INGERSOLL RAND CO LTD
Form 10-Q
May 08, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 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 Number 001-16831

INGERSOLL-RAND COMPANY LIMITED

(Exact name of registrant as specified in its charter)

Bermuda	**75-2993910**
(State or other jurisdiction of incorporation or organization)	***(I.R.S. Employer Identification No.)***

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

(Address of principal executive offices)

(441) 295-2838

(Registrant s telephone number, including area code)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ 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

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 ¨ NO ¨

The number of Class A common shares outstanding as of April 30, 2009 was 319,097,397.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

INGERSOLL-RAND COMPANY LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

(Unaudited)

In millions, except per share amounts	Three months ended March 31, 2009	2008
Net revenues	$ 2,932.9	$ 2,163.3
Cost of goods sold	(2,206.4)	(1,540.9)
Selling and administrative expenses	(676.6)	(375.4)
Operating income	49.9	247.0
Interest expense	(67.4)	(27.5)
Other, net	12.5	43.2
Earnings (loss) before income taxes	(5.0)	262.7
Benefit (provision) for income taxes	(10.5)	(47.2)
Continuing operations	(15.5)	215.5
Discontinued operations, net of tax	(6.3)	(30.1)
Net earnings (loss)	(21.8)	185.4
Less: Net earnings attributable to noncontrolling interests	(4.9)	(3.8)
Net earnings (loss) attributable to Ingersoll-Rand Company Limited	$ (26.7)	$ 181.6
Amounts attributable to Ingersoll-Rand Company Limited common shareholders:		
Continuing operations	$ (20.4)	$ 211.7
Discontinued operations	(6.3)	(30.1)
Net earnings (loss)	$ (26.7)	$ 181.6
Earnings (loss) per share attributable to Ingersoll-Rand Company Limited common shareholders:		
Basic:		
Continuing operations	$ (0.06)	$ 0.77
Discontinued operations	(0.02)	(0.11)
Net earnings (loss)	$ (0.08)	$ 0.66
Diluted:		
Continuing operations	$ (0.06)	$ 0.77
Discontinued operations	(0.02)	(0.11)
Net earnings (loss)	$ (0.08)	$ 0.66
Weighted-average shares outstanding		
Basic	320.5	273.8

Diluted		320.5		276.3
Dividends per common share	$	0.18	$	0.18

See accompanying notes to condensed consolidated financial statements.

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INGERSOLL-RAND COMPANY LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET

(Unaudited)

In millions	March 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 493.6	$ 550.2
Accounts and notes receivable, net	2,291.1	2,512.1
Inventories	1,559.5	1,615.1
Other current assets	672.1	722.3
Total current assets	5,016.3	5,399.7
Property, plant and equipment, net	1,936.4	1,968.5
Goodwill	6,543.3	6,620.1
Intangible assets, net	5,160.9	5,214.1
Other noncurrent assets	1,699.7	1,722.1
Total assets	$ 20,356.6	$ 20,924.5
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 933.4	$ 1,046.5
Accrued compensation and benefits	401.7	508.8
Accrued expenses and other current liabilities	1,591.3	1,605.7
Short-term borrowings and current maturities of long-term debt	1,702.7	2,350.4
Total current liabilities	4,629.1	5,511.4
Long-term debt	3,449.1	2,773.7
Postemployment and other benefit liabilities	1,860.5	1,865.5
Deferred income taxes	2,126.6	2,184.8
Other noncurrent liabilities	1,792.6	1,827.0
Total liabilities	13,857.9	14,162.4
Shareholders equity:		
Ingersoll-Rand Company Limited shareholders equity:		
Class A common shares	319.1	318.8
Capital in excess of par value	2,266.9	2,246.0
Retained earnings	4,401.7	4,547.4
Accumulated other comprehensive income (loss)	(587.8)	(450.8)
Total Ingersoll-Rand Company Limited shareholders equity	6,399.9	6,661.4
Noncontrolling interests	98.8	100.7
Total shareholders equity	6,498.7	6,762.1
Total liabilities and shareholders equity	$ 20,356.6	$ 20,924.5

See accompanying notes to condensed consolidated financial statements.

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INGERSOLL-RAND COMPANY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

In millions	Three months ended March 31, 2009	2008
Cash flows from operating activities:		
Net earnings (loss)	$ (21.8)	$ 185.4
(Income) loss from discontinued operations, net of tax	6.3	30.1
Adjustments to arrive at net cash provided by (used in) operating activities:		
Depreciation and amortization	102.5	38.1
Stock settled share-based compensation	22.2	14.0
Changes in other assets and liabilities, net	(21.5)	(944.0)
Other, net	(35.7)	7.3
Net cash provided by (used in) continuing operating activities	52.0	(669.1)
Net cash provided by (used in) discontinued operating activities	(11.1)	(11.0)
Cash flows from investing activities:		
Capital expenditures	(58.9)	(37.4)
Acquisitions, net of cash acquired		(30.3)
Proceeds from sale of property, plant and equipment	8.7	2.1
Proceeds from business dispositions, net of cash		8.5
Other, net	(0.1)	5.1
Net cash provided by (used in) continuing investing activities	(50.3)	(52.0)
Cash flows from financing activities:		
Proceeds from bridge loan	196.0	
Commercial paper program (net)	(165.2)	
Increase in short-term borrowings	6.5	7.2
Payments of long-term debt	(7.6)	(0.8)
Net change in debt	29.7	6.4
Dividends paid to common shareholders	(57.4)	(49.1)
Acquisitions of noncontrolling interests, net of cash acquired	(1.5)	
Proceeds from exercise of stock options	0.6	4.2
Other, net	(2.2)	20.2
Net cash provided by (used in) continuing financing activities	(30.8)	(18.3)
Effect of exchange rate changes on cash and cash equivalents	(16.4)	83.4
Net increase (decrease) in cash and cash equivalents	(56.6)	(667.0)
Cash and cash equivalents - beginning of period	550.2	4,735.3
Cash and cash equivalents - end of period	$ 493.6	$ 4,068.3

See accompanying notes to condensed consolidated financial statements.

INGERSOLL-RAND COMPANY LIMITED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 Description of Company

Ingersoll-Rand Company Limited (IR-Limited), a Bermuda company, and its consolidated subsidiaries (the Company) is a diversified, global company that provides products, services and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and increase industrial productivity and efficiency. The Company s business segments consist of Air Conditioning Systems and Services, Climate Control Technologies, Industrial Technologies and Security Technologies, each with strong brands and leading positions within their respective markets. The Company generates revenue and cash primarily through the design, manufacture, sale and service of a diverse portfolio of industrial and commercial products that include well-recognized, premium brand names such as Club Car®, Hussmann®, Ingersoll-Rand®, Schlage®, Thermo King® and Trane®.

Reorganization

On March 5, 2009, the Company s board of directors approved a reorganization of the Company from Bermuda to Ireland (the Reorganization). The first step in this proposed reorganization was the establishment of IR-Limited s tax residency in Ireland, which occurred in March 2009. To complete the reorganization, IR-Limited shareholders will be asked to vote in favor of the reorganization at a special meeting of the shareholders on June 3, 2009. If all applicable conditions are satisfied, including approval by IR-Limited s shareholders and the Supreme Court of Bermuda, it is expected that Ingersoll-Rand plc, an Irish incorporated company (IR-Ireland), will replace IR-Limited as the Company s ultimate parent by means of a court-approved arrangement. The Company expects the incorporation in Ireland will take place within two to four weeks of the date that the shareholders approve the reorganization.

Note 2 Basis of Presentation

In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments, which include normal recurring adjustments, necessary to present fairly the consolidated unaudited results for the interim periods presented.

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Ingersoll-Rand Company Limited Annual Report on Form 10-K for the year ended December 31, 2008. Certain reclassifications of amounts reported in prior years have been made to conform to the 2009 classification.

On January 1, 2009, the Company adopted SFAS 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51. SFAS 160 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, the statement requires expanded income statement presentation that clearly identifies and distinguishes between the interests of the Company and the interests of the noncontrolling owners of the subsidiary.

As a result, noncontrolling interests of $98.8 and $100.7 million are now included as a component of Shareholders equity in the Condensed Consolidated Balance Sheet as of March 31, 2009 and December 31, 2008, respectively. The earnings attributable to noncontrolling interests of $4.9 million and $3.8

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million are now presented as an adjustment from Net earnings (loss) used to arrive at Net earnings (loss) attributable to Ingersoll-Rand Company Limited in the Condensed Consolidated Income Statement for the three months ended March 31, 2009 and 2008, respectively. Prior to the adoption of SFAS 160, earnings associated with noncontrolling interests were reported as a component of Other, net.

As discussed in Note 3, the Company acquired Trane Inc. (Trane) at the close of business on June 5, 2008 (the Acquisition Date). The results of operations of Trane have been included in the condensed consolidated statement of operations and cash flows for the three months ended March 31, 2009. No amounts have been included for the three months ended March 31, 2008.

Note 3 Acquisition of Trane Inc.

At the close of business on June 5, 2008, the Company completed its acquisition of 100% of the outstanding common shares of Trane. Trane, formerly American Standard Companies Inc., provides systems and services that enhance the quality and comfort of the air in homes and buildings around the world. Trane s systems and services have leading positions in premium commercial, residential, institutional and industrial markets, a reputation for reliability, high quality and product innovation and a powerful distribution network.

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

The components of the purchase price were as follows:

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

The following unaudited pro forma information for the three months ended March 31, 2008 assumes the acquisition of Trane occurred as of the beginning of the respective period presented:

In millions	**March 31, 2008**
Net revenues	$ 3,871.8
Earnings from continuing operations attributable to Ingersoll-Rand Company Limited common shareholders	136.3

The unaudited pro forma financial information for the three months ended March 31, 2008 include $100.1 million of non-recurring purchase accounting charges associated with the fair value allocation of purchase price to backlog, inventory and in-process research and development costs.

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In addition, for the three months ended March 31, 2008, the Company included $60.7 million as an increase to interest expense associated with the borrowings to fund (a) the cash portion of the purchase price and (b) the out-of-pocket transaction costs associated with the acquisition.

The unaudited pro forma information does not purport to be indicative of the results that actually would have been achieved had the operations been combined during the period presented, nor is it intended to be a projection of future results or trends.

Note 4 Restructuring Activities

Restructuring charges recorded during the three months ended March 31, 2009 were as follows:

In millions	Cost of goods sold	Selling and administrative	Total
Air Conditioning Systems and Services	$	$ 0.4	$ 0.4
Climate Control Technologies	(0.9)	0.8	(0.1)
Industrial Technologies	4.6	4.2	8.8
Security Technologies	(0.4)	0.7	0.3
Corporate and Other		1.5	1.5
Total	$ 3.3	$ 7.6	$ 10.9

Restructuring charges recorded during the three months ended March 31, 2008 were as follows:

In millions	Cost of goods sold	Selling and administrative	Total
Air Conditioning Systems and Services	$	$	$
Climate Control Technologies	0.5	0.5	1.0
Industrial Technologies	2.1	0.7	2.8
Security Technologies			
Corporate and Other			
Total	$ 2.6	$ 1.2	$ 3.8

The changes in the restructuring reserve were as follows:

In millions	December 31, 2008	Additions	Reversals	Cash and non-cash uses	Currency Translation	March 31, 2009
Air Conditioning Systems and Services	$ 17.1	0.4		(5.4)	(0.4)	$ 11.7
Climate Control Technologies	32.5	1.9	(2.0)	(15.8)	(2.8)	13.8
Industrial Technologies	2.7	8.8		(3.9)		7.6
Security Technologies	11.1	2.1	(1.8)	(1.9)	(0.5)	9.0
Corporate and Other	1.1	1.5		(0.4)		2.2
Total	$ 64.5	$ 14.7	$ (3.8)	$ (27.4)	$ (3.7)	$ 44.3

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In October 2008, the Company announced an enterprise-wide restructuring program necessitated by the severe economic downturn. This program included streamlining the footprint of manufacturing facilities and reducing the general and administrative cost base across all sectors of the company. Projected costs totaled $110 million.

During the first quarter of 2009, the Company expanded the scope of the restructuring program, with total projected costs now expected to be approximately $120 million. Since the beginning of the fourth quarter of 2008, the Company has incurred $81.6 million associated with the restructuring program, which reduced headcount by approximately 2,700 and is closing 34 facilities, including 12 factories and 14 warehouses. As of March 31, 2009, the Company had $44.3 million accrued for the workforce reductions and consolidation of manufacturing facilities, of which a majority will be paid throughout the remainder of 2009.

During the first quarter of 2008, the Company incurred costs of $3.8 million associated with ongoing restructuring actions initiated in 2007. These actions included workforce reductions as well as the consolidation of manufacturing facilities in an effort to increase efficiencies across multiple lines of business.

Note 5 Inventories

Depending on the business, U.S. inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method or the lower of cost or market using the first-in, first-out (FIFO) method. Non-U.S. inventories are primarily stated at the lower of cost or market using the FIFO method.

The major classes of inventory are as follows:

In millions	**March 31, 2009**	**December 31, 2008**
Raw materials	$ 423.8	$ 446.9
Work-in-process	296.3	301.7
Finished goods	945.8	980.0
	1,665.9	1,728.6
LIFO reserve	(106.4)	(113.5)
Total	$ 1,559.5	$ 1,615.1

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Note 6 Goodwill

The changes in the carrying amount of goodwill are as follows:

In millions	Air Conditioning Systems and Services	Climate Control Technologies	Industrial Technologies	Security Technologies	Total
December 31, 2008	$ 3,033.9	$ 2,577.0	$ 369.8	$ 639.4	$ 6,620.1
Acquisitions and adjustments	(0.7)				(0.7)
Translation		(38.6)	(4.8)	(32.7)	(76.1)
March 31, 2009	$ 3,033.2	$ 2,538.4	$ 365.0	$ 606.7	$ 6,543.3

The Company allocated the purchase price of Trane to the preliminary estimated fair value of assets acquired and liabilities assumed upon acquisition in accordance with SFAS No. 141, Business Combinations .

During the three months ended March 31, 2009, the Company made immaterial adjustments to the purchase price allocation, which decreased Goodwill by $0.7 million. The Company expects to finalize the purchase price allocation in the second quarter of 2009.

Note 7 Intangible Assets

The following table sets forth the gross amount and accumulated amortization of the Company s intangible assets:

In millions	March 31, 2009	December 31, 2008
Customer relationships	$ 2,361.3	$ 2,368.2
Completed technologies/patents	202.3	203.1
Other	187.7	189.6
Trademarks (finite-lived)	102.7	109.3
Total gross finite-lived intangible assets	2,854.0	2,870.2
Accumulated amortization	(413.0)	(378.5)
Total net finite-lived intangible assets	2,441.0	2,491.7
Trademarks (indefinite-lived)	2,719.9	2,722.4
Total	$ 5,160.9	$ 5,214.1

Intangible asset amortization expense was $38.2 million and $6.8 million for the three months ended March 31, 2009 and 2008, respectively. The increase is attributable to the Company s acquisition of Trane on June 5, 2008. See Note 3 for a further discussion on the acquisition of Trane.

Note 8 Accounts Receivable Purchase Agreements

In connection with the acquisition of Trane, the Company acquired Trane s accounts receivable purchase agreement (the Trane Facility) in the U.S. As part of the Trane Facility, Trane formed a special-purpose entity (SPE) for the sole purpose of buying and selling receivables generated by Trane. Under the Trane Facility, Trane, irrevocably and without recourse, transferred all eligible accounts receivable to the SPE, which, in turn, sold undivided ownership interests in them to a conduit administered by the participating bank. The assets of the SPE were not available to pay the claims of Trane or any of its subsidiaries.

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The undivided interests in receivables sold to the conduit as a part of the Trane Facility were removed from the balance sheet since they met the applicable criteria of SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities (SFAS 140). Trane s interests in the receivables retained by the Company were recorded at its allocated carrying amount, less an appropriate reserve for doubtful accounts, in the balance sheet as of December 31, 2008. To the extent that the consideration received was less than the allocated carrying value of the receivables sold, losses were recognized at the time of sale.

On March 31, 2009, the Company entered into new accounts receivable purchase agreements (the Expanded IR Facility), to expand the existing accounts receivable purchase agreement. The Expanded IR Facility supersedes the Trane Facility. As of March 31, 2009, there are no interests in the receivables retained by the Company related to the Trane Facility.

Under the Expanded IR Facility, the Company continuously sells, through certain consolidated special purpose vehicles, designated pools of eligible trade receivables to an affiliated master special purpose vehicle (MSPV) which, in turn, sells undivided ownership interests to three conduits administered by unaffiliated financial institutions.

The maximum purchase limit of the three conduits is $325.0 million. The Company pays commitment fees on the aggregate amount of the liquidity commitments of the financial institutions under the facility (which is 102% of the maximum purchase limit) and an additional program fee on the aggregate amounts purchased under the facility by the conduits to the extent funded through the issuance of commercial paper or other securities.

The MSPV is not designed to be a qualifying SPE as defined in SFAS 140, since the MSPV transfers assets representing undivided ownership interests in the accounts receivables it holds to the conduits. The Company has concluded that the MSPV is a variable interest entity (VIE) pursuant to FASB Interpretation (FIN) 46R, Consolidation of Variable Interest Entities, whereby the Company is deemed the primary beneficiary and subsequently consolidates the MSPV. In accordance with SFAS 140, accounts receivable balances are not removed from the balance sheet until the undivided ownership interests are sold to the conduits.

On March 31, 2009, the Company transferred $641.0 million of receivables into the MSPV, of which undivided ownership interests in $50.0 million of these receivables were sold to the conduits. As such, the accounts receivable balances that were sold to the conduits were removed from the balance sheet as of March 31, 2009. Pursuant to SFAS 140, the remaining trade receivables transferred into the MSPV but not sold to the conduits remain in Accounts and notes receivable, net as of March 31, 2009. The interests in the receivables retained by the Company are exposed to the first risk of loss for any uncollectible amounts in the receivables sold under the facility. The Company provides no other forms of continued financial support related to the undivided interests transferred to the conduits. The Company has reclassified $83.6 million of its net interests in the receivables retained by the Company as of December 31, 2008 from Other current assets to Accounts and notes receivable, net, to conform to the current year presentation. Although the special purpose vehicles are consolidated by the Company, they are separate corporate entities with their assets legally isolated from the Company and thus not available to satisfy claims of the Company.

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The following is a summary of receivables sold under the facilities:

In millions	March 31, 2009	December 31, 2008
Outstanding balance of receivables sold to SPE	$ 641.0	$ 149.5
Net balance of interest in the receivables retained	591.0	83.6
Net interests sold to conduits	50.0	62.8

The Company continues to service, administer and collect the receivables on behalf of the MSPV and the conduits and receives a servicing fee of 0.75% per annum on the outstanding balance of the serviced receivables. As the Company estimates that the fee it receives from the conduits, including other ancillary fees received, are adequate compensation for its obligation to service these receivables, the fair value is zero and no servicing assets or liabilities are recognized.

For the three months ended March 31, 2009, a loss on sale of the receivables of $0.7 million, equal to the difference between the amount sold and net cash proceeds received, was recognized. In addition, the Company recorded a cash outflow of $12.8 million within cash flow from operations, which represented the decrease in the net interests in the receivables sold to the conduits.

Note 9 Debt and Credit Facilities

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

In millions	March 31, 2009	December 31, 2008
Commercial paper program	$ 833.5	$ 998.7
Debentures with put feature	343.7	345.7
Senior unsecured bridge loan facility *		754.0
Current maturities of long-term debt	456.2	200.4
Other short-term borrowings	69.3	51.6
Total	$ 1,702.7	$ 2,350.4

* The Company repaid the outstanding balance of its senior unsecured bridge loan facility with the proceeds from the issuance of long-term debt in April 2009. As a result, the Company reclassified the outstanding balance from short-term to long-term at March 31, 2009 in accordance with SFAS No. 6, Classification of Short-Term Obligations Expected to be Refinanced .

Debentures with Put Feature

The Company has fixed rate debentures which contain a put feature that allows the holders to exercise on each anniversary of the issuance date. If exercised, the Company is obligated to repay in whole or in part, at the holder s option, the outstanding principal amount (plus accrued and unpaid interest) of the debentures held by the holder. If these options are not fully exercised, the final maturity dates would range between 2027 and 2028. In February 2009, holders of these debentures had the option to exercise the put feature on $39.2 million of the outstanding debentures, of which approximately $2.0 million were exercised and repaid in February. In the fourth quarter of 2009, holders of these debentures will have the option to exercise the put feature on approximately $306.5 million of the remaining debentures.

Senior Unsecured Bridge Loan Facility

In connection with the Trane acquisition, the Company entered into a $3.9 billion senior unsecured bridge loan facility, with a 364-day term. The Company drew down $2.95 billion against the bridge loan facility in June 2008. The proceeds, along with cash on hand and the issuance of $1.5 billion 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.

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At December 31, 2008, the outstanding balance of the senior unsecured bridge loan facility was $754.0 million, which would have expired in June 2009 per the original term. In the first quarter of 2009, the Company borrowed an additional $196.0 million under the facility increasing the outstanding balance to $950.0 million as of March 31, 2009. In April 2009, we repaid the outstanding balance with our long-term debt issuance described below and terminated the facility.

Long-term debt excluding current maturities consisted of the following:

In millions	**March 31, 2009**	**December 31, 2008**
Senior unsecured bridge loan facility	$ 950.0	$
Senior floating rate notes due 2010	250.0	250.0
7.625% Senior notes due 2010		261.2
6.000% Senior notes due 2013	599.8	599.8
5.50% Senior notes due 2015	199.6	199.6
4.75% Senior notes due 2015	299.2	299.2
6.875% Senior notes due 2018	749.0	749.0
9.00% Debentures due 2021	125.0	125.0
7.20% Debentures due 2010-2025	120.0	120.0
6.48% Debentures due 2025	149.7	149.7
Other loans and notes	6.8	20.2
Total	$ 3,449.1	$ 2,773.7

Senior Notes Due 2014

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

Exchangeable Senior Notes Due 2012

In April 2009, the Company issued $345 million of 4.5% Exchangeable Senior Notes through its wholly-owned subsidiary, IR Global Holding. The notes are fully and unconditionally guaranteed by IR-Limited. Interest on the exchangeable notes will be paid twice a year in arrears.

Holders may exchange their notes at their option prior to November 15, 2011 in accordance with specified circumstances set forth in the indenture agreement or anytime on or after November 15, 2011 through their scheduled maturity in April 2012. Upon exchange, the notes will be paid in cash up to the aggregate principal amount of the notes to be exchanged, the remainder due on the option feature, if any, will be paid in cash, the Company s common stock or a combination thereof at the option of the Company. The notes are subject to certain customary covenants, however, none of these covenants are considered restrictive to the Company s operations.

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Note 10 Financial Instruments

In the normal course of business, the Company uses various financial instruments, including derivative instruments, to manage the risks associated with interest rate, currency rate, commodity price and share-based compensation exposures. These financial instruments are not used for trading or speculative purposes.

On the date a derivative contract is entered into, the Company designates the derivative instrument as either a hedge of a forecasted transaction (a cash flow or undesignated hedge) or a hedge of a recognized asset or liability (a cash flow or undesignated hedge). The Company formally documents its hedge relationships, including identification of the derivative instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. This process includes linking derivative instruments that are designated as hedges to specific assets, liabilities or forecasted transactions.

The Company also assesses both at the inception and at least quarterly thereafter, whether the derivatives used in hedging transactions are highly effective in offsetting the changes in the cash flows of the hedged item. Any ineffective portion of a derivative instrument s change in fair value is recorded in the income statement in the period of change. If the hedging relationship ceases to be highly effective, or it becomes probable that a forecasted transaction is no longer expected to occur, the hedging relationship will be undesignated and any future gains and losses on the derivative instrument would be recorded in the income statement.

The fair market value of derivative instruments are determined through market-based valuations and may not be representative of the actual gains or losses that will be recorded when these instruments mature due to future fluctuations in the markets in which they are traded.

Currency and Commodity Derivative Instruments

The notional amounts of the Company s currency derivatives, excluding the cross currency swap described below, were $977.5 million and $920.4 million at March 31, 2009 and December 31, 2008, respectively. At March 31, 2009 and December 31, 2008, a deferred gain of $3.7 million and $7.6 million, net of tax, respectively, was included in Accumulated other comprehensive income (AOCI) related to the fair value of these currency derivatives. The amount expected to be reclassified to earnings over the next twelve months is $3.7 million. The actual amounts that will be reclassified to earnings may vary from this amount as a result of changes in market conditions. At March 31, 2009, the maximum term of the Company s currency hedges was 12 months.

As a result of the acquisition of Trane, the Company assumed a cross currency swap that fixes, in U.S. dollars, the currency cash flows on the £60.0 million 8.25% senior notes due June 1, 2009. The cross currency swap meets the criteria to be accounted for as a foreign currency cash flow hedge. At March 31, 2009 and December 31, 2008, a deferred gain of $2.0 and $2.2 million, net of tax, respectively, was included in AOCI related to the fair value of the cross currency swap.

The notional amount of the Company s commodity hedges was $12.0 million and $21.3 million at March 31, 2009 and December 31, 2008, respectively.

Other Derivative Instruments

During the third quarter of 2008, the Company entered into interest rate locks for the forecasted issuance of approximately $1.4 billion of Senior Notes due in 2013 and 2018. These interest rate locks met the criteria to be accounted for as cash flow hedges of a forecasted transaction. Consequently, the changes in fair value of the interest rate locks were deferred in AOCI and will be recognized into interest expense over the term of the notes. At March 31, 2009 and December 31, 2008, $14.0 million and $14.4 million, respectively, of deferred losses were included in AOCI related to the interest rate locks. The amount expected to be reclassified into interest expense over the next twelve months is $1.8 million.

In March 2005, the Company entered into interest rate locks for the forecasted issuance of $300 million of Senior Notes due 2015. These interest rate locks met the criteria to be accounted for as cash flow hedges of a forecasted transaction. Consequently, the changes in fair value of the interest rate locks were deferred in AOCI and will be recognized into interest expense over the term of the notes. At March 31, 2009 and December 31, 2008, $7.3 million and $7.6 million, respectively, of deferred losses were included in AOCI related to the interest rate locks. The amount expected to be reclassified into interest expense over the next twelve months is $1.0 million.

The following table presents the fair values of derivative instruments included within the condensed consolidated balance sheet as of March 31, 2009:

In millions	Asset derivatives	Liability derivatives
Derivatives designated as hedges under SFAS 133:		
Foreign exchange contracts	$ 5.7	$ 38.1
Derivatives not designated as hedges under SFAS 133:		
Foreign exchange contracts	10.1	6.4
Commodity contracts		5.6
Total derivatives	$ 15.8	$ 50.1

Asset and liability derivatives included in the table above are recorded within Other current assets and Accrued expenses and other current liabilities, respectively, on the Condensed Consolidated Balance Sheet.

The following tables present the amounts affecting the Condensed Consolidated Income Statement and AOCI for the three months ended March 31, 2009:

In millions

Derivatives designated as hedges under SFAS 133	**Amount of gain (loss) deferred in AOCI**	**Location of gain (loss) reclassified from AOCI and recognized into earnings**	**Amount of gain (loss) reclassified from AOCI and recognized into earnings**
Foreign exchange contracts	$ 0.5	Other, net	$ 5.1
Interest rate locks	*	Interest expense	(0.5)
Total	$ 0.5		$ 4.6

* No further gain or loss will be deferred in AOCI related to the interest rate locks as the contracts were effectively terminated upon issuance of the underlying debt. The amount of gain or loss reclassified from AOCI into earnings is the amortization of the remaining amount of AOCI related to the interest rate locks at the time of termination, which will be recognized over the term of the underlying debt.

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In millions **Derivatives not designated as hedges under SFAS 133**	**Location of gain (loss) recognized in earnings**	**Amount of gain (loss) recognized in earnings**	
Foreign exchange contracts	Other, net	$	(12.7)
Commodity contracts	Other, net		0.2
Total		$	(12.5)

Concentration of Credit Risk

The counterparties to the Company s forward contracts consist of a number of investment grade major international financial institutions. The Company could be exposed to losses in the event of nonperformance by the counterparties. However, credit ratings and concentration of risk of these financial institutions are monitored on a continuous basis and present no significant credit risk to the Company.

Note 11 Pension Plans

The Company has noncontributory pension plans covering substantially all non-Trane U.S. employees and maintains a pension plan for non-collectively bargained U.S. employees of Trane, whereby eligible employees may elect to participate and receive a credit equal to 3% of eligible pay. In addition, the Company maintains a U.S. collectively bargained pension plan for Trane employees. Certain non-U.S. employees in other countries, including Trane employees, are covered by pension plans.

The Company s pension plans for U.S. non-collectively bargained employees provided benefits on a final average pay formula. The Company s U.S. collectively bargained pension plans, including those covering employees of Trane, principally provide benefits based on a flat benefit formula. Non-U.S. plans provide benefits based on earnings and years of service. The Company maintains additional other supplemental benefit plans for officers and other key employees.

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The components of the Company s pension related costs for the three months ended March 31 are as follows:

In millions	2009	2008
Service cost	$ 17.5	$ 11.4
Interest cost	48.5	38.5
Expected return on plan assets	(43.9)	(49.1)
Net amortization of:		
Prior service costs	2.1	2.1
Transition amount	0.1	0.2
Plan net actuarial losses	14.3	2.4
Net periodic pension benefit cost	38.6	5.5
Net curtailment and settlement (gains) losses	0.8	1.3
Net periodic pension benefit cost after net curtailment and settlement (gains) losses	$ 39.4	$ 6.8
Amounts recorded in continuing operations	$ 36.6	$ 10.5
Amounts recorded in discontinued operations	2.8	(3.7)
Total	$ 39.4	$ 6.8

As a result of the acquisition of Trane in the second quarter of 2008, the Company assumed net obligations of $67.7 million, which consisted of long-term prepaid pension costs of $1.4 million and current and noncurrent pension benefit liabilities of $69.1 million.

The Company made employer contributions of $25.7 million and $6.8 million to its pension plans during the three months ended March 31, 2009 and 2008, respectively.

Net periodic pension cost for the three months ended March 31, 2009 included $11.0 million related to Trane plans.

The curtailment and settlement losses in 2009 and 2008 are associated with lump sum distributions under supplemental benefit plans for officers and other key employees.

Note 12 Postretirement Benefits Other Than Pensions

The Company sponsors several postretirement plans that cover certain eligible employees, including certain Trane employees since the acquisition date. These plans provide for health-care benefits, and in some instances, life insurance benefits. Postretirement health plans generally are contributory and contributions are adjusted annually. Life insurance plans for retirees are primarily noncontributory. The Company funds the postretirement benefit costs principally on a pay-as-you-go basis.

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The components of net periodic postretirement benefit cost for the three months ended March 31 are as follows:

In millions	**2009**	**2008**
Service cost	$ 2.6	$ 1.0
Interest cost	14.3	9.5
Net amortization of prior service gains	(0.9)	(0.9)
Net amortization of net actuarial losses	4.2	3.7
Net periodic postretirement benefit cost	$ 20.2	$ 13.3
Amounts recorded in continuing operations	$ 12.1	$ 5.9
Amounts recorded in discontinued operations	8.1	7.4
Total	$ 20.2	$ 13.3

As a result of the acquisition of Trane in the second quarter of 2008, the Company assumed unfunded obligations for retirement benefits other than pensions in the amount of $268.9 million.

Net periodic postretirement benefit cost for the three months ended March 31, 2009 included $5.7 million related to Trane plans.

Note 13 Shareholders Equity

The reconciliation of Class A common shares is as follows:

In millions	
December 31, 2008	318.8
Shares issued under incentive plans	0.3
March 31, 2009	319.1

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The components of shareholders equity for the three months ended March 31, 2009 are as follows:

In millions	IR-Limited Shareholders Equity	Noncontrolling interests	Total Shareholders Equity
Balance at December 31, 2008	$ 6,661.4	$ 100.7	$ 6,762.1
Net earnings (loss)	(26.7)	4.9	(21.8)
Currency translation	(157.9)	(3.2)	(161.1)
Change in value of marketable securities and derivatives qualifying as cash flow hedges, net of tax	(2.9)		(2.9)
Pension and OPEB adjustments, net of tax	23.8		23.8
Total comprehensive income	(163.7)	1.7	(162.0)
Share based compensation	22.2		22.2
Acquisition of noncontrolling interests	(0.1)	(1.4)	(1.5)
Dividends to noncontrolling interests		(2.2)	(2.2)
Dividends to common shareholders	(119.0)		(119.0)
Other	(0.9)		(0.9)
Balance at March 31, 2009	$ 6,399.9	$ 98.8	$ 6,498.7

The components of shareholders equity for the three months ended March 31, 2008 are as follows:

In millions	IR-Limited Shareholders Equity	Noncontrolling interests	Total Shareholders Equity
Balance at December 31, 2007	$ 7,907.9	$ 97.5	$ 8,005.4
Net earnings (loss)	181.6	3.8	185.4
Currency translation	231.2	1.1	232.3
Change in value of marketable securities and derivatives qualifying as cash flow hedges, net of tax	5.6		5.6
Pension and OPEB adjustments, net of tax	4.6		4.6
Total comprehensive income	423.0	4.9	427.9
Shares issued under incentive stock plan	22.8		22.8
Share based compensation	14.0		14.0
Dividends to noncontrolling interests		(5.6)	(5.6)
Dividends to common shareholders	(49.1)		(49.1)
Balance at March 31, 2008	$ 8,318.6	$ 96.8	$ 8,415.4

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Note 14 Share-Based Compensation

The Company records share-based compensation under the provisions of SFAS No. 123 (revised 2004), Share Based Payments, which requires companies to measure all employee share-based compensation awards using a fair value method and recognize compensation expense in its consolidated financial statements for an amount equal to the fair value of the share-based payment issued.

On June 6, 2007, the shareholders of the Company approved the Incentive Stock Plan of 2007, which authorizes the Company to issue stock options and other share-based incentives. The total number of shares authorized by the shareholders is 14.0 million, of which approximately 1.9 million remains available as of March 31, 2009 for future incentive awards.

Stock Options/Restricted Stock Units

On February 12, 2009, the Compensation Committee of the Company s Board of Directors approved a change to the Company s equity grant approach whereby options would no longer be used as the predominant equity vehicle for eligible participants, but instead a mix of options and restricted stock units (RSUs) will be utilized. The RSUs will vest ratably over three years and any accrued dividends will be paid in cash at the time of vesting. As a result of this change, eligible participants may receive (i) stock options, (ii) RSUs or (iii) a combination of both stock options and RSUs under the Company s Incentive Stock Plan of 2007.

The average fair value of the stock options granted for the three months ended March 31, 2009 and 2008 was estimated to be $5.65 per share and $10.79 per share, respectively, using the Black-Scholes option-pricing model. The following assumptions were used:

	2009	2008
Dividend yield	1.97%	1.54%
Volatility	43.18%	31.50%
Risk-free rate of return	1.76%	2.75%
Expected life	5.1 years	5.1 years

The fair value of each of the Company s stock option awards is expensed on a straight-line basis over the required service period, which is generally the three-year vesting period of the options. However, for options granted to retirement eligible employees, the Company recognizes expense for the fair value of the options at the grant date. Expected volatility is based on the historical volatility from traded options on the Company s stock. The risk-free rate of return is based on the yield curve of a zero-coupon U.S. Treasury bond on the date the award is granted with a maturity equal to the expected term of the award. Historical data is used to estimate forfeitures within the Company s valuation model. The Company s expected life of the stock option awards is derived from historical experience and represents the period of time that awards are expected to be outstanding.

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Changes in options outstanding under the plans for the three months ended March 31, 2009 was as follows:

	Shares subject to option	Weighted-average exercise price	Aggregate intrinsic value (millions)	Weighted-average remaining life
December 31, 2008	27,215,227	$ 31.11		
Granted	4,051,032	16.80		
Exercised	(75,066)	7.37		
Cancelled	(1,027,435)	30.22		
Outstanding March 31, 2009	30,163,758	$ 29.30	$ 12.9	5.8
Exercisable March 31, 2009	21,922,204	$ 29.29	$ 12.9	4.6

On February 12, 2009, the Company granted annual RSU awards. The fair value of each of the Company s RSU awards is measured as the grant-date price of the Company s shares and is expensed on a straight-line basis over the three year vesting period. For RSUs granted to retirement eligible employees, the Company recognizes expense for the fair value of the options at the grant date.

The following table summarizes RSU activity during the three months ended March 31, 2009:

	RSUs	Weighted-average fair value
Outstanding and unvested at December 31, 2008		$
Granted	921,182	16.85
Cancelled	(2,529)	16.85
Outstanding and unvested at March 31, 2009	918,653	$ 16.85

SARs

All SARs outstanding as of March 31, 2009 are vested and expire ten years from the date of grant. All SARs exercised are settled with the Company s Class A common shares.

The following table summarizes the information for currently outstanding SARs for the three months ended March 31, 2009:

	Shares subject to option	Weighted-average exercise price	Aggregate intrinsic value (millions)	Weighted-average remaining life
December 31, 2008	1,073,472	$ 34.02		
Cancelled	(23,654)	31.30		
Outstanding March 31, 2009	1,049,818	$ 34.08	$	4.2
Exercisable March 31, 2009	1,049,818	$ 34.08	$	4.2

The Company did not grant SARS during the three months ended March 31, 2009 and does not anticipate further granting in the future.

Performance Shares

The Company has a Performance Share Program (PSP) for key employees. The program provides annual awards for the achievement of both pre-established annual financial performance (EPS) and strategic initiatives of the Company. The annual target award level is expressed as a number of the Company s Class A common shares. All PSP awards are paid in the form of Class A common shares.

On February 12, 2009, the Compensation Committee determined the PSP awards for the performance year 2008. In doing so, primary emphasis was placed on financial objectives in light of the current economic environment. The 2008 PSP awards have a one-year vesting period.

On October 4, 2008, the Compensation Committee approved certain changes to the Company s long-term incentive compensation programs to be implemented beginning with the 2009 performance year. Under these changes, the current one-year performance period under the Company s PSP Program has been changed to rolling three-year performance periods starting with year 2009 in order to increase the long-term nature of incentive compensation for PSP participants. In addition, these PSP awards are based on the Company s relative EPS growth as compared to the industrial group of companies in the S&P 500 Index over the three-year performance period. To transition between the current one-year PSP program and the revised three-year PSP program, there is a one-time PSP award with a two-year performance period for 2009 through 2010, which is based on the Company s EPS growth relative to the industrial group of companies in the S&P 500 Index and the publicly announced Trane acquisition synergy savings.

Deferred Compensation

The Company allows key employees to defer a portion of their eligible compensation into a number of investment choices, including Class A common share equivalents. Any amounts invested in Class A common share equivalents will be settled in Class A common shares at the time of distribution.

Other Plans

The Company maintains a shareholder-approved Management Incentive Unit Award Plan. Under the plan, participating key employees were awarded incentive units. When dividends are paid on Class A common shares, phantom dividends are awarded to unit holders, one-half of which is paid in cash, the remaining half of which is credited to the participants accounts in the form of Class A common share equivalents. The value of the actual incentive units is never paid to participants, and only the fair value of accumulated common share equivalents is paid in cash upon the participants retirement. The number of common share equivalents credited to participants accounts at March 31, 2009 is 124,064.

The Company has issued stock grants as an incentive plan for certain key employees, with varying vesting periods. All stock grants are settled with the Company s Class A common shares. At March 31, 2009, there were 275,304 stock grants outstanding, all of which were vested.

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Compensation Expense

Share-based compensation expense is included in Selling and administrative expenses. The following table summarizes the expenses recognized for the three months ended March 31:

In millions	2009	2008
Stock options	$ 15.1	$ 13.3
RSUs	2.8	
Performance shares	4.0	0.8
Deferred compensation	0.3	1.2
SARs and other	0.5	
Pre-tax expense	22.7	15.3
Tax benefit	(8.7)	(5.9)
After tax expense	$ 14.0	$ 9.4
Amounts recorded in continuing operations	$ 14.0	$ 9.4
Amounts recorded in discontinued operations		
Total	$ 14.0	$ 9.4

Note 15 Other, Net

The components of Other, net for the three months ended March 31 are as follows:

In millions	2009	2008
Interest income	$ 4.3	$ 45.6
Exchange gain (loss)	1.4	(1.6)
Earnings from equity investments	1.4	
Other	5.4	(0.8)
Other, net	$ 12.5	$ 43.2

Note 16 Income Taxes

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, U.S. and non-U.S. tax authorities periodically review income tax returns filed by the Company and can raise issues regarding its filing positions, timing and amount of income or deductions, and the allocation of income among the jurisdictions in which the Company operates. A significant period of time may elapse between the filing of an income tax return and the ultimate resolution of an issue raised by a revenue authority with respect to that return. In the normal course of business the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Germany, Italy, the Netherlands and the United States. In general, the examination of the Company s material tax returns is completed for the years prior to 2000, with certain matters being resolved through appeals and litigation.

The Internal Revenue Service (IRS) has completed the examination of the Company s federal income tax returns through the 2000 tax year and has issued a notice proposing adjustments. The principal proposed adjustment relates to the disallowance of certain capital losses. The Company disputes the IRS position and protests have been filed with the IRS Appeals Division. In order to reduce the potential interest expense associated with this matter, the Company made a payment of $217 million in the third quarter of 2007, which reduced the Company s total liability for uncertain tax positions by $141 million. Similarly, during the third quarter of 2008, the Company made an additional payment of $55.1 million

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related to a potential penalty assessment plus accrued interest on this matter. The Company continues negotiating with the IRS on the ultimate settlement of this matter. The issues raised by the IRS associated with this payment are not related to the Company s reorganization in Bermuda, or the Company s intercompany debt structure.

On July 20, 2007, the Company and its consolidated subsidiaries received a notice from the IRS containing proposed adjustments to the Company s tax filings in connection with an audit of the 2001 and 2002 tax years. The IRS did not contest the validity of the Company s reincorporation in Bermuda. The most significant adjustments proposed by the IRS involve treating the entire intercompany debt incurred in connection with the Company s reincorporation in Bermuda as equity. As a result of this recharacterization, the IRS has disallowed the deduction of interest paid on the debt and imposed dividend withholding taxes on the payments denominated as interest. These adjustments proposed by the IRS, if upheld in their entirety, would result in additional taxes with respect to 2002 of approximately $190 million plus interest, and would require the Company to record additional charges associated with this matter. At this time, the IRS has not yet begun their examination of the Company s tax filings for years subsequent to 2002. However, if these adjustments or a portion of these adjustments proposed by the IRS are ultimately sustained, it is likely to also affect subsequent tax years.

The Company strongly disagrees with the view of the IRS and filed a protest with the IRS in the third quarter of 2007. The Company has and intends to continue to vigorously contest these proposed adjustments. The Company, in consultation with its outside advisors, carefully considered many factors in determining the terms of the intercompany debt, including the obligor s ability to service the debt and the availability of equivalent financing from unrelated parties, two factors prominently cited by the IRS in denying debt treatment. The Company believes that its characterization of that obligation as debt for tax purposes was supported by the relevant facts and legal authorities at the time of its creation. The subsequent financial results of the relevant companies, including the actual cash flow generated by operations and the production of significant additional cash flow from dispositions, have confirmed the ability to service this debt. Although the outcome of this matter cannot be predicted with certainty, based upon an analysis of the strength of its position, the Company believes that it is adequately reserved for this matter. As the Company moves forward to resolve this matter with the IRS, it is reasonably possible that the reserves established may be adjusted within the next 12 months. However, the Company does not expect that the ultimate resolution will have a material adverse impact on its future results of operations or financial position.

The Company believes that it has adequately provided for any reasonably foreseeable resolution of any tax disputes, but will adjust its reserves if events so dictate in accordance with FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement 109 (FIN 48). 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

Total unrecognized tax benefits as of March 31, 2009 and December 31, 2008 were $589.4 million and $589.6 million, respectively.

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Note 17 Divestitures and Discontinued Operations

The components of discontinued operations for the three months ended March 31 are as follows:

In millions	2009	2008
Revenues	$	$ 9.6
Pre-tax earnings (loss) from operations	$ (19.3)	$ (11.2)
Pre-tax gain (loss) on sale	4.7	(4.1)
Tax expense	8.3	(14.8)
Discontinued operations, net	$ (6.3)	$ (30.1)

Discontinued operations by business for the three months ended March 31 is as follows:

In millions	2009	2008
Compact Equipment, net of tax	$ (0.4)	$ (24.4)
Road Development, net of tax	4.6	
Other discontinued operations, net of tax	(10.5)	(5.7)
Total discontinued operations, net of tax	$ (6.3)	$ (30.1)

Compact Equipment Divestiture

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

Compact Equipment manufactured and sold compact equipment, including skid-steer loaders, compact track loaders, mini-excavators and telescopic tool handlers; portable air compressors, generators and light towers; general-purpose light construction equipment; and attachments. The Company has accounted for Compact Equipment as discontinued operations and has classified the assets and liabilities as held for sale for all periods presented in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144).

Road Development Divestiture

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

The Road Development business unit manufactured and sold asphalt paving equipment, compaction equipment, milling machines and construction-related material handling equipment. The Company has accounted for the Road Development business unit as discontinued operations and has classified the assets and liabilities sold to AB Volvo as held for sale for all periods presented in accordance with SFAS 144.

Other Discontinued Operations

The Company also has retained costs from previously sold businesses that mainly include costs related to postretirement benefits, product liability and legal costs (mostly asbestos-related).

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Note 18 Earnings Per Share (EPS)

Basic EPS is calculated by dividing Net earnings (loss) attributable to Ingersoll-Rand Company Limited by the weighted-average number of Class A common shares outstanding for the applicable period. Diluted EPS is calculated after adjusting the denominator of the basic EPS calculation for the effect of all potentially dilutive common shares, which in the Company s case, includes shares issuable under share-based compensation plans. The following table summarizes the weighted-average number of Class A common shares outstanding for basic and diluted earnings per share calculations:

In millions	2009	2008
Weighted-average number of basic shares	320.5	273.8
Shares issuable under incentive stock plans		2.5
Weighted-average number of diluted shares	320.5	276.3
Anti-dilutive shares	34.0	4.3

As the Company experienced a net loss in 2009, the Company has not included the impact of shares issuable under incentive stock plans in the calculation of diluted EPS as the result would have an antidilutive effect on EPS.

Note 19 Business Segment Information

The Company classifies its business into four reportable segments based on industry and market focus: Air Conditioning Systems and Services, Climate Control Technologies, Industrial Technologies and Security Technologies.

In connection with the acquisition of Trane, the Company expanded its reportable segments to include the Air Conditioning Systems and Services segment. The results of Trane s operations represent this segment.

A summary of operations by reportable segment as of March 31 is as follows:

In millions	2009	2008
Net revenues		
Air Conditioning Systems and Services	$ 1,399.7	$
Climate Control Technologies	503.3	798.4
Industrial Technologies	537.6	743.4
Security Technologies	492.3	621.5
Total	$ 2,932.9	