		0.2
Transaction costs		0.1
Total	$	9.6

The Company allocated the purchase price of Trane to the estimated fair value of assets acquired and liabilities assumed upon acquisition in accordance with Statement of Financial Accounting Standard No. 141, "Business Combinations" (SFAS 141). The following table summarizes the fair values of the Trane assets acquired and liabilities assumed at the Acquisition Date.

In millions	June 5, 2008
Current assets:	
Cash and cash equivalents	$ 317.5
Accounts and notes receivable	1,194.2
Inventories	970.5
Other current assets	467.2
Total current assets	2,949.4
Property, plant and equipment	1,035.4
Goodwill	5,525.8
Intangible assets	5,576.0
Other noncurrent assets	764.6
Total assets	$ 15,851.2
Current liabilities:	
Accounts payable	$ 562.9
Accrued compensation and benefits	225.7
Accrued expenses and other current liabilities	1,079.3
Short-term borrowings and current maturities of long-term debt	254.3
Total current liabilities	2,122.2
Long-term debt	476.3
Postemployment and other benefit liabilities	313.7
Deferred income taxes	2,308.3
Other noncurrent liabilities	1,012.7
Minority interests	7.7
Total liabilities and minority interests	$ 6,240.9
Net assets acquired	$ 9,610.3

Cash and cash equivalents, accounts and notes receivable, accounts payable and accrued compensation and benefits were stated at their historical carrying values, which approximate their fair value, given the short-term nature of these assets and liabilities.

Inventories were recorded at fair value, based on computations which considered many factors, including the future estimated selling price of the inventory, the cost to dispose of the inventory, as well as the replacement cost of the inventory, where applicable.

The Company recorded intangible assets based on their estimated fair value, and consisted of the following:

In millions	Useful life	Amount
Tradenames	Indefinite	$ 3,418.0
Customer relationships	17 - 18 Years	1,871.0
Completed technology/patents	5 - 15 Years	158.0
In-process research and development	Expensed	26.0
License agreement	7 Years	4.0
Backlog	1 - 6 Months	99.0
Total		$ 5,576.0

The Company has allocated $3,418.0 million to tradenames, primarily related to the Trane brand. Management considered many factors in the determination that it will account for the asset as an indefinite lived intangible asset, including the current market leadership position of the brand as well as recognition worldwide in the industry. Therefore, in accordance with ASC 350, indefinite-lived tradenames will not be amortized, but instead will be tested for impairment at least annually (more frequently if certain indicators are present).

In addition, the Company assigned $26.0 million to in-process research and development assets that were expensed at the date of acquisition in accordance with GAAP. The expenses are included in general and administrative expenses.

The excess of the purchase price over the amounts allocated to specific assets and liabilities is included in goodwill, and amounted to $5,525.8 million. The premium in the purchase price paid by the Company for the acquisition of Trane reflects the establishment of a business offering high value equipment, systems and services necessary for delivering solutions across the temperature spectrum for indoor, stationary and transport applications worldwide. The Company anticipates realizing significant operational and cost synergies. Anticipated synergies include purchase material savings through supplier rationalization and procurement leverage, improvement in manufacturing costs and lower general and administrative costs. Longer term, the Company expects to benefit from synergies related to service revenue expansion, leverage of distribution channels and cross selling through certain vertical markets.

In addition, Trane will be able to leverage the Company's global footprint to enhance their historically U.S.-based revenue generation. Lastly, the combined business will improve the Company's highly regarded Hussmann and Thermo King brands with Trane's position as a leader in the commercial and residential climate control industry. These combined factors primarily contributed to a purchase price in excess of the fair value of the net tangible assets acquired.

The following unaudited pro forma information for the year ended December 31, 2008 assumes the acquisition of Trane occurred as of the beginning of the period presented:

In millions	2008	2007
Net revenues	$ 16,356.9	$ 16,200.9
Earnings from continuing operations attributable to Ingersoll-Rand plc common shareholders	(2,590.3)	724.8

In addition, for the year ended December 31, 2008, the Company has included $91.8 million as an increase to interest expense associated with the borrowings to fund (a) the cash portion of the purchase price and (b) the out-of-pocket transaction costs associated with the acquisition.

For the year ended December 31, 2008, the Company recognized a pre-tax, non-cash charge of $3.7 billion related to the impairment of goodwill and indefinite-lived assets, which is reflected in the pro forma results presented above. For a further discussion of impairment related matters, see Note 5 in the consolidated financial statements.

The unaudited pro forma information does not purport to be indicative of the results that actually would have been achieved had the operations been combined during the periods presented, nor is it intended to be a projection of future results or trends.

NOTE 5 – ASSET IMPAIRMENT

The Company has significant goodwill and indefinite-lived intangible assets related to acquisitions. The Company's goodwill and other indefinite-lived intangible assets are tested and reviewed annually for impairment during the fourth quarter or when there is a significant change in events circumstances that indicate that the fair value of an asset may be less than the carrying amount of the asset.

2008 Impairment Test

Due to the deterioration in the worldwide equity and credit markets and a tightening of industrial and retail end markets in the fourth quarter of 2008, the Company's market capitalization declined well below its book value. In addition, the weakening worldwide economic conditions resulted in the Company's projected 2009 financial performance to decline. As a result, the Company updated its impairment testing through December 31, 2008.

The following table summarizes by reportable segment, the asset impairment charges taken during 2008:

In millions	Goodwill	Intangible Assets	Marketable Securities	Total
Climate Solutions	$ 840.0	$ 400.0	$ -	$ 1,240.0
Residential Solutions	1,656.0	454.0	-	2,110.0
Security Technologies	344.0	6.0	10.0	360.0
Total	$ 2,840.0	$ 860.0	$ 10.0	$ 3,710.0

Goodwill

Recoverability of goodwill impairment is measured at the reporting unit level and determined using a two step process. The first step compares the carrying amount of the reporting unit to its estimated fair value. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. To the extent that the carrying value of the reporting unit exceeds its estimated fair value, a second step is performed, wherein the reporting unit's carrying value of goodwill is compared to the implied fair value of goodwill. To the extent that the carrying value exceeds the implied fair value, impairment exists and must be recognized.

The calculation of estimated fair value is based on two valuation techniques, a discounted cash flow model (income approach) and a market adjusted multiple of earnings and revenues (market approach), with each method being equally weighted in the calculation. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. The estimated fair value of the reporting unit is allocated to all of the assets and liabilities of the reporting unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit, as determined in the first step of the goodwill impairment test, was the price paid to acquire that reporting unit.

Based on the estimated fair value and book value of our reporting units, the Company recorded an impairment charge to goodwill in the fourth quarter of 2008 of approximately $2,840.0 million.

Indefinite-lived Intangible Assets
Recoverability of other indefinite-lived intangible assets (i.e. Tradenames) is measured by a comparison of the carrying amount of the intangible assets to the estimated fair value of the respective intangible assets. Any excess of the carrying value over the estimated fair value is recognized as an impairment loss equal to that excess.

The calculation of estimated fair value is determined on a relief from royalty methodology (income approach), which is based on the implied royalty paid, at an appropriate discount rate, to license the use of an asset rather than owning the asset. The present value of the after-tax cost savings (i.e. royalty relief) indicates the estimated fair value of the asset.

Based on the estimated fair value and book value of our Tradenames, the Company recorded an impairment charge to certain tradenames in the fourth quarter of 2008 of approximately $860.0 million.

Marketable Securities
Investments in marketable securities are recorded at cost and subsequently measured at fair value. These assets are periodically reviewed at the individual security level to determine if any decline in value is considered to be other than temporary.

In the fourth quarter of 2008, the Company determined that its investment in certain marketable securities was other than temporarily impaired by approximately $10.0 million. This analysis was based on the current trading value of the publicly listed marketable security in addition to other qualitative factors of the operating business environment in which the security is held.

2009 Impairment Test
In the fourth quarter of 2009, the Company performed its annual impairment test on goodwill and other indefinite-lived intangible assets. As a result, the Company determined that the fair value of the reporting units and indefinite-lived intangible assets exceeded their respective carrying values. Therefore, no impairment charges were recorded during 2009.

NOTE 6 – RESTRUCTURING ACTIVITIES
Restructuring charges recorded during the year ended December 31, 2009, 2008 and 2007 were as follows:

In millions	2009	2008	2007
Climate Solutions	$ 37.7	$ 50.2	$ 22.4
Residential Solutions	8.9	11.9	-
Industrial Technologies	27.1	9.6	1.0
Security Technologies	24.5	6.8	5.3
Corporate and Other	13.2	12.4	-
Total	$ 111.4	$ 90.9	$ 28.7
Cost of goods sold	$ 58.3	$ 56.7	$ 24.8
Selling and administrative	53.1	34.2	3.9
Total	$ 111.4	$ 90.9	$ 28.7

The changes in the restructuring reserve were as follows:

In millions	Climate Solutions	Residential Solutions	Industrial Technologies	Security Technologies	Corporate and Other	Total
December 31, 2007	$ 20.8	$ -	$ 0.7	$ 4.0	$ -	$ 25.5
Additions	50.2	11.9	9.6	6.8	12.4	90.9
Purchase accounting	2.8	0.4	-	-	11.6	14.8
Cash and non-cash uses	(32.9)	(4.3)	(7.6)	(4.2)	(18.5)	(67.5)
Currency translation	0.6	-	-	0.2	-	0.8
December 31, 2008	41.5	8.0	2.7	6.8	5.5	64.5
Additions	37.7	10.9	27.1	26.3	13.2	115.2
Reversals	-	(2.0)	-	(1.8)	-	(3.8)
Cash and non-cash uses	(59.3)	(9.1)	(25.5)	(13.4)	(10.4)	(117.7)
Currency translation	(3.6)	-	-	0.3	-	(3.3)
December 31, 2009	$ 16.3	$ 7.8	$ 4.3	$ 18.2	$ 8.3	$ 54.9

During the first three quarters of 2008, the Company incurred costs of approximately $20 million associated with various restructuring activities as a part of an ongoing effort to increase efficiencies across multiple lines of business. In October 2008, the Company announced an enterprise-wide restructuring program necessitated by the severe economic downturn. This program included streamlining the footprint of manufacturing facilities and reducing the general and administrative cost base across all sectors of the company. Projected costs totaled $110 million when the program was announced, of which $71 million was incurred during the fourth quarter of 2008.

During the year ended December 31, 2009, the Company expanded the scope of the restructuring program. Since the beginning of the fourth quarter of 2008, the Company has incurred approximately $182.1 million associated with these restructuring actions. As of December 31, 2009, the Company had $54.9 million accrued for workforce reductions and the consolidation of manufacturing facilities.

Restructuring actions taken in the Climate Solutions sector include the closure of one manufacturing facility in Asia and workforce reductions in all regions. As of December 31, 2009, the Climate Solutions sector had incurred approximately $87 million since the fourth quarter of 2008.

Restructuring actions taken in the Residential Solutions sector include general workforce reductions due to a revised organizational structure within the sector. As of December 31, 2009, the Residential Solutions sector had incurred approximately $19 million since the fourth quarter of 2008.

Restructuring actions taken in the Industrial Technologies sector include the consolidation of manufacturing facilities in the Americas and general workforce reductions across all regions. As of December 31, 2009, the Industrial Technologies sector had incurred approximately $32 million since the fourth quarter of 2008.

Restructuring actions taken in the Security Technologies sector include the consolidation of manufacturing facilities in the Americas region and general workforce reductions in Europe and the Americas. As of December 31, 2009, the Security Technologies sector had incurred approximately $29 million since the fourth quarter of 2008.

Corporate costs primarily related to the consolidation of administrative offices in the U.S. As of December 31, 2009, the corporate costs totaled approximately $15 million since the fourth quarter of 2008.

NOTE 7 – MARKETABLE SECURITIES

At December 31, marketable securities were as follows:

	2009			2008		
In millions	Amortized cost or cost	Unrealized gains	Fair value	Amortized cost or cost	Unrealized losses	Fair value
Long-term marketable securities:						
Equity securities	$ 6.7	$ 5.1	$ 11.8	$ 6.7	$ (0.2)	$ 6.5
Total	$ 6.7	$ 5.1	$ 11.8	$ 6.7	$ (0.2)	$ 6.5

Long-term marketable securities are included within Other noncurrent assets in the Consolidated Balance Sheet.

During 2008, the Company's long-term marketable securities experienced other than temporary declines in value as defined by GAAP. The Company recognized a loss of approximately $10 million related to investments within the Security Technologies segment in the fourth quarter of 2008. The loss is included in Asset impairment on the Consolidated Statement of Income. For a further discussion of impairment related matters, see Note 5 in the consolidated financial statements.

NOTE 8 – INVENTORIES

At December 31, the major classes of inventory were as follows:

In millions	2009	2008
Raw materials	$ 353.6	$ 446.9
Work-in-process	222.4	301.7
Finished goods	700.1	980.0
	1,276.1	1,728.6
LIFO reserve	(82.9)	(113.5)
Total	$ 1,193.2	$ 1,615.1

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

At December 31, the major classes of property, plant and equipment were as follows:

In millions	2009	2008
Land	$ 122.0	$ 111.3
Buildings	760.6	776.6
Machinery and equipment	1,875.8	1,787.1
Software	453.3	345.5
	3,211.7	3,020.5
Accumulated depreciation	(1,298.9)	(1,052.0)
Total	$ 1,912.8	$ 1,968.5

Depreciation expense for the years ended December 31, 2009, 2008 and 2007 was $262.1 million, $201.2 million and $112.3 million, which include amounts for software amortization of $47.3 million, $35.5 million and $17.5 million, respectively.

During 2009, the Company purchased property, plant and equipment totaling approximately $39 million, with a corresponding increase in liabilities. This represents a non-cash investing activity and is therefore not included in the statement of cash flows until the property, plant and equipment is paid for in accordance with GAAP.

NOTE 10 – GOODWILL

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

In millions	Climate Solutions	Residential Solutions	Industrial Technologies	Security Technologies	Total
December 31, 2007	$ 2,613.8	$ 74.9	$ 371.9	$ 932.7	$ 3,993.3
Acquisitions and adjustments *	3,275.8	2,255.2	5.4	20.6	5,557.0
Currency translation	(37.9)	-	(7.5)	(44.8)	(90.2)
Impairment	(839.8)	(1,656.2)	-	(344.0)	(2,840.0)
December 31, 2008	5,011.9	673.9	369.8	564.5	6,620.1
Acquisitions and adjustments *	(12.5)	8.4	-	-	(4.1)
Currency translation	(21.1)	-	3.1	8.0	(10.0)
December 31, 2009	$ 4,978.3	$ 682.3	$ 372.9	$ 572.5	$ 6,606.0

* Includes adjustments related to final purchase price allocation adjustments.

The Company records as goodwill the excess of the purchase price over the fair value of the net assets acquired. Once the final valuation has been performed for each acquisition, adjustments may be recorded.

In June 2008, the Company acquired the Trane commercial HVAC business and the Trane residential HVAC businesses and recorded $5.5 billion of goodwill associated with the transaction. The results of the Trane commercial HVAC business are reported within the Climate Solutions segment and the Trane residential HVAC business is reported within the Residential Solutions segment. See Note 4 for a further discussion regarding goodwill associated with the acquisition of Trane.

As a result of the annual impairment testing in the fourth quarter of 2008, the Company recognized a pre-tax, non-cash charge of $2,840.0 million related to the impairment of goodwill. The Company does not have any accumulated impairment losses subsequent to the adoption of SFAS No. 142, “Goodwill and Other Intangible Assets” other than the amounts recorded in 2008. See Note 5 for a further discussion of impairment related matters.

In the fourth quarter of 2009, the Company reduced its goodwill by approximately $37 million in the Climate Solutions and Residential Solutions segments related to the acquisition of Trane. These adjustments primarily relate to an overstatement of net deferred tax liabilities established during purchase accounting and represent accounting errors. The Company does not believe that the accounting errors are material to any of its previously issued financial statements and therefore, has not adjusted any prior period amounts.

NOTE 11 –INTANGIBLE ASSETS

The following table sets forth the gross amount and accumulated amortization of the Company’s intangible assets at December 31:

In millions	2009	2008
Customer relationships	$ 2,358.4	$ 2,368.2
Completed technologies/patents	204.0	203.1
Other	188.1	189.6
Trademarks (finite-lived)	111.2	109.3
Total gross finite-lived intangible assets	2,861.7	2,870.2
Accumulated amortization	(533.0)	(378.5)
Total net finite-lived intangible assets	2,328.7	2,491.7
Trademarks (indefinite-lived)	2,714.1	2,722.4
Total	$ 5,042.8	$ 5,214.1

At December 31, 2009, the Company had $5.0 billion of intangible assets. The Company amortizes intangible assets with finite useful lives on a straight-line basis over their estimated economic lives in accordance with GAAP. Indefinite-lived intangible assets are not subject to amortization, but instead, are tested for impairment at least annually (more frequently if certain indicators are present).

Intangible asset amortization expense for 2009, 2008 and 2007 was $156.4 million, $226.3 million and $25.2 million, respectively. The increase in 2008 is attributable to the Company's acquisition of Trane on June 5, 2008, which includes $125.0 million of non-recurring amortization expense related to the fair value allocation of purchase price to backlog and in-process research and development costs. The non-recurring amortization expense is included in Accumulated amortization and the associated gross asset is included in Other in the above table. See Note 4 for a further discussion on the acquisition of Trane.

Estimated amortization expense on existing intangible assets is approximately $163 million for each of the next five fiscal years.

NOTE 12 – ACCOUNTS RECEIVABLE PURCHASE AGREEMENTS

In connection with the acquisition of Trane, the Company acquired Trane's accounts receivable purchase agreement (the Trane Facility) in the U.S. As part of this Facility, Trane formed a special-purpose entity (SPE) for the sole purpose of buying and selling receivables generated by Trane. Trane irrevocably and without recourse, transferred all eligible accounts receivable to the SPE, which, in turn, sold undivided ownership interests in them to a conduit administered by the participating bank. The assets of the SPE were not available to pay the claims of Trane or any of its subsidiaries.

The undivided interests in the receivables sold to the conduit as a part of the Trane Facility were removed from the balance sheet since they met the applicable criteria under GAAP. Trane's interests in the receivables retained by the Company were recorded at its allocated carrying amount, less an appropriate reserve for doubtful accounts, in the balance sheet as of December 31, 2008. To the extent that the consideration received was less than the allocated carrying value of the receivables sold, losses were recognized at the time of sale.

On March 31, 2009, the Company entered into new accounts receivable purchase agreements (the Expanded IR Facility), to expand the existing accounts receivable purchase agreement. The Expanded IR Facility superseded the Trane Facility. As of December 31, 2009, there are no interests in the receivables retained by the Company related to the Trane Facility.

Under the Expanded IR Facility, the Company continuously sold, through certain consolidated special purpose vehicles, designated pools of eligible trade receivables to an affiliated master special purpose vehicle (MSPV) which, in turn, sold undivided ownership interests to three conduits administered by unaffiliated financial institutions.

The maximum purchase limit of the three conduits was $325.0 million. The Company paid commitment fees on the aggregate amount of the liquidity commitments of the financial institutions under the facility (which was 102% of the maximum purchase limit) and an additional program fee on the aggregate amounts purchased under the facility by the conduits to the extent funded through the issuance of commercial paper or other securities.

The MSPV was not designed to be a qualifying SPE since the MSPV transferred assets representing undivided ownership interests in the accounts receivables it held to the conduits. The Company concluded that the MSPV was a variable interest entity (VIE) whereby the Company was deemed the primary beneficiary and subsequently consolidated the MSPV. Accordingly, accounts receivable balances were not removed from the balance sheet until the undivided ownership interests were sold to the conduits. The remaining trade receivables transferred into the MSPV but not sold to the conduits remained in Accounts and notes receivable, net. The interests in the receivables retained by the Company were exposed to the first risk of loss for any uncollectible amounts in the receivables sold under the facility. The Company provided no other forms of continued financial support related to the undivided interests transferred to the conduits. Although the special purpose vehicles were consolidated by the Company, they were separate corporate entities with their assets legally isolated from the Company and thus not available to satisfy claims of the Company.

The following is a summary of receivables sold to the financing facilities:

In millions	December 31, 2009	December 31, 2008
Outstanding balance of receivables sold to SPE	$ 544.2	$ 149.5
Net balance of interest in the receivables retained	544.2	83.6
Net interests sold to conduits	-	62.8

At December 31, 2009, the outstanding balance of eligible trade receivables sold to the MSPV was $544.2 million. However, no net interests have been sold to any of the three conduits administered by unaffiliated financial institutions.

The Company serviced, administered and collected the receivables on behalf of the MSPV and the conduits and received a servicing fee of 0.75% per annum on the outstanding balance of the serviced receivables. As the Company estimated that the fee it received from the conduits, including other ancillary fees received, were adequate compensation for its obligation to service these receivables, the fair value was zero and no servicing assets or liabilities were recognized.

During the year ended December 31, 2009, the Company recorded a cash outflow of approximately $63 million within cash flow from operations, which represented the decrease in the net interests in the receivables sold to the conduits.

The Company records as a loss on sale the difference between the receivables sold and net cash proceeds received. The loss on sale recorded for the years ended December 31, 2009 and 2008 were as follows:

In millions	2009	2008
Loss on sale of receivables	$ 4.0	$ 2.0

NOTE 13 – DEBT AND CREDIT FACILITIES

At December 31, short-term borrowings and current maturities of long-term debt consisted of the following:

In millions	2009	2008
Commercial paper program	$ -	$ 998.7
Senior unsecured bridge loan facility	-	754.0
Debentures with put feature	343.6	345.7
Current maturities of long-term debt	526.5	200.4
Other short-term borrowings	6.6	51.6
Total	$ 876.7	$ 2,350.4

The weighted-average interest rate for total short-term borrowings and current maturities of long-term debt at December 31, 2009 and 2008 was 5.4% and 4.8%, respectively.

At December 31, long-term debt excluding current maturities consisted of:

In millions	2009	2008
Senior floating rate notes due 2010	$ -	$ 250.0
7.625% Senior notes due 2010	-	261.2
4.50% Exchangeable senior notes due 2012	315.0	-
6.000% Senior notes due 2013	599.8	599.8
9.50% Senior notes due 2014	655.0	-
5.50% Senior notes due 2015	199.7	199.6
4.75% Senior notes due 2015	299.3	299.2
6.875% Senior notes due 2018	749.1	749.0
9.00% Debentures due 2021	125.0	125.0
7.20% Debentures due 2010-2025	112.5	120.0
6.48% Debentures due 2025	149.7	149.7
Other loans and notes, at end-of-year average interest rates of 5.85% in 2009 and 5.68% in 2008, maturing in various amounts to 2017	14.8	20.2
Total	$ 3,219.9	$ 2,773.7

The fair value of the Company's debt at December 31, 2009 and 2008 was $4,459.6 million and $4,927.4 million, respectively. The fair value of long-term debt was primarily based upon quoted market values.

At December 31, 2009, long-term debt retirements are as follows:

In millions	
2010	$ 870.1
2011	19.7
2012	324.2
2013	607.8
2014	661.8
Thereafter	1,606.4
Total	$ 4,090.0

Commercial Paper Program

The Company uses borrowings under our commercial paper program for general corporate purposes. As of December 31, 2009, the Company had no outstanding commercial paper borrowings after paying down $998.7 million during 2009. The Company funded these payments primarily using cash generated from operations.

Senior Unsecured Bridge Loan Facility

In connection with the Trane acquisition, the Company entered into a $3.9 billion senior unsecured bridge loan facility, with a 364-day term. The Company drew down $2.95 billion against the bridge loan facility in June 2008. The proceeds, along with cash on hand and the issuance of $1.5 billion of commercial paper, were used to fund the cash component of the consideration paid for the acquisition as well as to pay related fees and expenses incurred in connection with the acquisition.

In addition, the Company repaid $2.0 billion of the outstanding balance of the bridge loan facility during the third quarter of 2008. The Company used a combination of cash flows from operations and cash on hand, in addition to the $1.6 billion in proceeds received from the issuance of long-term debt. As of December 31, 2008, the outstanding balance of the senior unsecured bridge loan facility was $754 million after a $196 million payment in the fourth quarter of 2008. In the first quarter of 2009, the Company borrowed an additional $196 million under the facility, increasing the outstanding balance to $950.0 million as of March 31, 2009. The Company repaid the outstanding balance in April 2009 with proceeds from the long-term debt issuance as discussed below and terminated the facility.

Debentures with Put Feature
At December 31, 2008, the Company had outstanding $345.7 million of fixed rate debentures which only requires early repayment at the option of the holder. These debentures contain a put feature that the holders may exercise on each anniversary of the issuance date. If exercised, the Company is obligated to repay in whole or in part, at the holder's option, the outstanding principal amount (plus accrued and unpaid interest) of the debentures held by the holder. If these options are not exercised, the final maturity dates would range between 2027 and 2028.

In 2009, holders of these debentures chose to exercise the put feature on $2.1 million of the remaining debentures. As a result, the Company had $343.6 million debentures outstanding at December 31, 2009.

Senior Notes Due 2014
In April 2009, the Company issued $655 million of 9.5% Senior Notes through its wholly-owned subsidiary, Ingersoll-Rand Global Holding Company Limited (IR-Global). The notes are fully and unconditionally guaranteed by each of IR-Ireland, IR-Limited and Ingersoll-Rand International Holding Limited (IR-International), another wholly-owned indirect subsidiary of IR-Limited. Interest on the fixed rate notes will be paid twice a year in arrears. The Company has the option to redeem them in whole or in part at any time, and from time to time, prior to their stated maturity date at redemption prices set forth in the indenture agreement. The notes are subject to certain customary covenants, however, none of these covenants are considered restrictive to the Company's operations.

Exchangeable Senior Notes Due 2012
In April 2009, The Company issued $345 million of 4.5% Exchangeable Senior Notes through its wholly-owned subsidiary, IR-Global. The notes are fully and unconditionally guaranteed by each of IR-Ireland, IR-Limited and IR-International. Interest on the exchangeable notes will be paid twice a year in arrears. Holders may exchange their notes at their option prior to November 15, 2011 in accordance with specified circumstances set forth in the indenture agreement or anytime on or after November 15, 2011 through their scheduled maturity in April 2012. Upon exchange, the notes will be paid in cash up to the aggregate principal amount of the notes to be exchanged, the remainder due on the option feature, if any, will be paid in cash, the Company's ordinary shares or a combination thereof at the option of the Company. The notes are subject to certain customary covenants, however, none of these covenants are considered restrictive to the Company's operations.

The Company allocated approximately $305 million of the gross proceeds to debt, with the remaining discount of approximately $40 million (approximately $39 million after allocated fees) recorded within equity. Additionally, the Company will amortize the discount into earnings over a three-year period.

Other Debt
In August 2008, the Company filed a universal shelf registration statement with the Securities and Exchange Commission (SEC) for an indeterminate amount of securities for future issuance and issued $1.6 billion of long-term debt pursuant to the shelf registration statement. This issuance consisted of $250 million Senior Floating Rate Notes due in 2010, $600 million 6.000% Senior Notes due in 2013 and $750 million 6.875% Senior Notes due in 2018. These notes are fully and unconditionally guaranteed by IR-Limited, which directly owns 100% of the subsidiary issuer, IR Global Holding Company Limited. The net proceeds from the offering were used to partially reduce the amount outstanding under the senior unsecured bridge loan facility.

At December 31, 2008, the Company's committed revolving credit facilities totaled $3.0 billion, of which $750 million expired in June 2009, and was not renewed. At December 31, 2009, the Company's committed revolving credit facilities totaled $2.25 billion, of which $1.25 billion expires in August 2010 and $1.0 billion expires in June 2011. These lines are unused and provide support for the Company's commercial paper program as well as for other general corporate purposes. In addition, other available non-U.S. lines of credit were $993.3 million, of which $823.9 million were unused at December 31, 2009. These lines provide support for bank guarantees, letters of credit and other general corporate purposes.

Modifications Relating to the Reorganization
In connection with the Ireland Reorganization discussed in Note 2, on July 1, 2009 at 12:01 A.M. (the Transaction Time), IR-Limited completed the transfer of all the outstanding shares of IR-Global to IR-International, whereupon IR-International assumed the obligations of IR-Limited as an issuer or guarantor, as the case may be, under the indentures governing the Company's outstanding notes, medium-term notes and debentures. IR-Ireland and IR-Limited also fully and unconditionally guarantee the payment obligations of IR-International, IR-Global and Ingersoll-Rand Company (IR-New Jersey), a wholly-owned indirect subsidiary of IR-Limited incorporated in New Jersey, as the case may be, as the issuers of debt securities under these indentures. Neither IR-Ireland nor IR-Limited intends to issue guarantees in respect of any indebtedness incurred by Trane. In addition, any securities issued by the Company that were convertible, exchangeable or exercisable into Class A common shares of IR-Limited became convertible, exchangeable or exercisable, as the case may be, into the ordinary shares of IR-Ireland.

On July 1, 2009, IR-Global amended and restated its commercial paper program (the Commercial Paper Program) pursuant to which IR-Global may issue, on a private placement basis, unsecured commercial paper notes up to a maximum aggregate amount outstanding at any time of $2.25 billion. Under the Commercial Paper Program, IR-Global may issue notes from time to time, and the proceeds of the financing will be used for general corporate purposes. Each of IR-Ireland, IR-Limited and IR-International has provided an irrevocable and unconditional guarantee for the notes issued under the Commercial Paper Program.

Pursuant to the terms of the credit facility entered into on August 12, 2005 and our credit facility entered into on June 27, 2008 (the Credit Facilities), at the Transaction Time, IR-Ireland and IR-International became guarantors to such Credit Facilities. In connection therewith, IR-Ireland and IR-International entered into Addendums on July 1, 2009 to become parties to the Credit Facilities.

NOTE 14 – FINANCIAL INSTRUMENTS
In the normal course of business, the Company uses various financial instruments, including derivative instruments, to manage risks associated with interest rate, currency rate, commodity price and share-based compensation exposures. These financial instruments are not used for trading or speculative purposes.

On the date a derivative contract is entered into, the Company designates the derivative instrument either as a cash flow hedge of a forecasted transaction, a cash flow hedge of a recognized asset or liability, or as an undesignated derivative. The Company formally documents its hedge relationships, including identification of the derivative instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. This process includes linking derivative instruments that are designated as hedges to specific assets, liabilities or forecasted transactions.

The Company also assesses both at the inception and at least quarterly thereafter, whether the derivatives used in cash flow hedging transactions are highly effective in offsetting the changes in the cash flows of the hedged item. Any ineffective portion of a derivative instrument's change in fair value is recorded in the income statement in the period of change. If the hedging relationship ceases to be highly effective, or it becomes probable that a forecasted transaction is no longer expected to occur, the hedging relationship will be undesignated and any future gains and losses on the derivative instrument would be recorded in the income statement.

The fair market value of derivative instruments are determined through market-based valuations and may not be representative of the actual gains or losses that will be recorded when these instruments mature due to future fluctuations in the markets in which they are traded.

Currency and Commodity Hedging Instruments
The notional amounts of the Company's currency derivatives, excluding the cross currency swap described below, were $884.8 million and $920.4 million at December 31, 2009 and 2008, respectively. At December 31, 2009 and 2008, a loss of $1.5 million and a gain of $7.6 million, net of tax, respectively, was included in

Accumulated other comprehensive income (AOCI) related to the fair value of the Company's currency derivatives designated as accounting hedges. The amount expected to be reclassified into earnings over the next twelve months is $1.5 million. The actual amounts that will be reclassified to earnings may vary from this amount as a result of changes in market conditions. Gains and losses associated with the Company's currency derivatives not designated as hedges are recorded in earnings as changes in fair value occur. At December 31, 2009, the maximum term of the Company's currency derivatives was 12 months.

As a result of the acquisition of Trane in June 2008, the Company assumed a cross currency swap that fixed in U.S. dollars, the currency cash flows on the £60.0 million 8.25% senior notes. These notes matured on June 1, 2009 along with the cross currency swap. The cross currency swap met the criteria to be accounted for as a foreign currency cash flow hedge, which allowed for deferral of any associated gains or losses within AOCI until settlement. The deferred gain remaining in AOCI related to the cross currency swap was released into earnings upon maturity.

The Company had no commodity derivatives outstanding as of December 31, 2009. The notional amount of the Company's commodity derivatives was $21.3 million at December 31, 2008. During 2008, the Company discontinued the use of hedge accounting for the commodity hedges at which time the Company recognized into the income statement all deferred gains and losses related to the commodity hedges at the time of discontinuance. All further gains and losses associated with the Company's commodity derivatives were recorded in earnings as changes in fair value occurred.

Other Hedging Instruments

During the third quarter of 2008, the Company entered into interest rate locks for the forecasted issuance of approximately $1.4 billion of Senior Notes due in 2013 and 2018. These interest rate locks met the criteria to be accounted for as cash flow hedges of a forecasted transaction. Consequently, the changes in fair value of the interest rate locks were deferred in AOCI. No further gain or loss will be deferred in AOCI related to these interest rate locks as the contracts were effectively terminated upon issuance of the underlying debt. However, the amount of AOCI associated with these interest rate locks at the time of termination will be recognized into interest expense over the term of the notes. At December 31, 2009 and 2008, $12.6 million and $14.4 million, respectively, of deferred losses remained in AOCI related to these interest rate locks. The amount expected to be reclassified into interest expense over the next twelve months is $1.8 million.

In August 2006, the Company entered into two total return swaps (the Swaps) which were derivative instruments used to hedge the Company's exposure to changes in its share-based compensation expense. The aggregate notional amount of the Swaps was approximately $52.6 million. On June 11, 2007, the Company terminated a portion of the Swaps for net cash proceeds of $3.8 million. The Company settled the remaining portion of the Swaps on August 6, 2007, for net cash proceeds of $13.8 million. The gains and losses associated with the Swaps were recorded within Selling and administrative expenses.

In March 2005, the Company entered into interest rate locks for the forecasted issuance of $300 million of Senior Notes due 2015. These interest rate locks met the criteria to be accounted for as cash flow hedges of a forecasted transaction. Consequently, the changes in fair value of the interest rate locks were deferred in AOCI. No further gain or loss will be deferred in AOCI related to these interest rate locks as the contracts were effectively terminated upon issuance of the underlying debt. However, the amount of AOCI associated with these interest rate locks at the time of termination will be recognized into interest expense over the term of the notes. At December 31, 2009 and 2008, $6.5 million and $7.6 million, respectively, of deferred losses remained in AOCI related to these interest rate locks. The amount expected to be reclassified into interest expense over the next twelve months is $1.1 million.

The following table presents the fair values of derivative instruments included within the Consolidated Balance Sheet as of December 31, 2009:

In millions	Asset derivatives	Liability derivatives
Derivatives designated as accounting hedges:		
Currency derivatives	$ 0.3	$ 2.7
Derivatives not designated as accounting hedges:		
Currency derivatives	7.0	5.2
Total derivatives	$ 7.3	$ 7.9

Asset and liability derivatives included in the table above are recorded within Other current assets and Accrued expenses and other current liabilities, respectively, on the Consolidated Balance Sheet.

The following table represents the amounts associated with derivatives designated as hedges affecting the Consolidated Statement of Income and AOCI for the year ended December 31, 2009:

In millions	Amount of gain (loss) deferred in AOCI	Location of gain (loss) reclassified from AOCI and recognized into earnings	Amount of gain (loss) reclassified from AOCI and recognized into earnings
Currency derivatives	(7.1)	Other, net	$ 5.3
Interest rate locks	-	Interest expense	(2.8)
Total	$ (7.1)		$ 2.5

The following table represents the amounts associated with derivatives not designated as hedges affecting the Consolidated Statement of Income for the year ended December 31, 2009:

In millions	Location of gain (loss)	Amount of gain (loss)
Currency derivatives	Other, net	$ 64.2 *
Commodity derivatives	Other, net	1.8
Total		$ 66.0

* The gains and losses associated with the Company's undesignated currency derivatives are materially offset in the Consolidated Statement of Income by changes in the fair value of the underlying transactions.

Concentration of Credit Risk

The counterparties to the Company's forward contracts consist of a number of investment grade major international financial institutions. The Company could be exposed to losses in the event of nonperformance by the counterparties. However, credit ratings of and concentration of risk in these financial institutions are monitored on a continuous basis and present no significant credit risk to the Company.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, short-term borrowings and accounts payable are a reasonable estimate of their fair value due to the short-term nature of these instruments.

NOTE 15 – PENSIONS AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Pension Plans

The Company has noncontributory pension plans covering substantially all non-Trane U.S. employees and maintains a pension plan for non-collectively bargained U.S. employees of Trane, whereby eligible employees may elect to participate and receive a credit equal to 3% of eligible pay. Effective January 1, 2010, non-collectively bargained U.S. employees of Trane began to participate in the Company's main pension plan for U.S. non-collectively bargained employees. In addition, the Company maintains pension plans for Trane U.S. collectively bargained employees. Certain non-U.S. employees in other countries, including Trane employees, are covered by pension plans.

Most of the Company's pension plans for U.S. non-collectively bargained employees provided benefits on a final average pay formula. The Company's U.S. collectively bargained pension plans, including those covering employees of Trane, generally provide benefits based on a flat benefit formula. Generally, non-U.S. plans provide benefits based on earnings and years of service. The Company maintains additional other supplemental benefit plans for officers and other key employees.

In 2008, the Company adopted the measurement date provision of ASC 715 which required the measurement of plan assets and benefit obligations as of the date of the year-end financial statements. The Company recorded a one-time after-tax pension charge of $1.2 million to Retained earnings ($1.8 million pre-tax) as a result of changing the measurement date from November 30th to December 31st.

As a result of the acquisition of Trane in the second quarter of 2008, the Company assumed net obligations of $67.7 million, which consisted of noncurrent pension assets of $1.4 million and current and noncurrent pension benefit liabilities of $69.1 million. In connection with the sale of Compact Equipment and the Road Development business unit during 2007, the Company settled its obligation for pension benefits for all current and former employees related to these divestitures. In addition, certain of the Company's U.S. plans and the U.K. plan were remeasured as of the sale dates.

The following table details information regarding the Company's pension plans at December 31:

In millions	2009	2008
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 3,217.3	$ 2,572.4
Service cost	65.4	58.5
Interest cost	197.2	182.8
Employee contributions	2.8	2.6
Acquisitions	-	799.2
Amendments	9.2	12.0
Actuarial (gains) losses	290.1	(9.6)
Benefits paid	(227.9)	(232.7)
Currency translation	63.1	(200.7)
Curtailments and settlements	(21.6)	(1.1)
Adjustment due to adoption of ASC 715 measurement date provisions	-	2.6
Other, including expenses paid	3.3	31.3
Benefit obligation at end of year	$ 3,598.9	$ 3,217.3
Change in plan assets:		
Fair value at beginning of year	$ 2,363.1	$ 2,500.9
Actual return on assets	403.6	(523.2)
Company contributions	113.5	64.1
Employee contributions	2.8	2.6
Acquisitions	-	731.5
Benefits paid	(227.9)	(232.7)
Currency translation	49.4	(165.8)
Settlements	(11.9)	(0.9)
Adjustment due to adoption of ASC 715 measurement date provisions	-	(42.5)
Other, including expenses paid	3.3	29.1
Fair value of assets end of year	$ 2,695.9	$ 2,363.1
Funded status:		
Plan assets less than the benefit obligations	$ (903.0)	$ (854.2)
Amounts included in the balance sheet:		
Other noncurrent assets	$ 1.1	$ 0.2
Accrued compensation and benefits	(11.7)	(26.0)
Post employment and other benefit liabilities	(892.4)	(828.4)
Net amount recognized	$ (903.0)	$ (854.2)

It is the Company's objective to contribute to the pension plans to ensure adequate funds are available in the plans to make benefit payments to plan participants and beneficiaries when required. However, certain plans are not or cannot be funded due to either legal or tax requirements in certain jurisdictions. As of December 31, 2009, approximately six percent of our projected benefit obligation relates to plans that cannot be funded.

The pretax amounts recognized in Accumulated other comprehensive income (loss) were as follows:

In millions	Net transition obligation	Prior service cost	Net actuarial losses	Total
December 31, 2008	$ (0.3)	$ (42.7)	$ (1,105.7)	$ (1,148.7)
Current year changes recorded to Accumulated other comprehensive income (loss)	-	(9.3)	(65.3)	(74.6)
Amortization reclassified to earnings	0.2	8.5	59.4	68.1
Settlements/curtailments reclassified to earnings	-	1.8	9.9	11.7
Currency translation and other	-	-	(26.5)	(26.5)
December 31, 2009	$ (0.1)	$ (41.7)	$ (1,128.2)	$ (1,170.0)

Weighted-average assumptions used:

Benefit obligations at December 31,	2009	2008
Discount rate:		
U.S. plans	5.75%	6.25%
Non-U.S. plans	5.50%	6.50%
Rate of compensation increase:		
U.S. plans	4.00%	4.00%
Non-U.S. plans	4.75%	4.50%

The accumulated benefit obligation for all defined benefit pension plans was $3,442.2 million and $3,082.7 million at December 31, 2009 and 2008, respectively. The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with accumulated benefit obligations more than plan assets were $3,529.6 million, $3,382.7 million and $2,629.8 million, respectively, as of December 31, 2009, and $3,194.8 million, $3,066.0 million and $2,345.0 million, respectively, as of December 31, 2008.

Pension benefit payments are expected to be paid as follows:

In millions	
2010	$ 230.9
2011	230.7
2012	220.7
2013	228.5
2014	235.9
2015 - 2019	1,276.9

The components of the Company's pension related costs for the years ended December 31, include the following:

In millions	2009	2008	2007
Service cost	$ 65.4	$ 58.5	$ 52.0
Interest cost	197.2	182.8	164.3
Expected return on plan assets	(178.4)	(230.1)	(228.7)
Net amortization of:			
Prior service costs	8.5	8.8	9.2
Transition amount	0.2	0.7	0.9
Plan net actuarial losses	59.4	10.3	13.8
Net periodic pension benefit cost	152.3	31.0	11.5
Net curtailment and settlement (gains) losses	2.0	2.3	63.5
Net periodic pension benefit cost after net curtailment and settlement (gains) losses	$ 154.3	$ 33.3	$ 75.0
Amounts recorded in continuing operations	$ 142.9	$ 44.8	$ 20.6
Amounts recorded in discontinued operations	11.4	(11.5)	54.4
Total	$ 154.3	$ 33.3	$ 75.0

The curtailment and settlement losses in 2009 are associated with restructuring of operations. The curtailment and settlement losses in 2008 are associated with lump sum distributions under supplemental benefit plans for officers and other key employees. The curtailment and settlement gains and losses in 2007 are associated with the divestiture of Compact Equipment and the Road Development business unit.

Pension expense for 2010 is projected to be approximately $167 million, utilizing the assumptions for calculating the pension benefit obligations at the end of 2009. The amounts expected to be recognized in net periodic pension cost during the year ended 2010 for the net transition obligation, prior service cost and plan net actuarial losses are $0.1 million, $8.8 million and $56.9 million, respectively.

Weighted-average assumptions used:

Net periodic pension cost for the year ended December 31,	2009	2008	2007
Discount rate:			
U.S. plans			
For the period January 1 to April 30	6.25%	6.25%	5.50%
For the period May 1 to November 30 *	6.25%	6.25%	5.75%
For the period December 1 to December 31	6.25%	6.25%	6.25%
Non-U.S. plans			
For the period January 1 to April 30	6.50%	6.00%	5.00%
For the period May 1 to November 30 *	6.50%	6.00%	5.50%
For the period December 1 to December 31	6.50%	6.00%	6.00%
Rate of compensation increase:			
U.S. plans	4.00%	4.00%	4.00%
Non-U.S. plans			
For the period January 1 to April 30	4.50%	4.50%	4.25%
For the period May 1 to November 30 *	4.50%	4.50%	4.35%
For the period December 1 to December 31	4.50%	4.50%	4.50%
Expected return on plan assets:			
U.S. plans	7.75%	8.50%	8.50%
Non-U.S. plans	7.25%	7.25%	7.25%

* Trane plans were valued at acquisition date assuming 6.75% for the discount rate, 4.00% for the rate of compensation increase and 8.25% for the expected return on plan assets

The expected long-term rate of return on plan assets reflects the average rate of returns expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. The expected long-term rate of return on plan assets is based on what is achievable given the plan's investment policy, the types of assets held and target asset allocations. The expected long-term rate of return is determined as of the measurement date. The Company reviews each plan and its historical returns and target asset allocations to determine the appropriate expected long-term rate of return on plan assets to be used.

The Company's investment objectives in managing its defined benefit plan assets are to ensure that present and future benefit obligations to all participants and beneficiaries are met as they become due; to provide a total return that, over the long-term, minimizes required company contributions, at the appropriate levels of risk; and to meet any statutory and regulatory requirements. Key investment management decisions reviewed regularly are asset allocations and investment manager performance. Asset/liability modeling (ALM) studies are used as the basis for global asset allocation decisions and are updated as required.

Based on ALM studies, the Company has set its target strategic global asset allocations for its plans to be broadly 40% equities and 60% debt and real estate. Asset allocations are reviewed at least quarterly and appropriate adjustments are made as necessary.

The fair values of the Company's pension plan assets at December 31, 2009 by asset category are as follows:

	Fair value measurements			Total
In millions	Level 1	Level 2	Level 3	fair value
Cash and cash equivalents	$ 28.1	$ 23.3	$ -	$ 51.4
Equity investments:				
Common and preferred stocks [(a)]	94.9	-	-	94.9
Commingled funds – equity specialty [(b)]	-	1,141.2	-	1,141.2
	94.9	1,141.2	-	1,236.1
Fixed income investments:				
U.S. government and agency obligations [(c)]	-	405.8	-	405.8
Corporate and non-U.S. bonds	-	497.2	-	497.2
Asset-backed and mortgage-backed securities	-	230.3	-	230.3
Commingled funds – fixed income specialty [(d)]	21.5	233.4	-	254.9
Other fixed income [(e)]	-	-	21.3	21.3
	21.5	1,366.7	21.3	1,409.5
Derivatives	-	(1.0)	-	(1.0)
Real estate [(f)]	-	-	25.0	25.0
Other [(g)]	-	-	35.4	35.4
Total assets at fair value	$ 144.5	$2,530.2	$81.7	$2,756.4
Receivables and payables, net				(60.5)
Net assets available for benefits				$2,695.9

(a) This class represents developed market equities of actively managed funds. Investment holdings include common stocks, preferred stocks and American Depository Receipts.

(b) This class includes commingled funds managed by investment managers that focuses on equity investments. It includes both indexed and actively managed funds.

(c) This class represents U.S. treasuries and state and municipal bonds.

(d) This class comprises commingled funds actively managed by investment managers that focuses on fixed income securities.

(e) This class includes insurance contracts with guaranteed income portion as well as sovereign debts.

(f) This class includes several private equity funds that invest in real estate. It includes both direct investment funds and funds-of-funds.

(g) This investment comprises the Company's non-significant foreign pension plan assets. It mostly includes insurance contracts.

See Note 16 for additional information related to the fair value hierarchy defined by FASB ASC 820, "Fair Value Measurements and Disclosures" (ASC 820).

The Company made contributions to its pension plans of $113.5 million in 2009, $64.1 million in 2008, and $25.5 million in 2007. The Company currently projects that it will contribute approximately $85 million to its plans worldwide in 2010. The Company's policy allows it to fund an amount, which could be in excess of or less than the pension cost expensed, subject to the limitations imposed by current tax regulations. The Company anticipates funding the plans in 2010 in accordance with contributions required by funding regulations or the laws of each jurisdiction.

Most of the Company's U.S. employees are covered by savings and other defined contribution plans. Employer contributions are determined based on criteria specific to the individual plans and amounted to approximately $86.0 million (including $50.6 million for Trane plans), $78.8 million (including $43.5 million for Trane plans), and $47.8 million in 2009, 2008 and 2007, respectively. The Company's contributions relating to non-U.S. defined contribution plans and other non-U.S. benefit plans were $19.5 million (including $1.7 million for Trane plans), $16.3 million (including $3.8 million for Trane plans) and $11.4 million in 2009, 2008 and 2007, respectively.

Postretirement Benefits Other Than Pensions
The Company sponsors several postretirement plans that cover certain eligible employees, including certain Trane employees since the Acquisition Date. These plans provide for health-care benefits, and in some instances, life insurance benefits. Postretirement health plans generally are contributory and contributions are adjusted annually. Generally, life insurance plans for retirees are primarily noncontributory. The Company funds the postretirement benefit costs principally on a pay-as-you-go basis.

In 2008, the Company adopted the measurement date provision of ASC 715 which required the measurement of plan assets and benefit obligations as of the date of the year-end financial statements. The Company recorded a one-time after-tax charge for postretirement benefits of $2.5 million to Retained earnings ($4.7 million pre-tax) as a result of changing the measurement date from November 30th to December 31st.

As a result of the acquisition of Trane in the second quarter of 2008, the Company assumed unfunded obligations for retirement benefits other than pensions in the amount of $268.9 million. In connection with the sale of Compact Equipment and the Road Development business unit during 2007, the Company settled its obligation for postretirement benefits for all current and former employees related to these divestitures. In addition, the Company's U.S. postretirement plan was remeasured as of the sale dates.

The following table details information regarding the Company's postretirement plans at December 31:

In millions	2009	2008
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 946.2	$ 649.8
Service cost	9.0	7.3
Interest cost	55.8	49.7
Plan participants' contributions	21.5	14.9
Actuarial (gains) losses	32.6	16.6
Benefits paid, net of Medicare Part D subsidy *	(87.4)	(69.9)
Settlements/curtailments	(3.7)	-
Adjustments due to adoption of ASC 715 measurement date provision	-	3.6
Acquisition	-	268.9
Amendments	3.0	-
Other	2.4	5.3
Benefit obligations at end of year	$ 979.4	$ 946.2

* Amounts are net of Medicare Part D subsidy of $5.5 and $9.5 million in 2009 and 2008, respectively

Funded status:		
Plan assets less than benefit obligations	$ (979.4)	$ (946.2)
Amounts included in the balance sheet:		
Accrued compensation and benefits	$ (77.1)	$ (70.4)
Postemployment and other benefit liabilities	(902.3)	(875.8)
Total	$ (979.4)	$ (946.2)

The pretax amounts recognized in Accumulated other comprehensive income (loss) were as follows:

In millions	Prior service gains	Net actuarial losses	Total
Balance at December 31, 2008	$ 10.8	$ (192.7)	$ (181.9)
Current year changes recorded to Accumulatedother comprehensive income (loss)	(3.0)	(32.6)	(35.6)
Amortization reclassified to earnings	(3.2)	11.6	8.4
Settlements/curtailments reclassified to earnings	(0.4)	3.6	3.2
Currency translation and other	(0.1)	(0.2)	(0.3)
Balance at December 31, 2009	$ 4.1	$ (210.3)	$ (206.2)

The components of net periodic postretirement benefit (income) cost for the years ended December 31, were as follows:

In millions	2009	2008	2007
Service cost	$ 9.0	$ 7.3	$ 11.8
Interest cost	55.8	49.7	54.2
Net amortization of prior service gains	(3.2)	(3.4)	(3.8)
Net amortization of net actuarial losses	11.6	16.2	15.9
Net periodic postretirement benefit cost	73.2	69.8	78.1
Net curtailment and settlement (gains) losses	(0.5)	-	(265.9)
Net periodic postretirement benefit (income) cost after net curtailment and settlement (gains) losses	$ 72.7	$ 69.8	$ (187.8)
Amounts recorded in continuing operations	$ 43.9	$ 38.4	$ 22.7
Amounts recorded in discontinued operations	28.8	31.4	(210.5)
Total	$ 72.7	$ 69.8	$ (187.8)

The curtailment and settlement gains and losses in 2009 are associated with the restructuring of U.S. operations. The curtailment and settlement gains and losses in 2007 are associated with the divestiture of Compact Equipment and the Road Development business unit. Postretirement cost for 2010 is projected to be $76 million. Amounts expected to be recognized in net periodic postretirement benefits cost in 2010 for prior service gains and plan net actuarial losses are $2.9 million and $16.6 million, respectively.

Assumptions:	2009	2008	2007
Weighted-average discount rate assumption to determine:			
Benefit obligations at December 31	5.50%	6.25%	6.00%
Net periodic benefit cost			
For the period January 1 to April 30	6.25%	6.00%	5.50%
For the period May 1 to November 30 *	6.25%	6.00%	5.75%
For the period December 1 to December 31	6.25%	6.00%	6.00%
Assumed health-care cost trend rates at December 31:			
Current year medical inflation	9.25%	11.00%	11.00%
Ultimate inflation rate	5.00%	5.25%	5.25%
Year that the rate reaches the ultimate trend rate	2021	2015	2014

* Trane plans were valued assuming a 6.50% discount rate at the acquisition date.

A 1% change in the medical trend rate assumed for postretirement benefits would have the following effects at December 31, 2009:

In millions	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 2.0	$ (1.8)
Effect on postretirement benefit obligation	40.9	(34.9)

Benefit payments for postretirement benefits, which are net of expected plan participant contributions and Medicare Part D subsidy, are expected to be paid as follows:

In millions	
2010	$ 79.2
2011	82.8
2012	82.6
2013	82.2
2014	84.4
2015 - 2019	410.4

NOTE 16 – FAIR VALUE MEASUREMENTS

ASC 820 establishes a framework for measuring fair value that is based on the inputs market participants use to determine the fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs. The Company adopted this provision of ASC 820 on January 1, 2008. However, the Company has delayed its implementation of the provision of ASC 820 for the fair value of goodwill, indefinite-lived intangible assets and nonfinancial long-lived assets as allowed under GAAP. The fair value hierarchy outlined in ASC 820 is comprised of three levels that are described below:

- Level 1 – Inputs based on quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 quoted prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Unobservable inputs based on little or no market activity and that are significant to the fair value of the assets and liabilities.

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are obtained from independent sources and can be validated by a third party, whereas unobservable inputs reflect assumptions regarding what a third party would use in pricing an asset or liability based on the best information available under the circumstances. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2009 are as follows:

	Fair value measurements			Total
In millions	Level 1	Level 2	Level 3	fair value
Assets:				
Cash and cash equivalents	$ 876.7	$ -	$ -	$ 876.7
Marketable securities	11.8	-	-	11.8
Derivative instruments	-	7.3	-	7.3
Benefit trust assets	17.6	147.7	-	165.3
Total	$ 906.1	$ 155.0	$ -	$ 1,061.1
Liabilities:				
Derivative instruments	$ -	$ 7.9	$ -	$ 7.9
Benefit liabilities	18.6	178.5	-	197.1
Total	$ 18.6	$ 186.4	$ -	$ 205.0

See Note 15 for disclosure of fair value measurements related to the Company's pension assets.

ASC 820 defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair value of its financial assets and liabilities using the following methodologies:

- *Cash and cash equivalents* – These amounts include cash on hand, demand deposits and all highly liquid investments with original maturities at the time of purchase of three months or less and are held in U.S and non-U.S. currencies.

- *Marketable securities* – These securities include investments in publically traded stock of non-U.S. companies held by non-U.S. subsidiaries of the Company. The fair value is obtained for the securities based on observable market prices quoted on public stock exchanges.

- *Derivatives instruments* – These instruments include forward contracts related to non-U.S. currencies. The fair value of the derivative instruments are determined based on a pricing model that uses inputs from actively quoted currency markets that are readily accessible and observable.

- *Benefit trust assets* – These assets include money market funds and insurance contracts that are the underlying for the benefit assets. The fair value of the assets is based on observable market prices quoted in a readily accessible and observable market.

- *Benefit liabilities* – These liabilities include deferred compensation and executive death benefits. The fair value is based on the underlying investment portfolio of the deferred compensation and the specific benefits guaranteed in a death benefit contract with each executive.

Effective January 1, 2008, the Company also adopted the provisions of FASB ASC 825, "Financial Instruments" (ASC 825) that allow companies the option, at specified election dates, to measure financial assets and liabilities at their current fair value, with the corresponding changes in fair value from period to period recognized in the income statement. Additionally, ASC 825 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar assets and liabilities. As of December 31, 2009, the Company has not elected to utilize the fair value option on any of its financial assets or liabilities.

NOTE 17 – SHAREHOLDERS' EQUITY

Ingersoll-Rand Company Limited, a Bermuda Company (IR-Limited), was the successor to Ingersoll-Rand Company, a New Jersey Company (IR-New Jersey) following a corporate reorganization that became effective on December 31, 2001 (the Bermuda Reorganization). Upon consummation, the shares of IR-New Jersey common stock were cancelled and all previous holders were issued IR-Limited Class A common shares. The Bermuda Reorganization was accounted for as a reorganization of entities under common control and accordingly, did not result in any changes to the consolidated amounts of assets, liabilities and shareholders' equity.

Ingersoll-Rand plc, an Irish public limited company (IR-Ireland), is the successor to IR-Limited, following a corporate reorganization that became effective on July 1, 2009 (the Ireland Reorganization). Upon consummation, the shares of IR-Limited Class A common shares were cancelled and all previous holders were issued IR-Ireland ordinary shares. The Ireland Reorganization was accounted for as a reorganization of entities under common control and accordingly, did not result in any changes to the consolidated amounts of assets, liabilities and shareholders' equity. See Note 2 for a further discussion of the Ireland Reorganization.

Common Stock
At December 31, 2009, a reconciliation of common shares is as follows:

In millions	Total
December 31, 2008	318.8
Shares issued under incentive plans	1.8
December 31, 2009	320.6

The authorized share capital of IR-Ireland is $1,175,010,000, consisting of (1) 1,175,000,000 common shares, par value $1.00 per share, and (2) 10,000,000 preference shares, par value $0.001 per share. No preference shares were outstanding at December 31, 2009 or 2008.

Treasury Stock
The Company treats common shares of the parent owned by a subsidiary as treasury stock. These shares are recorded at cost and included in the Shareholders' equity section. At December 31, 2007, Class A common shares of IR-Limited owned by the Company amounted to 97.4 million. As a result of the acquisition of Trane in June 2008, the Company issued 45.4 million IR-Limited Class A common shares to fund the equity portion of the consideration. In June 2009, IR-Limited cancelled the remaining 52.0 million shares in anticipation of the Ireland Reorganization that became effective on July 1, 2009.

Accumulated Other Comprehensive Income (Loss)
The components of Accumulated other comprehensive income (loss) are as follows:

In millions	2009	2008
Foreign currency translation adjustment	$ 504.3	$ 437.0
Change in fair value of derivatives qualifyingas cash flow hedges, net of tax	(8.6)	(2.4)
Unrealized loss on marketable securities, net of tax	(4.7)	(10.1)
Pension and postretirement obligation adjustments, net of tax	(925.3)	(875.3)
Accumulated other comprehensive income (loss)	$ (434.3)	$ (450.8)

NOTE 18 – SHARE-BASED COMPENSATION
The Company records share-based compensation awards using a fair value method and recognizes compensation expense for an amount equal to the fair value of the share-based payment issued in its consolidated financial statements.

On June 3, 2009, the shareholders of the Company approved the amendment and restatement of the Incentive Stock Plan of 2007, which authorizes the Company to issue stock options and other share-based incentives. As a result, the total number of shares authorized by the shareholders was increased to 27.0 million, of which 15.0 million remains available as of December 31, 2009 for future incentive awards.

Modifications Relating to the Reorganization
In connection with the Ireland Reorganization discussed in Note 2, on July 1, 2009, IR-Ireland assumed the existing obligations of IR-Limited under the equity incentive plans and other similar employee award plans of Ingersoll Rand (collectively, the Plans), including all awards issued thereunder. Furthermore, the Plans were amended by IR-Limited to provide (1) that ordinary shares of IR-Ireland will be issued, held available or used to measure benefits as appropriate under the Plans, in lieu of the Class A common shares of IR-Limited, including upon exercise of any options or share appreciation rights or upon the vesting of restricted stock units or performance units issued under those Plans; and (2) for the appropriate substitution of IR-Ireland for IR-Limited in those Plans.

Stock Options / Restricted Stock Units

On February 12, 2009, the Compensation Committee of the Company's Board of Directors approved a change to the Company's equity grant approach whereby options are no longer used as the predominant equity vehicle for eligible participants; instead a mix of options and restricted stock units (RSUs) are utilized. The RSUs vest ratably over three years and any accrued dividends will be paid in cash at the time of vesting. As a result of this change, eligible participants received (i) stock options, (ii) RSUs or (iii) a combination of both stock options and RSUs under the Company's Incentive Stock Plan of 2007.

The average fair value of the stock options granted for the year ended December 31, 2009 and 2008 was estimated to be $5.82 per share and $11.56 per share, respectively, using the Black-Scholes option-pricing model. The following assumptions were used:

	2009	2008
Dividend yield	1.97%	1.58%
Volatility	43.19%	31.48%
Risk-free rate of return	1.76%	2.95%
Expected life	5.10 years	5.36 years

The fair value of each of the Company's stock option awards is expensed on a straight-line basis over the required service period, which is generally the three-year vesting period of the options. However, for options granted to retirement eligible employees, the Company recognizes expense for the fair value of the options at the grant date. Expected volatility is based on the historical volatility from traded options on the Company's stock. The risk-free rate of return is based on the yield curve of a zero-coupon U.S. Treasury bond on the date the award is granted with a maturity equal to the expected term of the award. Historical data is used to estimate forfeitures within the Company's valuation model. The Company's expected life of the stock option awards is derived from historical experience and represents the period of time that awards are expected to be outstanding.

Changes in options outstanding under the plans for the years 2007, 2008 and 2009 are as follows:

	Shares subject to option	Weighted-average exercise price	Aggregate intrinsic value (millions)	Weighted-average remaining life
December 31, 2006	19,164,942	31.54		
Granted	3,528,225	43.77		
Exercised	(5,386,093)	29.70		
Cancelled	(882,183)	41.16		
December 31, 2007	16,424,891	34.25		
Granted	5,088,599	40.48		
Trane options exchanged for IR options	7,408,134	18.50		
Exercised	(685,508)	26.56		
Cancelled	(1,020,889)	39.84		
December 31, 2008	27,215,227	31.11		
Granted	4,165,032	17.34		
Exercised	(1,543,323)	21.45		
Cancelled	(1,978,853)	31.99		
Outstanding December 31, 2009	27,858,083	$ 29.54	$ 232.8	5.2
Exercisable December 31, 2009	20,030,794	$ 29.68	$ 159.7	4.0

As part of the acquisition of Trane, 7.4 million Trane options were converted at the option of the holders into options to acquire shares of IR-Limited Class A common shares based on the option exchange ratio set forth in the merger agreement.

The following table summarizes information concerning currently outstanding and exercisable options:

Range of exercise price				Options outstanding: Number outstanding at December 31, 2009	Weighted-average remaining life	Weighted-average exercise price	Options exercisable: Number exercisable at December 31, 2009	Weighted-average remaining life	Weighted-average exercise price
$ 0.00	-	$	10.00	111,804	0.7	$ 8.62	111,804	0.7	$ 8.62
10.01	-		20.00	8,273,001	5.4	14.57	4,420,993	2.3	12.63
20.01	-		30.00	3,502,277	3.7	22.89	3,495,277	3.7	22.89
30.01	-		40.00	11,759,090	5.0	37.24	9,777,400	4.4	36.93
40.01	-		50.00	4,047,245	6.9	43.20	2,143,322	6.4	43.08
50.01	-		60.00	164,666	6.9	52.50	81,998	6.2	53.39
$ 4.76	-	$	55.22	27,858,083	5.2	$ 29.54	20,030,794	4.0	$ 29.68

At December 31, 2009, there was $28.2 million of total unrecognized compensation cost from stock option arrangements granted under the plan, which is related to unvested shares of non-retirement eligible employees. This compensation will be recognized over the required service period, which is generally the three-year vesting period. The aggregate intrinsic value of options exercised during the year ended December 31, 2009 and 2008 was $16.5 million and $9.2 million, respectively.

Generally, stock options vest ratably over a three-year period from their date of grant and expire at the end of ten years.

On February 12, 2009, the Company granted annual RSU awards. The fair value of each of the Company's RSU awards is measured as the grant-date price of the Company's shares and is expensed on a straight-line basis over the three year vesting period. For RSUs granted to retirement eligible employees, the Company recognizes expense for the fair value of the RSUs at the grant date. RSUs vest ratably over a three-year period.

The following table summarizes RSU activity during the year ended December 31, 2009:

	RSUs	Weighted-average grant date fair value
Outstanding and unvested at December 31, 2008	-	$ -
Granted	921,182	16.85
Vested	(6,521)	16.85
Cancelled	(49,905)	16.85
Outstanding and unvested at December 31, 2009	864,756	$16.85

At December 31, 2009, there was $7.9 million of total unrecognized compensation cost from RSU arrangements granted under the plan, which is related to unvested shares of non-retirement eligible employees. This compensation will be recognized over the required service period, which is generally the three-year vesting period.

SARs

All SARs outstanding as of December 31, 2009 are vested and expire ten years from the date of grant. All SARs exercised are settled with the Company's ordinary shares.

The following table summarizes the information for currently outstanding SARs:

	Shares subject to exercise	Weighted-average exercise price	Aggregate intrinsic value (millions)	Weighted-average remaining life
December 31, 2006	1,693,754	$ 33.11		
Granted	-	-		
Exercised	(476,400)	30.31		
Cancelled	(47,377)	34.72		
December 31, 2007	1,169,977	33.99		
Granted	-	-		
Exercised	(40,636)	27.98		
Cancelled	(55,869)	37.85		
December 31, 2008	1,073,472	34.02		
Granted	-	-		
Exercised	(29,038)	22.73		
Cancelled	(73,662)	36.18		
Outstanding December 31, 2009	970,772	$ 34.19	$ 3.4	3.4
Exercisable December 31, 2009	970,772	$ 34.19	$ 3.4	3.4

Note: The Company did not grant SARS during 2007, 2008, and 2009 and does not anticipate further granting in the future.

Performance Shares

The Company has a Performance Share Program (PSP) for key employees. The program provides awards based on performance against pre-established objectives. The target award level is expressed as a number of the Company's ordinary shares. All PSP awards are settled in the form of ordinary shares.

On February 12, 2009, the Compensation Committee determined the PSP awards for the performance year 2008. In doing so, primary emphasis was placed on financial objectives in light of the current economic environment. The 2008 PSP awards have a one-year vesting period.

On October 4, 2008, the Compensation Committee approved certain changes to the Company's long-term incentive compensation programs to be implemented beginning with the 2009 performance year. Under these changes, the performance period under the Company's PSP Program was changed from one year to three years starting with year 2009 in order to increase the long-term nature of incentive compensation for PSP participants. In addition, these PSP awards are based on the Company's relative EPS growth as compared to the industrial group of companies in the S&P 500 Index over the three-year performance period. To transition between the previous one-year PSP program and the revised three year PSP program, there is a one-time PSP award with a two-year performance period for 2009 through 2010, which is based on the Company's EPS growth relative to the industrial group of companies in the S&P 500 Index and the publicly announced Trane acquisition synergy savings.

Deferred Compensation
The Company allows key employees to defer a portion of their eligible compensation into a number of investment choices, including ordinary share equivalents. Any amounts invested in ordinary share equivalents will be settled in ordinary shares at the time of distribution.

Other Plans
The Company maintains a shareholder-approved Management Incentive Unit Award Plan. Under the plan, participating key employees were awarded incentive units. When dividends are paid on ordinary shares, phantom dividends are awarded to unit holders, one-half of which is paid in cash, the remaining half of which is credited to the participants' accounts in the form of ordinary share equivalents. The value of the actual incentive units is never paid to participants, and only the fair value of accumulated ordinary share equivalents is paid in cash upon the participants' retirement. The number of ordinary share equivalents credited to participants' accounts at December 31, 2009 is 109,480.

The Company has issued stock grants as an incentive plan for certain key employees, with varying vesting periods. All stock grants are settled with the Company's ordinary shares. At December 31, 2009, there were 278,802 stock grants outstanding, all of which were vested.

Compensation Expense
Share-based compensation expense is included in Selling and administrative expenses. The following table summarizes the expenses recognized:

In millions	2009	2008	2007
Stock options	$36.8	$39.5	$21.4
RSUs	6.6	-	-
Performance shares	22.4	2.1	11.3
Deferred compensation	2.7	2.1	1.8
SARs and other	2.4	1.5	1.0
Pre-tax expense	70.9	45.2	35.5
Tax benefit	27.1	17.3	13.6
After tax expense	$43.8	$27.9	$21.9
Amounts recorded in continuing operations	$43.8	$27.9	$21.9
Amounts recorded in discontinued operations	-	-	3.9
Total	$43.8	$27.9	$25.8

NOTE 19 – OTHER, NET
At December 31, the components of Other, net were as follows:

In millions	2009	2008	2007
Interest income	$ 13.3	$ 95.6	$ 36.2
Currency gain (loss)	(36.1)	(41.9)	(2.8)
Earnings from equity investments	8.1	3.4	1.0
Other	34.4	6.1	(4.2)
Other, net	$ 19.7	$ 63.2	$ 30.2

Included in currency exchange gains (losses) above is a $24 million charge recorded in the fourth quarter of 2009, associated with the recent devaluation in the Venezuelan Bolivar. At December 31, 2009, the Company remeasured its foreign currency receivables and payables associated with the Venezuelan Bolivar at the parallel rate of 6.0 Bolivars for each U.S. dollar, based on the Company's inability to settle certain transactions through the official government channels in an expeditious manner. Previously, the Company remeasured all foreign currency transactions at the official rate of 2.15 Bolivars for each U.S. dollar. In addition, effective January 1, 2010, Venezuela has been designated highly inflationary, as the blended Consumer Price Index/National Consumer Price Index reached cumulative three-year inflation in excess of 100% during the fourth quarter of 2009. As such, all future foreign currency fluctuations will be recorded in income.

In the fourth quarter of 2009, the Company recorded income of approximately $25 million primarily related to a favorable settlement with an insurance carrier associated with a portion of the Company's asbestos obligation, which is included in other in the table above.

NOTE 20 – INCOME TAXES

Earnings (loss) before income taxes for the years ended December 31 were taxed within the following jurisdictions:

In millions	2009	2008	2007
United States	$ (305.5)	$(3,564.5)	$ (197.1)
Non-U.S.	864.6	808.5	1,148.9
Total	$ 559.1	$(2,756.0)	$ 951.8

The components of Provision (benefit) for income taxes for the years ended December 31 were as follows:

In millions	2009	2008	2007
Current tax expense (benefit):			
United States	$ (24.2)	$ (4.9)	$ (83.6)
Non U.S.	127.5	130.3	141.4
Total:	103.3	125.4	57.8
Deferred tax expense (benefit):			
United States	7.8	(312.4)	131.1
Non U.S.	(39.8)	(21.6)	15.5
Total:	(32.0)	(334.0)	146.6
Total tax expense (benefit):			
United States	(16.4)	(317.3)	47.5
Non U.S.	87.7	108.7	156.9
Total	$ 71.3	$ (208.6)	$ 204.4

The Provision (benefit) for income taxes differs from the amount of income taxes determined by applying the applicable U.S. statutory income tax rate to pretax income, as a result of the following differences:

	Percent of pretax income		
	2009	2008	2007
Statutory U.S. rate	35.0%	35.0%	35.0%
Increase (decrease) in rates resulting from:			
Non-U.S. operations	(21.4)	9.4	(21.0)
State and local income taxes, net of U.S. tax	9.7	(0.3)	(0.1)
Non-deductible impairment charge	-	(35.1)	-
Tax reserves (including uncertain tax position reserves)	(3.5)	(2.5)	8.0
Provision to return and other true-up adjustments	(6.4)	1.0	1.0
Other adjustments	(0.6)	-	(1.1)
Effective tax rate	12.8%	7.5%	21.8%

Tax incentives, in the form of tax holidays, have been granted in certain jurisdictions to encourage industrial development. The expiration of these tax holidays varies by country. The most significant tax holiday relates to the Company's qualifying locations in Ireland, which were granted a 10% tax rate through 2010. The benefit for the tax holidays for the year ended December 31, 2009 and 2008 was $1.4 million and $4.1 million, respectively.

At December 31, a summary of the deferred tax accounts were as follows:

In millions	2009	2008
Deferred tax assets:		
Inventory and accounts receivable	$ 40.1	$ 29.3
Fixed assets and intangibles	16.0	23.5
Postemployment and other benefit liabilities	928.4	833.8
Product liability	293.0	324.8
Other reserves and accruals	269.4	198.4
Net operating losses and credit carryforwards	954.7	750.2
Other	107.4	248.8
Gross deferred tax assets	2,609.0	2,408.8
Less: deferred tax valuation allowances	(353.7)	(247.8)
Deferred tax assets net of valuation allowances	$ 2,255.3	$ 2,161.0
Deferred tax liabilities:		
Inventory and accounts receivable	$ (54.6)	$ (60.0)
Fixed assets and intangibles	(2,360.2)	(2,368.4)
Postemployment and other benefit liabilities	(2.5)	(7.5)
Other reserves and accruals	(13.5)	(5.8)
Other	(99.6)	(77.5)
Gross deferred tax liability	(2,530.4)	(2,519.2)
Net deferred tax assets (liabilities)	$ (275.1)	$ (358.2)

At December 31, 2009, no deferred taxes have been provided for any portion of the $6.0 billion of undistributed earnings of the Company's subsidiaries, since these earnings have been, and under current plans will continue to be, permanently reinvested in these subsidiaries, and it is not practicable to estimate the amount of additional taxes which may be payable upon distribution.

At December 31, 2009, the Company had the following operating loss and tax credit carryforwards available to offset taxable income in prior and future years:

In millions	Amount	Expiration Period
U.S. Federal net operating loss carryforwards	$1,381.6	2010-2029
U.S. Federal credit carryforwards	70.1	2014-2029
U.S. State net operating loss carryforwards	3,312.3	2010-2029
Non-U.S. net operating loss carryforwards	1,251.6	2010-Unlimited
Non-U.S. credit carryforwards	9.5	Unlimited

The U.S. state net operating loss carryforwards were incurred in various jurisdictions. The non-U.S. net operating loss carryforwards were incurred in various jurisdictions, predominantly in Belgium, Brazil, Germany, the Netherlands, Spain, Switzerland and the United Kingdom.

Activity associated with the Company's valuation allowance is as follows:

In millions	2009	2008	2007
Beginning balance	$247.8	$210.1	$184.2
Increase to valuation allowance	167.1	66.7	56.4
Decrease to valuation allowance	(17.8)	(7.5)	(29.2)
Other deductions	(4.9)	-	-
Write off against valuation allowance	(41.3)	-	-
Acquisition and purchase accounting	(38.9)	12.3	2.7
Accumulated other comprehensive income (loss)	41.7	(33.8)	(4.0)
Ending balance	$353.7	$247.8	$210.1

Effective January 1, 2007, the Company adopted the provisions of FASB ASC 740, "Income Taxes," (ASC 740) which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. Additionally, ASC 740 provides guidance on the recognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions. As a result of adopting these provisions of ASC 740 as of January 1, 2007, the company recorded additional liabilities to its previously established reserves, and a corresponding decrease in retained earnings of $145.6 million.

The Company has total unrecognized tax benefits of $525.1 million and $589.6 million as of December 31, 2009, and December 31, 2008, respectively. The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate are $453.4 million as of December 31, 2009. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

In millions	2009	2008	2007
Beginning balance	$ 589.6	$379.8	$ 457.0
Additions based on tax positions related to the current year	25.2	28.8	22.5
Additions based on tax positions related to acquisitions	-	190.4	-
Additions based on tax positions related to prior years	80.5	60.6	68.0
Reductions based on tax positions related to prior years	(121.8)	(55.4)	(33.4)
Reductions related to settlements with tax authorities	(33.4)	(1.3)	(141.0)
Reductions related to lapses of statute of limitations	(18.9)	(3.8)	(0.6)
Translation (gain)/loss	3.9	(9.5)	7.3
Ending balance	$ 525.1	$589.6	$ 379.8

In connection with Trane's spin-off of WABCO, Trane and WABCO entered into a tax sharing agreement for the allocation of pre spin-off taxes. Of the total unrecognized tax benefit of $525.1 million at December 31, 2009, WABCO has agreed to indemnify Trane for $28.3 million, which is reflected in an other long-term receivable account.

The Company records interest and penalties associated with the uncertain tax positions within its Provision for income taxes. The Company had reserves associated with interest and penalties, net of tax, of $80.3 million and $91.3 million at December 31, 2009, and December 31, 2008, respectively. For the year ended December 31, 2009 and December 31, 2008, the Company recognized $6.3 million and $20.7 million, respectively, in interest and penalties net of tax related to these uncertain tax positions.

It is reasonably possible that the total amount of unrecognized tax benefits could change within 12 months as a result of settlements of ongoing tax examinations resulting in a decrease of approximately $8.2 million in the unrecognized tax benefits.

The provision for income taxes involves a significant amount of management judgment regarding interpretation of relevant facts and laws in the jurisdictions in which the Company operates. Future changes in applicable laws, projected levels of taxable income and tax planning could change the effective tax rate and tax balances recorded by the Company. In addition, tax authorities periodically review income tax returns filed by the Company and can raise issues regarding its filing positions, timing and amount of income or deductions, and the allocation of income among the jurisdictions in which the Company operates. A significant period of time may elapse between the filing of an income tax return and the ultimate resolution of an issue raised by a revenue authority with respect to that return. In the normal course of business the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Brazil, Canada, Germany, Ireland, Italy, the Netherlands and the United States. In general, the examination of the Company's material tax returns is completed for the years prior to 2000, with certain matters being resolved through appeals and litigation.

The Internal Revenue Service (IRS) has completed the examination of the Company's federal income tax returns through the 2000 tax year and has issued a notice proposing adjustments. The principal proposed adjustment relates to the disallowance of certain capital losses. In order to reduce the potential interest expense associated with this matter, the Company made a payment of $217 million in the third quarter of 2007, which reduced the Company's total liability for uncertain tax positions by $141 million. Similarly, during the third quarter of 2008, the Company made an additional payment of $55.1 million related to a potential penalty assessment plus accrued interest on this matter. During the fourth quarter of 2009, the Company reached a settlement of this matter with the IRS which resulted in no additional payments or charges.

On July 20, 2007, the Company received a notice from the IRS containing proposed adjustments to the Company's tax filings in connection with an audit of the 2001 and 2002 tax years. The IRS did not contest the validity of the Company's reincorporation in Bermuda. The most significant adjustments proposed by the IRS involve treating the entire intercompany debt incurred in connection with the Company's reincorporation in Bermuda as equity. As a result of this recharacterization, the IRS disallowed the deduction of interest paid on the debt and imposed dividend withholding taxes on the payments denominated as interest. The IRS also asserted an alternative argument to be applied if the intercompany debt is respected as debt. In that circumstance the IRS proposed to ignore the entities that hold the debt and to which the interest was paid and impose 30% withholding tax on a portion of the interest payments as if they were made directly to a company that was not eligible for reduced U.S withholding tax under a U.S income tax treaty. The IRS asserted under this alternative theory that the Company owes additional taxes with respect to 2002 of approximately $84 million plus interest. If either of these positions were upheld in their entirety the Company would be required to record additional charges. The Company strongly disagreed with the view of the IRS and filed a protest with the IRS in the third quarter of 2007.

On January 12, 2010, the Company received an amended notice from the IRS eliminating its assertion that the intercompany debt incurred in connection with the Company's reincorporation in Bermuda should be treated as equity. However, the IRS continues to assert the alternative position described above and proposes adjustments to the Company's 2001 and 2002 tax filings. In addition, the IRS provided notice on January 19, 2010, that it is assessing penalties of 30% on the asserted underpayment of tax described above.

The Company has and intends to continue to vigorously contest these proposed adjustments. The Company, in consultation with its outside advisors, carefully considered the form and substance of the Company's intercompany financing arrangements including the actions necessary to qualify for the benefits of the applicable U.S. income tax treaties. The Company believes that these financing arrangements are in accordance with the laws of the relevant jurisdictions including the U.S., that the entities involved should be respected and that the interest payments qualify for the U.S income tax treaty benefits claimed.

Although the outcome of this matter cannot be predicted with certainty, based upon an analysis of the strength of its position, the Company believes that it is adequately reserved for this matter. As the Company moves forward to resolve this matter with the IRS, it is reasonably possible that the reserves established may be adjusted within the next 12 months. However, the Company does not expect that the ultimate resolution will have a material adverse impact on its future results of operations or financial position. At this time, the IRS has not proposed any similar adjustments for years subsequent to 2002. However, if all or a portion of these adjustments proposed by the IRS are ultimately sustained, it is likely to also affect subsequent tax years.

The Company believes that it has adequately provided for any reasonably foreseeable resolution of any tax disputes, but will adjust its reserves if events so dictate in accordance with GAAP. To the extent that the ultimate results differ from the original or adjusted estimates of the Company, the effect will be recorded in the provision for income taxes.

During 2009, the Company identified certain accounting errors associated with its previously reported income tax balance sheet accounts. The Company corrected these errors in 2009, which resulted in a tax benefit for the year of $13 million recorded to continuing operations, of which $10 million was recorded in the fourth quarter, and a tax charge for the year of $29 million recorded to discontinued operations. The Company does not believe that the accounting errors are material to 2009 or to any of its previously issued financial statements. As a result, the Company did not adjust any prior period amounts.

In addition, during the fourth quarter of 2009, the Company recorded a tax charge of approximately $54 million (net of federal benefit) associated with increasing its deferred tax asset valuation allowances for state net operating losses. In addition, the Company wrote-off foreign tax credit carryforwards and recorded a tax charge of $42 million in the third quarter of 2009.

NOTE 21 – DIVESTITURES AND DISCONTINUED OPERATIONS

The components of discontinued operations for the years ended December 31 are as follows:

In millions	2009	2008	2007
Revenues	$ -	$ 15.3	$ 2,957.8
Pre-tax earnings (loss) from operations	(60.5)	(50.3)	(82.5)
Pre-tax gain (loss) on sale	1.6	(5.2)	4,391.6
Tax benefit (expense)	47.3	(1.9)	(1,066.5)
Discontinued operations, net	$ (11.6)	$ (57.4)	$ 3,242.6

During 2009, the Company recorded a tax benefit of $28 million primarily associated with reducing its liability for unrecognized tax benefits, and a tax charge of $29 million associated with correcting immaterial accounting errors. See Note 20 for a further description of these tax matters.

Pre-tax loss from operations in 2007 includes a non-cash charge of $449.0 million related to the Company's liability for all pending and estimated future asbestos claims through 2053 as discussed below in "Other Discontinued Operations".

Discontinued operations by business for the years ended December 31 are as follows:

In millions	2009	2008	2007
Compact Equipment, net of tax	$ (30.6)	$ (11.7)	$ 2,927.1
Road Development, net of tax	9.0	(29.8)	681.5
Other discontinued operations, net of tax	10.0	(15.9)	(366.0)
Total discontinued operations, net of tax	$ (11.6)	$ (57.4)	$ 3,242.6

Compact Equipment Divestiture
On July 29, 2007, the Company agreed to sell its Bobcat, Utility Equipment and Attachments businesses (collectively, Compact Equipment) to Doosan Infracore for gross proceeds of approximately $4.9 billion, subject to post-closing purchase price adjustments. The sale was completed on November 30, 2007. We are currently in the process of resolving the final purchase price adjustments with Doosan Infracore.

Compact Equipment manufactured and sold compact equipment, including skid-steer loaders, compact track loaders, mini-excavators and telescopic tool handlers; portable air compressors, generators and light towers; general-purpose light construction equipment; and attachments. The Company accounted for Compact Equipment as discontinued operations within the income statement.

Net revenues and after-tax earnings of Compact Equipment for the years ended December 31 were as follows:

In millions	2009	2008	2007
Net revenues	$ -	$ 15.3	$ 2,705.9
After-tax earnings (loss) from operations	$ 7.2	$ (0.6)	$ 275.1
Gain (loss) on sale, net of tax	(37.8)	(11.1)	2,652.0
Total discontinued operations, net of tax	$ (30.6)	$ (11.7)	$ 2,927.1

Road Development Divestiture
On February 27, 2007, the Company agreed to sell its Road Development business unit to AB Volvo (publ) for cash proceeds of approximately $1.3 billion. The sale was completed on April 30, 2007.

The Road Development business unit manufactured and sold asphalt paving equipment, compaction equipment, milling machines and construction-related material handling equipment. The Company accounted for the Road Development business unit as discontinued operations within the income statement.

Net revenues and after-tax earnings of the Road Development business unit for the years ended December 31 were as follows:

In millions	2009	2008	2007
Net revenues	$ -	$ -	$ 251.9
After-tax earnings (loss) from operations	$ 0.8	$ (0.4)	$ 37.8
Gain (loss) on sale, net of tax	8.2	(29.4)	643.7
Total discontinued operations, net of tax	$ 9.0	$ (29.8)	$ 681.5

Other Discontinued Operations
The Company also has retained costs from previously sold businesses that mainly include costs related to postretirement benefits, product liability and legal costs (mostly asbestos-related). The components of other discontinued operations for the years ended December 31 were as follows:

In millions	2009	2008	2007
Retained costs, net of tax	$ 4.4	$ (16.7)	$ (340.9)
Net gain (loss) on disposals, net of tax	5.6	0.8	(25.1)
Total discontinued operations, net of tax	$ 10.0	$ (15.9)	$ (366.0)

During the fourth quarter of 2007, the Company recorded a non-cash charge of $449.0 million ($277 million after-tax) related to the Company's liability for all pending and estimated future asbestos claims through 2053. Refer to Note 23 for further details on asbestos-related matters.

NOTE 22 – EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing Net earnings (loss) attibutable to Ingersoll-Rand plc by the weighted-average number of common shares outstanding for the applicable period. Diluted EPS is calculated after adjusting the denominator of the basic EPS calculation for the effect of all potentially dilutive common shares, which in the Company's case, includes shares issuable under share-based compensation plans and the effects of the Exchangeable Senior Notes issued in April 2009. The following table summarizes the weighted-average number of common shares outstanding for basic and diluted earnings per share calculations:

In millions	2009	2008	2007
Weighted-average number of basic shares	321.1	300.6	290.7
Shares issuable under incentive stock plans	2.9	3.1	4.6
Exchangeable Senior Notes	5.1	-	-
Weighted-average number of diluted shares	329.1	303.7	295.3
Anti-dilutive shares	17.6	27.7	0.2

As the Company experienced a net loss in 2008, the Company did not included the impact of shares issuable under incentive stock plans in the calculation of diluted EPS as the result would have an antidilutive effect on EPS.

NOTE 23 – COMMITMENTS AND CONTINGENCIES

The Company is involved in various litigations, claims and administrative proceedings, including those related to environmental and product liability matters. Amounts recorded for identified contingent liabilities are estimates, which are reviewed periodically and adjusted to reflect additional information when it becomes available. Subject to the uncertainties inherent in estimating future costs for contingent liabilities, management believes that the liability which may result from these legal matters would not have a material adverse effect on the financial condition, results of operations, liquidity or cash flows of the Company.

Environmental Matters

The Company continues to be dedicated to an environmental program to reduce the utilization and generation of hazardous materials during the manufacturing process and to remediate identified environmental concerns. As to the latter, the Company is currently engaged in site investigations and remediation activities to address environmental cleanup from past operations at current and former manufacturing facilities.

The Company is sometimes a party to environmental lawsuits and claims and has received notices of potential violations of environmental laws and regulations from the Environmental Protection Agency and similar state authorities. It has also been identified as a potentially responsible party (PRP) for cleanup costs associated with off-site waste disposal at federal Superfund and state remediation sites. For all such sites, there are other PRPs and, in most instances, the Company's involvement is minimal.

In estimating its liability, the Company has assumed it will not bear the entire cost of remediation of any site to the exclusion of other PRPs who may be jointly and severally liable. The ability of other PRPs to participate has been taken into account, based generally on the parties' financial condition and probable contributions on a per site basis. Additional lawsuits and claims involving environmental matters are likely to arise from time to time in the future.

During 2009, we spent $10.8 million for environmental remediation at sites presently or formerly owned or leased by us. As of December 31, 2009 and 2008, the Company has recorded reserves for environmental matters of $93.3 million and $100.9 million, respectively. The Company believes that these expenditures and accrual levels will continue and may increase over time. Given the evolving nature of environmental laws, regulations and technology, the ultimate cost of future compliance is uncertain.

Asbestos Matters
Certain wholly-owned subsidiaries of the Company are named as defendants in asbestos-related lawsuits in state and federal courts. In virtually all of the suits, a large number of other companies have also been named as defendants. The vast majority of those claims has been filed against either Ingersoll-Rand Company (IR-New Jersey) or Trane and generally allege injury caused by exposure to asbestos contained in certain historical products sold by IR-New Jersey or Trane, primarily pumps, boilers and railroad brake shoes. Neither IR-New Jersey nor Trane was a producer or manufacturer of asbestos, however, some formerly manufactured products utilized asbestos-containing components such as gaskets and packings purchased from third-party suppliers.

Prior to the fourth quarter of 2007, the Company recorded a liability (which it periodically updated) for its actual and anticipated future asbestos settlement costs projected seven years into the future. The Company did not record a liability for future asbestos settlement costs beyond the seven-year period covered by its reserve because such costs previously were not reasonably estimable for the reasons detailed below.

In the fourth quarter of 2007, the Company again reviewed its history and experience with asbestos-related litigation and determined that it had now become possible to make a reasonable estimate of its total liability for pending and unasserted potential future asbestos-related claims. This determination was based upon the Company's analysis of developments in asbestos litigation, including the substantial and continuing decline in the filing of non-malignancy claims against the Company, the establishment in many jurisdictions of inactive or deferral dockets for such claims, the decreased value of non-malignancy claims because of changes in the legal and judicial treatment of such claims, increasing focus of the asbestos litigation upon malignancy claims, primarily those involving mesothelioma, a cancer with a known historical and predictable future annual incidence rate, and the Company's substantial accumulated experience with respect to the resolution of malignancy claims, particularly mesothelioma claims, filed against it.

Accordingly, in the fourth quarter of 2007, the Company retained Dr. Thomas Vasquez of Analysis, Research & Planning Corporation (collectively, "ARPC") to assist it in calculating an estimate of the Company's total liability for pending and unasserted future asbestos-related claims. ARPC is a respected expert in performing complex calculations such as this. ARPC has been involved in many asbestos-related valuations of current and future liabilities, and its valuation methodologies have been accepted by numerous courts.

The methodology used by ARPC to project the Company's total liability for pending and unasserted potential future asbestos-related claims relied upon and included the following factors, among others:

- ARPC's interpretation of a widely accepted forecast of the population likely to have been occupationally exposed to asbestos;
- epidemiological studies estimating the number of people likely to develop asbestos-related diseases such as mesothelioma and lung cancer;
- the Company's historical experience with the filing of non-malignancy claims against it and the historical ratio between the numbers of non-malignancy and lung cancer claims filed against the Company;
- ARPC's analysis of the number of people likely to file an asbestos-related personal injury claim against the Company based on such epidemiological and historical data and the Company's most recent three-year claims history;
- an analysis of the Company's pending cases, by type of disease claimed;
- an analysis of the Company's most recent three-year history to determine the average settlement and resolution value of claims, by type of disease claimed;

- an adjustment for inflation in the future average settlement value of claims, at a 2.5% annual inflation rate, adjusted downward to 1.5% to take account of the declining value of claims resulting from the aging of the claimant population;

- an analysis of the period over which the Company has and is likely to resolve asbestos-related claims against it in the future.

Based on these factors, ARPC calculated a total estimated liability of $755 million for the Company to resolve all pending and unasserted potential future claims through 2053, which is ARPC's reasonable best estimate of the time it will take to resolve asbestos-related claims. This amount is on a pre-tax basis, not discounted for the time-value of money, and excludes the Company's defense fees (which will continue to be expensed by the Company as they are incurred). After considering ARPC's analysis and the factors listed above, in the fourth quarter of 2007, the Company increased its recorded liability for asbestos claims by $538 million, from $217 million to $755 million.

In addition, during the fourth quarter of 2007, the Company recorded an $89 million increase in its assets for probable asbestos-related insurance recoveries to $250 million. This represents amounts due to the Company for previously paid and settled claims and the probable reimbursements relating to its estimated liability for pending and future claims. In calculating this amount, the Company used the estimated asbestos liability for pending and projected future claims calculated by ARPC. It also considered the amount of insurance available, gaps in coverage, allocation methodologies, solvency ratings and creditworthiness of the insurers, the amounts already recovered from and the potential for settlements with insurers, and the terms of existing settlement agreements with insurers.

During the fourth quarter of 2007, the Company recorded a non-cash charge to earnings of discontinued operations of $449 million ($277 million after-tax), which is the difference between the amount by which the Company increased its total estimated liability for pending and projected future asbestos-related claims and the amount that the Company expects to recover from insurers with respect to that increased liability.

In connection with our acquisition of Trane, the Company requested ARPC to assist in calculating Trane's asbestos-related valuations of current and future liabilities. As required by GAAP the Company is required to record the assumed asbestos obligations and associated insurance-related assets at their fair value at the Acquisition Date. The Company estimated that the assumed asbestos obligation and associated insurance-related assets at the Acquisition Date to be $494 million and $249 million, respectively. These amounts were estimated based on certain assumptions and factors consistent with those described above.

Trane continues to be in litigation against certain carriers whose policies it believes provide coverage for asbestos claims. The insurance carriers named in this suit have challenged Trane's right to recovery. Trane filed the action in April 1999 in the Superior Court of New Jersey, Middlesex County, against various primary and lower layer excess insurance carriers, seeking coverage for environmental claims (the "NJ Litigation"). The NJ Litigation was later expanded to also seek coverage for asbestos-related liabilities from twenty-one primary and lower layer excess carriers and underwriting syndicates. The environmental claims against the insurers in the NJ Litigation have been resolved or dismissed without prejudice for later resolution. On September 19, 2005, the court granted Trane's motion to add claims for insurance coverage for asbestos-related liabilities against 16 additional insurers and 117 new insurance policies to the NJ Litigation. The court also required the parties to submit all contested matters to mediation. Trane engaged in its first mediation session with the NJ Litigation defendants on January 18, 2006 and has engaged in active discussions since that time.

Trane has now settled with the majority of the insurers in the NJ Litigation, collectively accounting for approximately 95% of its recorded asbestos-related liability insurance receivable as of January 31, 2010. Most, although not all, of Trane's settlement agreements constitute "coverage-in-place" arrangements, in which the insurer signatories agree to reimburse Trane for specified portions of its costs for asbestos bodily injury claims and Trane agrees to certain claims-handling protocols and grants to the insurer signatories certain releases and indemnifications.

More specifically, effective August 26, 2008, Trane entered into a coverage-in-place agreement ("August 26 Agreement") with the following five insurance companies or groups: 1) Hartford; 2) Travelers; 3) Allstate (solely in its capacity as successor-in-interest to Northbrook Excess & Surplus Insurance Company); 4) Dairyland Insurance Company; and 5) AIG. In addition, on September 12, 2008, Trane entered into a settlement agreement with Mt. McKinley Insurance Company and Everest Reinsurance Company, both members of the Everest Re group, resolving all claims in the NJ Litigation involving policies issued by those companies ("Everest Re Agreement"). The Everest Re Agreement contains a number of elements, including policy buy-outs and partial buy-outs in exchange for a cash payment along with coverage-in-place features similar to those contained in the August 26 Agreement, in exchange for certain releases and indemnifications by Trane. Further, on January 26, 2009, Trane entered into a coverage-in-place agreement with Columbia Casualty Company, Continental Casualty Company, and Continental Insurance Company ("CNA Agreement"), and agreed to a dismissal without prejudice of its environmental claims against CNA. Trane also has reached a coverage-in-place agreement, effective December 15, 2009, with Century Indemnity Company and International Insurance Company ("Century-International Agreement"). The Century-Indemnity Agreement has an initial term of three years, which renews automatically for successive three year terms unless either Trane or the insurer signatories elect to forward to the other party a notice of non-renewal. Most recently, effective February 4, 2010, Trane reached an agreement with certain London market insurance companies ("LMC Agreement") that resolved all claims against the policies at issue. The LMC Agreement provides for the periodic reimbursement by the insurer signatories of a portion of Trane's costs for asbestos bodily injury claims based on the attainment of certain aggregate indemnity and defense payment thresholds, and in exchange for certain releases and indemnifications from Trane. Trane also reached agreement on December 31, 2009 with Harper Insurance Company ("Harper"), a party to the LMC Agreement, for the buy-out of Harper's obligations to Trane under the LMC Agreement and for certain releases and indemnifications from Trane in exchange for a one-time cash payment by Harper. Trane remains in settlement negotiations with the few insurer defendants in the NJ Litigation not encompassed within the August 26 Agreement, the Everest Re Agreement, the CNA Agreement, the Century-International Agreement and the LMC Agreement. In addition to its pursuit of coverage from its solvent insurers as outlined above, Trane also is pursuing claims against the estates of insolvent insurers in connection with its costs for asbestos bodily injury claims.

The amounts recorded by the Company for asbestos-related liabilities and insurance-related assets are based on currently available information. The Company's actual liabilities or insurance recoveries could be significantly higher or lower than those recorded if assumptions used in the Company's or ARPC's calculations vary significantly from actual results. Key variables in these assumptions are identified above and include the number and type of new claims to be filed each year, the average cost of resolution of each such new claim, the resolution of coverage issues with insurance carriers, and the solvency risk with respect to the Company's insurance carriers. Furthermore, predictions with respect to these variables are subject to greater uncertainty as the projection period lengthens. Other factors that may affect the Company's liability include uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, reforms that may be made by state and federal courts, and the passage of state or federal tort reform legislation.

The aggregate amount of the stated limits in insurance policies available to the Company for asbestos-related claims acquired over many years and from many different carriers, is substantial. However, limitations in that coverage, primarily due to the considerations described above, are expected to result in the projected total liability to claimants substantially exceeding the probable insurance recovery.

From receipt of its first asbestos claims more than twenty five years ago to December 31, 2009, the Company has resolved (by settlement or dismissal) approximately 256,000 claims arising from the legacy Ingersoll Rand businesses. The total amount of all settlements paid by the Company (excluding insurance recoveries) and by its insurance carriers is approximately $410 million, for an average payment per resolved claim of $1,595. The average payment per claim resolved during the year ended December 31, 2009 was $12,136. Because claims are frequently filed and settled in large groups, the amount and timing of settlements, as well as the number of open claims, can fluctuate significantly from period to period.

The table below provides additional information regarding asbestos-related claims filed against the legacy Ingersoll Rand businesses, excluding those filed against Trane, reflecting updated information for the last three years.

	2007	2008	2009
Open claims – January 1	105,363	104,296	63,309
New claims filed	5,399	4,567	4,821
Claims settled	(4,993)	(3,693)	(2,514)
Claims dismissed *	(1,473)	(41,861)	(1,729)
Open claims – December 31	104,296	63,309	63,887

* The significant increase in dismissals in 2008 is attributed to the dismissal of large numbers of dormant and/or inactive cases in Mississippi and New York. This amount reflects the Company's emphasis on resolution of higher value malignancy claims, particularly mesothelioma claims, rather than lower value non-malignancy claims, which are more heavily represented in the Company's historical settlements.

From receipt of the first asbestos claim more than twenty years ago through December 31, 2009, the Company has resolved approximately 86,646 (by settlement or dismissal) claims arising from the legacy Trane business. The Company and its insurance carriers have paid settlements of approximately $148 million on these claims, which represents an average payment per resolved claim of $1,710. At December 31, 2009, there were 92,298 open claims pending against Trane. Because claims are frequently filed and settled in large groups, the amount and timing of settlements, as well as the number of open claims, can fluctuate significantly from period to period.

The table below provides additional information regarding asbestos-related claims filed against the legacy Trane businesses, reflecting updated information for the last three years.

	2007	2008	2009
Open claims – January 1	114,420	111,211	100,309
New claims filed	3,055	3,705	2,343
Claims settled	(787)	(677)	(1,042)
Claims dismissed	(5,477)	(13,930)	(9,312)
Open claims – December 31	111,211	100,309	92,298

At December 31, 2009, over 91 percent of the open claims against the Company are non-malignancy claims, many of which have been placed on inactive or deferral dockets and the vast majority of which have little or no settlement value against the Company, particularly in light of recent changes in the legal and judicial treatment of such claims.

At December 31, 2009, the Company's liability for asbestos related matters and the asset for probable asbestos-related insurance recoveries totaled $1,113.1 million and $424.2 million, respectively, compared to $1,195.2 million and $423.8 million at December 31, 2008.

The (costs) income associated with the settlement and defense of asbestos related claims after insurance recoveries were as follows:

	December 31,		
In millions	2009	2008	2007
Continuing operations	$ 13.8	$ (1.5)	$ -
Discontinued operations	(1.5)	(5.9)	(311.3)
Total	$ 12.3	$ (7.4)	$ (311.3)

The Company records certain income and expenses associated with its asbestos liabilities and corresponding insurance recoveries within discontinued operations, as they relate to previously divested businesses, primarily Ingersoll-Dresser Pump, which was sold in 2000. Income and expenses associated with Trane's asbestos liabilities and corresponding insurance recoveries are recorded within continuing operations.

The European Commission Investigation

In November 2004, Trane was contacted by the European Commission as part of a multi-company investigation into possible infringement of European Union competition law relating to the distribution of bathroom fixtures and fittings in certain European countries. On March 28, 2007, Trane, along with a number of other companies, received a Statement of Objections from the European Commission. The Statement of Objections, an administrative complaint, alleges infringements of European Union competition rules by numerous bathroom fixture and fittings companies, including Trane and certain of its former European subsidiaries engaged in the Bath and Kitchen business. These former subsidiaries were transferred (i) to WABCO on July 31, 2007 as part of a legal reorganization in connection with the spinoff of Trane's Vehicle Control Systems business and (ii) to Bain Capital Partners LLC on October 31, 2007 in connection with the sale of Trane's Bath & Kitchen business. Trane and certain of its former European subsidiaries will be jointly and severally liable for any fines that result from the investigation. However, pursuant to an Indemnification and Cooperation Agreement among Trane and certain other parties (Indemnification Agreement), American Standard Europe BVBA (renamed WABCO Europe BVBA) (WABCO Europe), which is a subsidiary of WABCO following the reorganization, will be responsible for, and will indemnify Trane and its subsidiaries (including certain subsidiaries formerly engaged in the Bath and Kitchen business) and their respective affiliates against, any fines related to this investigation. Trane and the charged subsidiaries responded to the European Commission on August 1, 2007 and July 31, 2007, respectively. A hearing with the European Commission regarding the response to the Statement of Objections was conducted from November 12-14, 2007, in Brussels. WABCO Europe and other former Trane subsidiaries participated in the hearing. Trane, however, did not participate in the hearing.

In 2006, the European Commission adopted new fining guidelines (2006 Guidelines) and stated its intention to apply these guidelines in all cases in which a Statement of Objections is issued after September 2006. In applying the 2006 Guidelines, the Commission retains considerable discretion in calculating the fine although the European Union regulations provide for a cap on the maximum fine equal to ten percent of Trane's worldwide revenue attributable to all of its products for the fiscal year prior to the year in which the fine is imposed. If the maximum fine is levied in 2010, the total liability could be as high as $1.1 billion based on Trane's last full fiscal year of worldwide revenue attributable to all of its product lines owned at the time the Statement of Objections was issued, subject to a probable reduction for leniency of at least 20 percent provided WABCO Europe, as the leniency applicant, fulfilled all conditions set forth in the European Commission's leniency notice. WABCO has stated in its Form 10-K for the fiscal year ended December 31, 2009, that its ability to satisfy its obligations under the Indemnification Agreement is contingent on its funding capability at the time of the fine, which could be affected by, among other things, its ability to access its then existing credit facilities, its ability to obtain alternative sources of financing, its ability to obtain some payment relief from the European Commission or its ability to obtain a suspension of the payment obligation from the European Court of First Instance.

Oil for Food Program

As previously reported, on November 10, 2004, the Securities and Exchange Commission (SEC) issued an Order directing that a number of public companies, including the Company, provide information relating to their participation in transactions under the United Nations' Oil for Food Program. Upon receipt of the Order, the Company undertook a thorough review of its participation in the Oil for Food Program, provided the SEC with information responsive to the Order and provided additional information requested by the SEC. During a March 27, 2007 meeting with the SEC, at which a representative of the Department of Justice (DOJ) was also present, the Company began discussions concerning the resolution of this matter with both the SEC and DOJ. On October 31, 2007, the Company announced it had reached settlements with the SEC and DOJ relating to this matter. Under the terms of the settlements, the Company paid a total of $6.7 million in penalties, interest and disgorgement of profits. The Company has consented to the entry of a civil injunction in the SEC action and has entered into a three-year deferred prosecution agreement ("DPA") with the DOJ. Under both settlements, the Company has implemented and will continue to implement improvements to its compliance program that are consistent with its longstanding policy against improper payments. In the settlement documents, the Government noted that the Company thoroughly cooperated with the investigation, that the Company had conducted its own complete investigation of the conduct at issue, promptly and thoroughly reported its findings to them, and took prompt remedial measures.

Additionally, we have reported to the DOJ and SEC certain matters involving Trane, including one relating to the Oil for Food Program, and which raise potential issues under the FCPA and other applicable anti-corruption laws. With respect to these matters, we have conducted a thorough investigation, which began in earnest promptly after our acquisition of Trane in June 2008. Previously, we had reported to the SEC and DOJ potential FCPA issues relating to one of our businesses in China, and we have reported back to them and shared our audit report, which indicated no FCPA violations. With respect to that same business in China, we have discussed with the DOJ and SEC another matter which raises potential FCPA issues. We have had preliminary discussions concerning the foregoing with the SEC and DOJ, to be followed by further discussions about them and possibly other matters which raise potential FCPA concerns. These matters (and others which may arise or of which we become aware in the future) may be deemed to violate the FCPA and other applicable anti-corruption laws. Such determinations could subject us to, among other things, further enforcement actions by the SEC or the DOJ (if, for example, the DOJ deems us to have violated the DPA), securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects and the market value of our stock.

Warranty Liability
The following represents the changes in the Company's product warranty liability for 2009 and 2008:

In millions	2009	2008
Balance at beginning of year	$ 640.7	$ 146.9
Reductions for payments	(287.7)	(207.7)
Accruals for warranties issued during the current period	258.0	246.7
Changes for accruals related to preexisting warranties	11.9	(22.9)
Acquisitions	-	483.3
Translation	3.4	(5.6)
Balance at end of the year	$ 626.3	$ 640.7

Other Commitments and Contingencies
Certain office and warehouse facilities, transportation vehicles and data processing equipment are leased by the Company. Total rental expense was $194.9 million in 2009, $144.8 million in 2008 and $72.2 million in 2007. Minimum lease payments required under non-cancelable operating leases with terms in excess of one year for the next five years and thereafter, are as follows: $169.9 million in 2010, $137.6 million in 2011, $104.4 million in 2012, $76.8 million in 2013, $61.4 million in 2014 and $123.9 million thereafter.

Trane has commitments and performance guarantees, including energy savings guarantees, totaling $157.5 million extending from 2010-2030. These guarantees are provided under long-term service and maintenance contracts related to its air conditioning equipment and system controls. Through 2009, the Company has experienced one insignificant loss under such arrangements and considers the probability of any significant future losses to be remote.

The Company also has other contingent liabilities of $3.6 million. These liabilities primarily result from performance bonds, guarantees and stand-by letters of credit associated with the prior sale of products from divested businesses as well as existing loan guarantees and residual values of equipment.

As part of the reorganization of IR-New Jersey in 2001, IR-Limited fully and unconditionally guaranteed all of the issued public debt securities IR-New Jersey. IR-New Jersey unconditionally guaranteed payment of the principal, premium, if any, and interest on IR-Limited's 4.75% Senior Notes due in 2015 in aggregate principal amount of $300 million. The guarantee is unsecured and provided on an unsubordinated basis. The guarantee ranks equally in right of payment with all of the existing and future unsecured and unsubordinated debt of IR-New Jersey. In addition, public debt securities issued by IR Global Holding Company Limited (IR-Global) are fully and unconditionally guaranteed by IR-Limited.

As a part of the reorganization of IR-Limited in 2009, the guarantee structure was updated to reflect the newly created legal structure under which (i) IR-International assumed the obligations of IR-Limited as issuer or guarantor, as the case may be, and (ii) IR-Ireland and IR-Limited fully and unconditionally guaranteed the obligations under the various indentures covering the currently outstanding public debt of IR-International, IR-Global and IR-New Jersey. Neither IR-Ireland nor IR-Limited has issued or intends to issue guarantees in respect of any indebtedness incurred by Trane.

NOTE 24 – BUSINESS SEGMENT INFORMATION

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies except that the operating segments' results are prepared on a management basis that is consistent with the manner in which the Company disaggregates financial information for internal review and decision making. The Company largely evaluates performance based on operating income and operating margins. Intercompany sales between segments are considered immaterial.

The Company has divested various businesses over the past few years as it moves to being a leading global diversified industrial enterprise. During 2007, the Company sold its Bobcat, Utility Equipment and Attachments business units as well as its Road Development business unit. Segment information for all years has been revised to exclude the results of these divestitures.

Each reportable segment is based primarily on the types of products it generates. The operating segments have been aggregated as required by GAAP.

In the fourth quarter of 2009, the Company realigned its external reporting structure to more closely reflect our corporate and business strategies and to promote additional productivity and growth. The Company's segments are now as follows: Climate Solutions, Residential Solutions, Industrial Technologies and Security Technologies. As part of the change, the Company eliminated the Air Conditioning Systems and Services segment which represented the acquired Trane business and created two new reportable segments, the Climate Solutions segment and the Residential Solutions segment.

A description of the Company's reportable segments is as follows:

The Climate Solutions segment delivers energy-efficient refrigeration and Heating, Ventilation and Air Conditioning (HVAC) solutions throughout the world. Encompassing the transport and stationary refrigeration markets as well as the commercial HVAC markets, this segment offers customers a broad range of products, services and solutions to manage controlled temperature environments. This segment includes the market leading brands of Hussmann, Thermo King and Trane.

The Residential Solutions segment provides safety, comfort and efficiency to homeowners throughout North America and parts of South America. It offers customers a broad range of products, services and solutions including mechanical and electronic locks, energy-efficient HVAC systems, indoor air quality solutions, advanced controls, portable security systems and remote home management. This segment is comprised of well-known brands like American Standard, Schlage and Trane.

The Industrial Technologies segment provides products, services and solutions that enhance energy efficiency, productivity and operations. It offers our global customers a diverse and innovative range of products including compressed air systems, tools, pumps, fluid handling systems, golf and utility vehicles in addition to environmentally friendly micro turbines. This segment includes the Club Car and Ingersoll Rand market leading brands.

The Security Technologies segment is a leading global provider of products and services that make environments safe, secure and productive. The segment's market-leading products include electronic and biometric access control systems, locks and locksets, door closers, floor closers, exit devices, steel doors and frames, portable security devices, decorative hardware, cabinet hardware as well as time, attendance and personnel scheduling systems. These products serve a wide range of markets including the commercial and residential housing market, healthcare, retail, maritime, transport industries as well as educational and governmental facilities. This segment includes the CISA, LCN, Schlage and Von Duprin brands.

A summary of operations by reportable segments for the years ended December 31, were as follows:

Dollar amounts in millions	2009	2008	2007
Climate Solutions			
Revenues	$ 7,293.7	$ 6,750.6	$ 3,372.4
Operating income (loss)	406.9	(771.8)	382.6
Operating income (loss) as a percentage of revenues	5.6%	-11.4%	11.3%
Depreciation and amortization	211.0	265.2	48.9
Capital expenditures	93.6	146.9	38.9
Residential Solutions			
Revenues	2,001.5	1,473.7	525.7
Operating income	122.9	(2,037.0)	44.9
Operating income as a percentage of revenues	6.1%	-138.2%	8.5%
Depreciation and amortization	108.4	65.3	4.6
Capital expenditures	43.5	59.4	5.6
Industrial Technologies			
Revenues	2,181.0	2,938.3	2,877.1
Operating income	171.8	353.7	392.0
Operating income as a percentage of revenues	7.9%	12.0%	13.6%
Depreciation and amortization	43.3	41.6	36.2
Capital expenditures	23.0	52.9	41.2
Security Technologies			
Revenues	1,719.1	2,064.8	1,987.9
Operating income	323.7	42.4	388.6
Operating income as a percentage of revenues	18.8%	2.1%	19.5%
Depreciation and amortization	39.3	42.3	42.0
Capital expenditures	25.9	25.8	28.8
Total revenues	$ 13,195.3	$ 13,227.4	$ 8,763.1
Operating income (loss) from reportable segments	1,025.3	(2,412.7)	1,208.1
Unallocated corporate expense	(183.7)	(161.1)	(150.3)
Total operating income (loss)	$ 841.6	$ (2,573.8)	$ 1,057.8
Total operating income (loss) as a percentage of revenues	6.4%	-19.5%	12.1%
Depreciation and amortization from reportable segments	402.0	414.4	131.7
Unallocated depreciation and amortization	22.9	38.7	7.1
Total depreciation and amortization	$ 424.9	$ 453.1	$ 138.8
Capital expenditures from reportable segments	186.0	285.0	114.5
Corporate capital expenditures	18.2	21.0	5.2
Total capital expenditures	$ 204.2	$ 306.0	$ 119.7

Revenues by destination and long-lived assets by geographic area for the years ended December 31 were as follows:

In millions	2009	2008	2007
Revenues			
United States	$ 8,227.8	$ 7,709.4	$ 4,756.0
Non-U.S.	4,967.5	5,518.0	4,007.1
Total	$ 13,195.3	$ 13,227.4	$ 8,763.1

In millions	2009	2008
Long-lived assets		
United States	$ 3,302.8	$ 3,706.3
Non-U.S.	941.7	753.9
Total	$ 4,244.5	$ 4,460.2

NOTE 25 – GUARANTOR FINANCIAL INFORMATION

Ingersoll-Rand plc, an Irish public limited company (IR-Ireland), is the successor to Ingersoll-Rand Company Limited, a Bermuda company (IR-Limited), following a corporate reorganization that became effective on July 1, 2009 (the Ireland Reorganization). IR-Limited is the successor to Ingersoll-Rand Company, a New Jersey corporation (IR-New Jersey), following a corporate reorganization that occurred on December 31, 2001 (the Bermuda Reorganization). Both the Ireland Reorganization and the Bermuda Reorganization were accounted for as a reorganization of entities under common control and accordingly, did not result in any changes to the consolidated amounts of assets, liabilities and shareholders' equity.

As a part of the Bermuda Reorganization, IR-Limited issued non-voting, Class B common shares to IR-New Jersey and certain IR-New Jersey subsidiaries in exchange for a $3.6 billion note and shares of certain IR-New Jersey subsidiaries. The note, which is due in 2011, has a fixed rate of interest of 11% per annum payable semi-annually and imposes certain restrictive covenants upon IR-New Jersey. At December 31, 2009, $1.0 billion of the original $3.6 billion note remains outstanding. In 2002, IR-Limited contributed the note to a wholly owned subsidiary, which subsequently transferred portions of the note to several other subsidiaries, all of which are included in the "Other Subsidiaries" below. Accordingly, the subsidiaries of IR-Limited remain creditors of IR-New Jersey.

In addition, as part of the Bermuda Reorganization, IR-Limited fully and unconditionally guaranteed all of the issued public debt securities of IR-New Jersey. IR-New Jersey unconditionally guaranteed payment of the principal, premium, if any, and interest on IR-Limited's 4.75% Senior Notes due in 2015 in the aggregate principal amount of $300 million. The guarantee is unsecured and provided on an unsubordinated basis. The guarantee ranks equally in right of payment with all of the existing and future unsecured and unsubordinated debt of IR-New Jersey.

During 2008, the Company revised the guarantor financial statements for all periods presented in order to reflect Ingersoll-Rand Global Holding Company Limited (IR-Global) as a stand-alone subsidiary. IR-Global issued public debt that is guaranteed by IR-Limited.

As part of the Ireland Reorganization, the guarantor financial statements were further revised to present IR-Ireland as the ultimate parent company and Ingersoll-Rand International Holding Limited (IR-International) as a stand-alone subsidiary. In addition, the guarantee structure was updated to reflect the newly created legal structure under which (i) IR-International assumed the obligations of IR-Limited as issuer or guarantor, as the case may be, and (ii) IR-Ireland and IR-Limited fully and unconditionally guaranteed the obligations under the various indentures covering the currently outstanding public debt of IR-International, IR-Global and IR-New Jersey. Neither IR-Ireland nor IR-Limited has issued or intends to issue guarantees in respect of any indebtedness incurred by Trane. Also as part of the Ireland Reorganization, IR-Limited transferred all the shares of IR-Global to IR-International in exchange for a note payable that initially approximated $15.0 billion, which was then immediately reduced by the settlement of net intercompany payables of $4.1 billion. At December 31, 2009, $10.8 billion remains outstanding.

The condensed consolidating financial statements present the investments of IR-Ireland, IR-Limited, IR-Global, IR-International and IR-New Jersey and their subsidiaries using the equity method of accounting. Intercompany investments in the non-voting Class B common shares are accounted for on the cost method and are reduced by intercompany dividends. In accordance with generally accepted accounting principles, the amounts related to the issuance of the Class B shares have been presented as a reduction of Total shareholders' equity. The notes payable continue to be reflected as a liability on the balance sheet of IR-New Jersey and are enforceable in accordance with their terms.

See Note 13 and 23 for a further discussion on the public debt issuance and related guarantees.

The following condensed consolidated financial information for IR-Ireland, IR-Limited, IR-Global, IR-International and IR-New Jersey, and all their other subsidiaries is included so that separate financial statements of IR-Ireland, IR-Limited, IR-International, IR-Global and IR-New Jersey are not required to be filed with the U.S. Securities and Exchange Commission.

Condensed Consolidating Income Statement

For the year ended December 31, 2009

In millions	IR Ireland	IR Limited	IR International	IR Global Holding	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Ireland Consolidated
Net revenues	$ —	$ —	$ —	$ —	$ 643.7	$12,551.6	$ —	$13,195.3
Cost of goods sold	—	(0.7)	—	—	(534.0)	(9,110.4)	—	(9,645.1)
Selling and administrative expenses	(6.3)	(35.5)	—	(1.3)	(288.3)	(2,377.2)	—	(2,708.6)
Operating income	(6.3)	(36.2)	—	(1.3)	(178.6)	1,064.0	—	841.6
Equity earnings in affiliates (net of tax)	361.8	223.4	203.7	903.2	107.2	(2.2)	(1,797.1)	—
Interest expense	—	(7.8)	(7.8)	(186.7)	(53.4)	(46.5)	—	(302.2)
Intercompany interest and fees	—	(18.7)	(126.5)	(69.8)	(117.6)	332.6	—	—
Other, net	—	(4.3)	1.0	(299.5)	152.1	(92.0)	262.4	19.7
Earnings (loss) before income taxes	355.5	156.4	70.4	345.9	(90.3)	1,255.9	(1,534.7)	559.1
Benefit (provision) for income taxes	0.6	—	—	—	68.0	(139.9)	—	(71.3)
Continuing operations	356.1	156.4	70.4	345.9	(22.3)	1,116.0	(1,534.7)	487.8
Discontinued operations, net of tax	—	—	—	—	(50.5)	38.9	—	(11.6)
Net earnings (loss)	356.1	156.4	70.4	345.9	(72.8)	1,154.9	(1,534.7)	476.2
Less: Net earnings attributable to noncontrolling interests	—	—	—	—	—	(63.4)	38.5	(24.9)
Net earnings (loss) attributable to Ingersoll-Rand plc	$356.1	$156.4	$ 70.4	$ 345.9	$ (72.8)	$ 1,091.5	$(1,496.2)	$ 451.3

Condensed Consolidating Income Statement
For the year ended December 31, 2008

In millions	IR Limited	IR Global Holding	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Limited Consolidated
Net revenues	$ -	$ -	$ 898.5	$12,328.9	$ -	$13,227.4
Cost of goods sold	-	-	(664.3)	(9,083.8)	-	(9,748.1)
Selling and administrative expenses	(41.7)	(0.5)	(292.0)	(2,008.9)	-	(2,343.1)
Asset impairment	-	-	-	(3,710.0)	-	(3,710.0)
Operating income (loss)	(41.7)	(0.5)	(57.8)	(2,473.8)	-	(2,573.8)
Equity earnings in affiliates (net of tax)	(2,468.4)	(1,266.3)	106.7	(288.5)	3,916.5	-
Interest expense	(15.5)	(108.9)	(73.2)	(47.8)	-	(245.4)
Intercompany interest and fees	(95.8)	(168.2)	(353.9)	617.9	-	-
Other, net	(8.1)	26.9	105.8	(71.3)	9.9	63.2
Earnings (loss) before income taxes	(2,629.5)	(1,517.0)	(272.4)	(2,263.5)	3,926.4	(2,756.0)
Benefit (provision) for income taxes	-	(0.6)	67.4	141.8	-	208.6
Continuing operations	(2,629.5)	(1,517.6)	(205.0)	(2,121.7)	3,926.4	(2,547.4)
Discontinued operations, net of tax	4.7	-	(83.5)	21.4	-	(57.4)
Net earnings (loss)	(2,624.8)	(1,517.6)	(288.5)	(2,100.3)	3,926.4	(2,604.8)
Less: Net earnings attributable to noncontrolling interests	-	-	-	(10.1)	(9.9)	(20.0)
Net earnings (loss) attributable to Ingersoll-Rand plc	$(2,624.8)	$(1,517.6)	$(288.5)	$ (2,110.4)	$3,916.5	$ (2,624.8)

Condensed Consolidating Income Statement

For the year ended December 31, 2007

In millions	IR Limited	IR Global Holding	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Limited Consolidated
Net revenues	$ -	$ -	$ 911.9	$ 7,851.2	$ -	$ 8,763.1
Cost of goods sold	-	-	(629.2)	(5,642.8)	-	(6,272.0)
Selling and administrative expenses	(32.7)	(0.6)	(302.3)	(1,097.7)	-	(1,433.3)
Operating income (loss)	(32.7)	(0.6)	(19.6)	1,110.7	-	1,057.8
Equity earnings in affiliates (net of tax)	4,038.4	3,234.2	873.1	765.2	(8,910.9)	-
Interest expense	(39.8)	-	(69.9)	(26.5)	-	(136.2)
Intercompany interest and fees	(53.8)	(155.4)	(684.0)	893.2	-	-
Other, net	54.6	2.9	71.4	(18.6)	(80.1)	30.2
Earnings (loss) before income taxes	3,966.7	3,081.1	171.0	2,724.0	(8,991.0)	951.8
Benefit (provision) for income taxes	-		167.8	(372.2)	-	(204.4)
Continuing operations	3,966.7	3,081.1	338.8	2,351.8	(8,991.0)	747.4
Discontinued operations, net of tax	-		426.4	2,816.2	-	3,242.6
Net earnings (loss)	$3,966.7	$ 3,081.1	$ 765.2	$ 5,168.0	$(8,991.0)	$ 3,990.0
Less: Net earnings attributable to noncontrolling interests	-	-	-	(103.4)	80.1	(23.3)
Net earnings (loss) attributable to Ingersoll-Rand plc	$3,966.7	$ 3,081.1	$ 765.2	$ 5,064.6	$(8,910.9)	$ 3,966.7

Condensed Consolidating Balance Sheet

December 31, 2009

In millions	IR Ireland	IR Limited	IR International	IR Global Holding	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Ireland Consolidated
Current assets:								
Cash and cash equivalents	$ 0.6	$ —	$ —	$ 81.8	$ 175.5	$ 618.8	$ —	$ 876.7
Accounts and notes receivable, net	0.1	—	—	—	187.1	1,933.0	—	2,120.2
Inventories	—	—	—	—	39.1	1,154.1	—	1,193.2
Other current assets	0.7	1.4	—	—	519.2	115.9	—	637.2
Accounts and notes receivable affiliates	26.1	294.5	17.0	2,734.0	1,777.5	48,967.4	(53,816.5)	—
Total current assets	27.5	295.9	17.0	2,815.8	2,698.4	52,789.2	(53,816.5)	4,827.3
Investment in affiliates	7,188.5	6,437.4	15,785.3	13,413.2	7,611.2	66,558.4	(116,994.0)	—
Property, plant and equipment, net	0.1	—	—	—	213.3	1,699.4	—	1,912.8
Intangible assets, net	—	—	—	—	72.4	11,576.4	—	11,648.8
Other noncurrent assets	—	—	1.1	20.3	1,129.3	451.4	—	1,602.1
Total assets	$7,216.1	$6,733.3	$15,803.4	$16,249.3	$11,724.6	$133,074.8	$(170,810.5)	$19,991.0
Current liabilities:								
Accounts payable and accruals	$ 6.0	$ —	$ 1.8	$ 52.2	$ 325.7	$ 2,715.8	$ —	$ 3,101.5
Short term borrowings and current maturities of long-term debt	—	—	—	250.0	351.2	275.5	—	876.7
Accounts and note payable affiliates	4.4	6.0	4,523.8	6,407.0	3,952.7	38,535.1	(53,429.0)	—
Total current liabilities	10.4	6.0	4,525.6	6,709.2	4,629.6	41,526.4	(53,429.0)	3,978.2
Long-term debt	—	—	299.3	2,318.9	388.9	212.8	—	3,219.9
Note payable affiliate	—	—	10,789.4	—	1,047.4	—	(11,836.8)	—
Other noncurrent liabilities	—	9.0	3.8	339.5	2,301.3	3,273.1	(339.5)	5,587.2
Total liabilities	10.4	15.0	15,618.1	9,367.6	8,367.2	45,012.3	(65,605.3)	12,785.3
Shareholders' equity:								
Total shareholders' equity	7,205.7	6,718.3	185.3	6,881.7	3,357.4	88,062.5	(105,205.2)	7,205.7
Total liabilities and equity	$7,216.1	$6,733.3	$15,803.4	$16,249.3	$11,724.6	$133,074.8	$(170,810.5)	$19,991.0

Condensed Consolidating Balance Sheet
December 31, 2008

In millions	IR Limited	IR Global Holding	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Limited Consolidated
Current assets:						
Cash and cash equivalents	$ -	$ 1.1	$ 8.6	$ 540.5	$ -	$ 550.2
Accounts and notes receivable, net	-	-	224.7	2,287.4	-	2,512.1
Inventories	-	-	71.4	1,543.7	-	1,615.1
Other current assets	5.0	3.3	166.5	547.5	-	722.3
Accounts and notes receivable affiliates	442.1	1,911.5	4,370.0	36,804.4	(43,528.0)	-
Total current assets	447.1	1,915.9	4,841.2	41,723.5	(43,528.0)	5,399.7
Investment in affiliates	10,185.5	12,337.4	7,420.0	65,156.2	(95,099.1)	-
Property, plant and equipment, net	-	-	161.9	1,806.6	-	1,968.5
Intangible assets, net	-	-	72.6	11,761.6	-	11,834.2
Other noncurrent assets	(3.0)	12.1	742.3	970.7	-	1,722.1
Total assets	$10,629.6	$14,265.4	$13,238.0	$121,418.6	$(138,627.1)	$20,924.5
Current liabilities:						
Accounts payable and accruals	$ 0.5	$ 37.4	$ 194.0	$ 2,929.1	$ -	$ 3,161.0
Short term borrowings and current maturities of long-term debt	-	1,752.7	353.2	244.5	-	2,350.4
Accounts and note payable affiliates	3,409.8	5,230.6	5,526.5	29,070.7	(43,237.6)	-
Total current liabilities	3,410.3	7,020.7	6,073.7	32,244.3	(43,237.6)	5,511.4
Long-term debt	299.2	1,598.7	395.7	480.1	-	2,773.7
Note payable affiliate	-	-	1,047.4	-	(1,047.4)	-
Other noncurrent liabilities	158.0	2.9	2,194.7	3,521.7	-	5,877.3
Total liabilities	3,867.5	8,622.3	9,711.5	36,246.1	(44,285.0)	14,162.4
Shareholders' equity:						
Total shareholders' equity	6,762.1	5,643.1	3,526.5	85,172.5	(94,342.1)	6,762.1
Total liabilities and equity	$10,629.6	$14,265.4	$13,238.0	$121,418.6	$(138,627.1)	$20,924.5

Condensed Consolidating Statement of Cash Flows
For the year ended December 31, 2009

In millions	IR Ireland	IR Limited	IR International	IR Global Holding	IR New Jersey	Other Subsidiaries	IR Ireland Consolidated
Net cash (used in) provided by continuing operating activities	$ (6.2)	$ (48.3)	$(6.8)	$ (188.0)	$ 46.7	$ 1,954.1	$ 1,751.5
Net cash (used in) provided by discontinued operating activities	-	-	-	-	(50.5)	33.6	(16.9)
Cash flows from investing activities:							
Capital expenditures	(0.1)	-	-	-	(24.5)	(179.6)	(204.2)
Proceeds from sale of property, plant and equipment	-	-	-	-	-	22.2	22.2
Acquisitions, net of cash	-	-	-	-	-	-	-
Proceeds from business dispositions	-	-	-	-	-	-	-
Proceedes from the sale of marketable securities	-	-	-	-	-	-	-
Other, net	-	-	-	-	-	(0.7)	(0.7)
Net cash (used in) provided by continuing investing activities	(0.1)	-	-	-	(24.5)	(158.1)	(182.7)
Net cash (used in) provided by discontinued investing activities	-	-	-	-	-	-	-
Cash flows from financing activities:							
Net change in debt	-	-	-	(752.7)	(8.8)	(249.0)	(1,010.5)
Debt issue costs	-	-	-	(16.1)	-	-	(16.1)
Settlement of cross currency swap	-	-	-	-	-	(26.9)	(26.9)
Net inter-company (payments) proceeds	50.9	239.2	6.8	1,028.1	192.8	(1,517.8)	-
Proceeds from the exercise of stock options	-	27.2	-	-	-	-	27.2
Excess tax benefit from stock-based compensation	-	0.7	-	-	-	-	0.7
Dividends paid to noncontrolling interests	-	-	-	-	-	(20.2)	(20.2)
Dividends (paid) received	(44.0)	(218.8)	-	9.4	11.2	81.4	(160.8)
Acquisition of noncontrolling interests	-	-	-	-	-	(1.5)	(1.5)
Repurchase of common shares by subsidiary	-	-	-	-	-	-	-
Net cash (used in) provided by continuing financing activities	6.9	48.3	6.8	268.7	195.2	(1,734.0)	(1,208.1)
Net cash (used in) provided by discontinued financing activities	-	-	-	-	-	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-	-	(17.3)	(17.3)
Net (decrease) increase in cash and cash equivalents	0.6	-	-	80.7	166.9	78.3	326.5
Cash and cash equivalents – beginning of period	-	-	-	1.1	8.6	540.5	550.2
Cash and cash equivalents – end of period	$ 0.6	$ -	$ -	$ 81.8	$175.5	$ 618.8	$ 876.7

Condensed Consolidating Statement of Cash Flows
For the year ended December 31, 2008

In millions	IR Limited	IR Global Holding	IR New Jersey	Other Subsidiaries	IR Limited Consolidated
Net cash (used in) provided by continuing operating activities	$ (74.2)	$ (82.4)	$(708.3)	$ 1,239.2	$ 374.3
Net cash (used in) provided by discontinued operating activities	-	-	(2.6)	(23.3)	(25.9)
Cash flows from investing activities:					
Capital expenditures	-	-	(31.0)	(275.0)	(306.0)
Proceeds from sale of property, plant and equipment	-	-	(8.4)	85.8	77.4
Acquisitions, net of cash	-	-	-	(7,107.3)	(7,107.3)
Proceeds from business dispositions	-	-	21.7	31.2	52.9
Proceeds from the sale of marketable securities	-	-	8.0	(0.2)	7.8
Other	-	-	(7.9)	(23.3)	(31.2)
Net cash (used in) provided by continuing investing activities	-	-	(17.6)	(7,288.8)	(7,306.4)
Net cash (used in) provided by discontinued investing activities	-	-	-	-	-
Cash flows from financing activities:					
Net change in debt	-	3,351.4	(209.7)	(157.3)	2,984.4
Debt issue costs	-	(23.0)	-	-	(23.0)
Net inter-company (payments) proceeds	516.6	(5,275.8)	365.5	4,393.7	-
Proceeds from the exercise of stock options	18.5	-	-	-	18.5
Excess tax benefit from stock-based compensation	-	-	19.5	(6.4)	13.1
Dividends paid to noncontrolling interests	-	-	-	(17.5)	(17.5)
Dividends (paid) received	(461.5)	53.8	16.4	178.4	(212.9)
Repurchase of common shares by subsidiary	-	(2.0)	-	-	(2.0)
Net cash (used in) provided by continuing financing activities	73.6	(1,895.6)	191.7	4,390.9	2,760.6
Net cash (used in) provided by discontinued financing activities	-	-	-	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-	-	12.3	12.3
Net (decrease) increase in cash and cash equivalents	(0.6)	(1,978.0)	(536.8)	(1,669.7)	(4,185.1)
Cash and cash equivalents – beginning of period	0.6	1,979.1	545.4	2,210.2	4,735.3
Cash and cash equivalents – end of period	$ -	$ 1.1	$ 8.6	$ 540.5	$ 550.2

Condensed Consolidating Statement of Cash Flows
For the year ended December 31, 2007

In millions	IR Limited	IR Global Holding	IR New Jersey	Other Subsidiaries	IR Limited Consolidated
Net cash (used in) provided by continuing operating activities	$(100.0)	$ -	$ (457.8)	$ 1,384.1	$ 826.3
Net cash (used in) provided by discontinued operating activities	-	-	(37.0)	112.2	75.2
Cash flows from investing activities:					
Capital expenditures	-	-	(24.7)	(95.0)	(119.7)
Proceeds from sale of property, plant and equipment	-	-	4.6	9.6	14.2
Acquisitions, net of cash	-	-	(0.6)	(25.1)	(25.7)
Proceeds from business dispositions	-	-	3,076.7	3,077.6	6,154.3
Proceedes from the sale of marketable securities	-	-	-	0.7	0.7
Other	-	-	(0.3)	28.9	28.6
Net cash (used in) provided by continuing investing activities	-	-	3,055.7	2,996.7	6,052.4
Net cash (used in) provided by discontinued investing activities	-	-	(4.7)	(53.0)	(57.7)
Cash flows from financing activities:					
Net change in debt	(378.0)	-	(49.4)	(122.3)	(549.7)
Net inter-company (payments) proceeds	776.2	3,924.1	(2,088.6)	(2,611.7)	-
Proceeds from the exercise of stock options	160.2	-	-	-	160.2
Excess tax benefit from stock-based compensation	-	-	29.1	7.0	36.1
Dividends paid to noncontrolling interests	-	-	-	(5.4)	(5.4)
Dividends (paid) received	(459.5)	54.9	16.4	178.4	(209.8)
Repurchase of common shares by subsidiary	-	(1,999.9)	-	-	(1,999.9)
Net cash (used in) provided by continuing financing activities	98.9	1,979.1	(2,092.5)	(2,554.0)	(2,568.5)
Net cash (used in) provided by discontinued financing activities	-	-	-	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-	-	51.8	51.8
Net (decrease) increase in cash and cash equivalents	(1.1)	1,979.1	463.7	1,937.8	4,379.5
Cash and cash equivalents – beginning of period	1.7	-	81.7	272.4	355.8
Cash and cash equivalents – end of period	$ 0.6	$ 1,979.1	$ 545.4	$ 2,210.2	$ 4,735.3

INGERSOLL-RAND PLC
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007
(Amounts in millions)

Allowances for Doubtful Accounts:

Balance December 31, 2006	$ 8.3
Additions charged to costs and expenses	9.8
Deductions *	(7.2)
Business acquisitions and divestitures, net	0.4
Currency translation	0.9
Balance December 31, 2007	12.2
Additions charged to costs and expenses	15.1
Deductions *	(15.6)
Business acquisitions and divestitures, net	43.6
Currency translation	(4.1)
Other	0.9
Balance December 31, 2008	52.1
Additions charged to costs and expenses	25.4
Deductions *	(23.8)
Currency translation	1.8
Other	2.1
Balance December 31, 2009	$ 57.6

(*) "Deductions" include accounts and advances written off, less recoveries.

INGERSOLL-RAND PLC
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007
(Amounts in millions)

Reserve for LIFO:	
Balance December 31, 2006	$ 95.4
Additions	-
Reductions	(11.1)
Balance December 31, 2007	84.3
Additions	38.4
Reductions	(9.2)
Balance December 31, 2008	113.5
Additions	2.1
Reductions	(32.6)
Balance December 31, 2009	$ 83.0

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Information for Shareholders

Directors

Ann C. Berzin
Former Chairman and Chief Executive Officer, Financial Guaranty Insurance Company.

John Bruton
Former Prime Minister of the Republic of Ireland.

Jared L. Cohon
President, Carnegie Mellon University.

Gary D. Forsee
President, University of Missouri System.

Peter C. Godsoe
Retired Chairman, The Bank of Nova Scotia.

Edward E. Hagenlocker
Retired Vice Chairman, Ford Motor Company.

Herbert L. Henkel
Chairman of the Company.

Constance J. Horner
Former Deputy Secretary, U.S. Department of Health and Human Services.

Michael W. Lamach
President and Chief Executive Officer of the Company.

Theodore E. Martin
Retired President and Chief Executive Officer, Barnes Group Inc.

Patricia Nachtigal
Senior Vice President and General Counsel of the Company.

Orin R. Smith
Retired Chairman and Chief Executive Officer, Engelhard Corporation.

Richard J. Swift
Retired Chairman and Chief Executive Officer, Foster Wheeler Ltd.

Tony L. White
Retired Chairman, President and Chief Executive Officer, Applied Biosystems Inc.

Committees of the Board

Audit
R. J. Swift, Chair; A.C. Berzin, P. C. Godsoe, E. E. Hagenlocker, T. E. Martin.

Finance
P. C. Godsoe, Chair; A.C. Berzin, E. E. Hagenlocker, T. E. Martin, R. J. Swift.

Compensation
O. R. Smith, Chair; J. Bruton, J. L. Cohon, G. D. Forsee, C. J. Horner, T. L. White.

Corporate Governance and Nominating
G. D. Forsee, Chair; J. Bruton, J. L. Cohon, C. J. Horner, O. R. Smith, T. L. White.

Executive Leadership Team

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Chairman

Michael W. Lamach*
President and Chief Executive Officer

Marcia J. Avedon
Senior Vice President

James R. Bolch
Senior Vice President

John W. Conover IV
Senior Vice President

William B. Gauld
Senior Vice President

Steven B. Hochhauser
Senior Vice President

Patricia Nachtigal*
Senior Vice President and General Counsel

Steven R. Shawley*
Senior Vice President and Chief Financial Officer

Jeff Zhenning Song
Vice President

Didier Teirlinck
Senior Vice President

Todd Wyman
Senior Vice President

Other Senior Leaders

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Vice President and Treasurer

Lawrence R. Kurland
Vice President

Richard W. Randall
Vice President

Barbara A. Santoro*
Vice President, Corporate Governance and Secretary

Patrick S. Shannon
Vice President

Richard J. Weller*
Vice President and Corporate Controller

*Officer of Ingersoll-Rand plc

Corporate Data

Shareholder Information Services
The company's 2009 annual report on Form 10-K as filed with the Securities and Exchange Commission, and other company information, is available through Ingersoll Rand's website, www.ingersollrand.com. Securities analysts, portfolio managers and representatives of institutional investors seeking information about the company should contact:

Joseph P. Fimbianti
Director, Investor Relations
732-652-6718

Annual General Meeting
June 3, 2010, 2:30 pm

Dromoland Castle
Newmarket-On-Fergus,
Co. Clare, Ireland

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Pittsburgh, PA 15252-8015

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Jersey City, NJ 07310-1900

Ingersoll Rand
Inspiring Progress™

Ingersoll Rand (NYSE:IR) is a world leader in creating and sustaining safe, comfortable and efficient environments in commercial, residential and industrial markets. Our people and our family of brands — including Club Car®, Hussmann®, Ingersoll Rand®, Schlage®, Thermo King® and Trane® — work together to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and increase industrial productivity and efficiency. We are a $13 billion global business committed to sustainable business practices within our company and for our customers.

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