Ingersoll-Rand plc
Form 10-K
February 26, 2010
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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, strategy, plan, may, should, will, would, will be, will continue, will likely result, or the negative thereof or variations thereon or 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;

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- 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.

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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	

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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.

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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.

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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

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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.

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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.

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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		

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Americas	Security Technologies 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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

<u>2009 vs 2008</u>

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%

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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.

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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).

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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.

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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

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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	Director	February 26, 2010

(Gary D. Forsee)		
/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

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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

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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.

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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.

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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			