# Ingersoll Rand Announces 2009 Fourth-Quarter Earnings per Share of $0.37 from Continuing Operations and $0.48 excluding Restructuring

- Adjusted earnings per share from continuing operations was $0.48, excluding $0.11 of restructuring costs, compared with prior guidance of $0.44 to $0.54. Fourth quarter EPS included $(0.04) of discrete items.
- Fourth quarter revenues of $3.3 billion decreased by 10% (down by 13% excluding currency effects) compared with 2008; at mid-range of prior guidance of $3.2 to $3.4 billion.
- Gross productivity of 5.9% in the fourth quarter drove an increase in operating earnings and margins. Full year productivity savings of $681 million exceeded prior target.
- Total financing reduced by $1.1 billion for full year and by $2.0 billion since completion of Trane acquisition. Generated $1.6 billion of available cash flow for full-year 2009.
- Full-year 2010 earnings per share from continuing operations forecast of $1.95 to $2.35 including $0.25 of restructuring costs. Excluding restructuring, forecast $2.20 to $2.60 earnings per share compared to prior framework of $2.00 to $2.40.

**Swords, Ireland, February 12, 2010** - Ingersoll-Rand plc (NYSE:IR), the world leader in creating and sustaining safe, comfortable and efficient environments, today announced that total reported revenues decreased by 10% for the fourth quarter of 2009, compared with the 2008 fourth quarter, and adjusted earnings per share (EPS) from continuing operations were in the mid-range of prior guidance.

The company reported net earnings of $139.4 million, or EPS of $0.42, for the fourth quarter of 2009. Fourth-quarter net income included $124.7 million, or EPS of $0.37, from continuing operations, as well as $14.7 million of income, equal to EPS of $0.05, from discontinued operations. Fourth-quarter 2009 EPS from continuing operations, excluding approximately $50 million of pre-tax restructuring costs, was $0.48. This compares to a net loss of $3,290 million, or EPS of ($10.27), for the fourth quarter of 2008. The fourth-quarter 2008 net loss included $3,275 million, or EPS of ($10.22), from continuing operations, as well as ($15.0) million of expense, or EPS of ($0.05), from discontinued operations. Fourth-quarter 2008 continuing earnings include a non-cash impairment charge for goodwill and intangible assets, one-time acquisition costs and restructuring costs which totaled EPS of ($10.75). Excluding these items, fourth-quarter earnings from continuing operations were $0.53 per share.

| Diluted Earnings Per Share 4Q 2008 & 2009 | | |
|---|---|---|
| | 4Q 2009 | 4Q 2008 |
| Reported Continuing EPS (Loss) | $0.37 | ($10.22) |
| Add Back | | |
| Impairment Charge | -- | $10.56 |
| Restructuring Costs | 0.11 | 0.16 |
| Acquisition Costs | -- | 0.03 |
| Subtotal | $0.11 | $10.75 |
| Adjusted Continuing EPS | $0.48 | $0.53 |

"Our revenues in the quarter came in at the middle of our guidance range," said Michael Lamach, president and chief executive officer. "While we continue to see challenges in some of our major end markets, we're also beginning to see improvement in markets that lead the recovery. Despite the revenue drop, we improved operating earnings and margins by continuing to drive productivity, generating synergies across our global operations and improving capacity utilization. These actions and efforts to further reduce working capital contributed to another quarter of outstanding cash generation, which allowed us to significantly exceed our 2009 targets and to accelerate the reduction of debt. We dedicated ourselves in 2009 to demonstrating that we can execute. In 2010, we will build on the productivity culture we have established by integrating our business activities and

increasing our capacity utilization, both of which will improve our profitability. In addition, we are investing substantial resources to innovate and develop new products and services which will fuel our future growth."

**Additional Highlights for the 2009 Fourth Quarter**

Revenues: The company's reported revenues decreased by 10% to $3,305.8 million, compared with revenues of $3,670.0 million for the 2008 fourth quarter. Excluding a positive currency impact of 3%, revenues declined 13% compared with 2008. Reported U.S. revenues decreased by 14%, and revenues from international operations declined by approximately 5% (down by 11% excluding currency), with the sharpest year-over-year declines registered in Europe.

Operating Income and Margin: Reported operating income for the fourth quarter was $222.7 million compared with a loss of $3.5 billion for the fourth quarter of 2008. Fourth-quarter 2009 included approximately $50 million of pre-tax costs related to restructuring compared with $71 million for the same period of 2008. Fourth-quarter reported operating margin was 6.7%, or 8.2% excluding restructuring, compared with a reported operating loss for the same period of 2008. Fourth-quarter 2008 operating income included approximately $3.7 billion of pre-tax costs related to asset impairment. Excluding impairment costs, the fourth-quarter 2008 operating margin would have been 4.9%, or 6.8% excluding restructuring. Expense reductions, productivity actions, and lower commodity costs offset volume declines and unfavorable product mix.

Interest Expense and Other Income/Expense: Interest expense of $76.4 million for the fourth quarter of 2009 decreased compared with $88.9 million in the 2008 fourth quarter, due to lower debt balances. Other income totaled $3.5 million for the fourth quarter, compared with $14.3 million of expense for the fourth quarter of 2008. Other income includes approximately $25 million primarily related to a favorable settlement with an insurance carrier associated with a portion of our asbestos obligation, offset by a $24.4 million currency loss triggered by the recent major devaluation of the Venezuela Bolivar. The net favorable year- over-year change in other income is primarily due to lower foreign exchange losses incurred outside of the singular event in Venezuela.

Taxes: The company's reported tax rate for the fourth quarter of 11.1%, included discrete tax expense of $15 million. This compares with a tax credit recorded in the fourth quarter of 2008.

**Full-Year 2009 Results**

Full-year 2009 net revenues were $13,195 million, a slight decline compared with reported net revenues of $13,227 million in 2008. On a pro forma basis, including a full year of Trane results for 2008, revenues declined by 19% (down by 18% excluding the effects of currency). Operating income for 2009 totaled $841.6 million compared with a loss in 2008, due to a fourth-quarter asset impairment charge of $3.7 billion. Operating margin for 2009 was 6.4%, or 7.2% excluding $111 million of restructuring costs.

The company reported full-year 2009 EPS of $1.37. EPS from continuing operations was $1.41 with ($0.04) of costs from discontinued operations. Full-year continuing operations include $111 million, or EPS of ($0.24), in restructuring charges. Excluding restructuring, full-year EPS from continuing operations was $1.65.

The company reported full-year 2008 EPS of ($8.73). EPS from continuing operations was ($8.54). Full-year continuing operations included several discrete items including: a non-cash charge for asset impairment; costs related to the acquisition of Trane; and restructuring charges. Excluding these items, full-year EPS from continuing operations was $3.34. EPS from discontinued operations was ($0.19) for full-year 2008.

**Fourth-quarter Business Review**

The company reports the results of its businesses in four segments based on industry and market focus. During the fourth quarter of 2009 the company realigned its segments to more closely reflect its corporate and business strategies and to promote additional productivity and growth. The company's four segments include: Climate Solutions, which includes the Trane commercial HVAC Systems, Hussmann and Thermo King businesses; Industrial Technologies, which includes Air and Productivity Solutions and Club Car; Residential Solutions, which includes the residential HVAC and security businesses; and Security Technologies, which includes the commercial security businesses. Segment operating margin comparisons for 2008 and 2009 include restructuring expenses and exclude impairment charges for 2008.

Climate Solutions delivers energy-efficient HVACR solutions globally and include Trane, which provides HVAC systems and building services, parts, support and controls for commercial buildings; Hussmann, a leader in food merchandising solutions; and Thermo King, the leader in transport temperature control solutions. Reported revenues for the fourth quarter of 2009 were $1,803 million with operating income of $89.0 million. Total revenues for the fourth quarter declined by 13% (down by 16% excluding currency), compared with the fourth quarter of 2008. On a year-over-year basis, total commercial HVAC revenues decreased by 10% (down by 12% excluding currency), with a 17% decline (down by 19% excluding currency) in equipment and systems revenue and a 4% increase (up by 2% excluding currency) in parts, services and solutions. Commercial revenues decreased in all major geographic regions, except Asia, during the quarter due to continued declining activity in non-residential construction markets.

Total Thermo King transport revenues declined by 7% in the fourth quarter compared with last year. Total worldwide

refrigerated trailer and truck revenues decreased slightly compared with last year, reflecting improved activity in the U.S. and Asia and a continuing decline of the heavy truck market in Europe. Sea-going container revenues and worldwide bus revenues both increased substantially due to improving end market activity. However, sales of TriPac auxiliary power units declined significantly compared with last year. Worldwide revenues for Hussmann refrigerated display cases and contracting decreased by 33% compared with the fourth quarter of 2008, due to slower supermarket capital expenditures, both in Europe and in the United States.

Fourth-quarter segment operating margin was 4.9%, including approximately $25 million of purchase accounting and $18 million of restructuring costs, an increase of 1.8 percentage points compared with last year. Productivity actions and lower commodity costs offset the negative impact of lower volumes on fourth-quarter margins.

Industrial Technologies provides products, services and solutions to enhance customers' productivity, energy efficiency and operations. Products include: compressed air systems, tools, fluid power products, golf and utility vehicles and energy generation systems. Total revenues in the fourth quarter of $591 million decreased by approximately 12% (down by 15% excluding currency) compared with the fourth quarter of 2008. Air and Productivity revenues declined by 13%, due to lower volumes in all geographic regions. Revenues in the Americas decreased by 20% compared with last year due to declines in major industrial, process and fluid handling end markets. Americas equipment volume declined by 23% and recurring revenue decreased by 14%. Air and Productivity Solutions revenues in Europe, Asia and India decreased by approximately 6% (down by 13% excluding currency) compared with 2008. Club Car revenues declined by 2% compared with the fourth quarter of 2008, due to ongoing sluggish golf, hospitality and recreation markets, which were partially offset by growth in low-speed vehicle sales. Fourth-quarter operating margin for Industrial Technologies of 12.4%, including $6 million of restructuring costs, increased by 1.9 percentage points compared with 10.5% last year, due to higher productivity, which offset lower volumes.

Residential Solutions includes the Trane and Schlage brands which deliver safety, comfort and efficiency to homeowners throughout North America. Products, services and solutions include mechanical and electronic locks, HVAC systems, indoor air quality solutions and controls and remote home management systems.

Fourth quarter revenues were $457 million, an increase of 7% compared with 2008 as residential markets showed improved fundamentals after four years of declines. Residential security revenues increased by 3% compared with last year as market share gains offset sluggish builder and "Big Box" markets. Residential HVAC revenues increased by about 9% compared with 2008 from improved sales to the replacement market.

Fourth-quarter operating margin of 7.5%, including approximately $17 million of purchase accounting costs, improved significantly compared with a loss recorded in 2008, due to productivity gains, cost reductions and higher volume.

Security Technologies is a leading global supplier of commercial security products and services. The sector's market leading products include mechanical and electronic security products; biometric and access-control systems; and security and time and attendance scheduling software. Fourth-quarter revenues of $454 million declined by approximately 7% (down by 11% excluding currency) compared with the fourth quarter of 2008. This decline reflects contracting commercial building and remodeling markets, especially in the U.S. Fourth-quarter operating margin of 16.8%, which included $18.0 million of restructuring costs, decreased compared with 20.3% in the fourth quarter of 2008. The operating margin decrease was due to the declines in volume and a three percentage point year-over-year increase in restructuring costs, which combined, more than offset substantial cost reduction from productivity gains.

**Balance Sheet and Liquidity**
For the full-year 2009, the company generated available cash flow of approximately $1.6 billion from earnings and working capital reductions. During 2009, total financing was reduced by $1.1 billion to a year ending level of approximately $4.1 billion. In addition, the company's cash balances increased by $327 million during the year and its liquidity position improved to $2.25 billion at year-end 2009.

"Our focus on generating cash flow continues to pay off. Full-year working capital reductions of $847 million exceeded targets and represents a 5.6 percentage point reduction in working capital as a percentage of revenue. This outstanding performance was primarily driven by significant receivable and inventory reductions that we believe are sustainable into 2010 and beyond. We exceeded our plan to reduce debt and have reduced total financing by $2.0 billion since the acquisition of Trane in June 2008. The generation of $1.6 billion in available cash flow for full-year 2009 significantly exceeded our original plan target of $920 million," said Lamach.

**Productivity Actions / Restructuring / Trane Acquisition Synergies**
The company achieved a total gross productivity of 5.9% in the fourth quarter compared with the fourth quarter of 2008, and achieved $681 million of gross productivity savings for the full year, exceeding the original 2009 goal of $650 million. The restructuring programs also gained traction in the quarter and the company generated $194 million of annual gross pre-tax savings for full-year 2009 from these projects. Restructuring is expected to provide approximately $145 million of incremental savings in 2010.

In addition to the restructuring benefits and other productivity programs, the company generated $192 million of incremental Trane acquisition synergy savings in 2009. The company expects to achieve at least $190 million of incremental synergy savings in 2010 and a total of $500 million of cumulative savings from Trane synergies by the end of 2010.

**Tax Matters Related to 2001 and 2002**
In July 2007, the company received a notice from the IRS containing proposed adjustments to the company's tax filings in connection with an audit for the 2001 and 2002 tax years pertaining to the company's reincorporation in Bermuda. These proposed adjustments would have resulted in additional taxes for the 2002 tax year of approximately $190 million plus interest, along with other charges.

On January 12, 2010, the IRS notified the company that it was eliminating its proposed $190 million adjustment. However, the IRS continues to assert an alternate position and proposes adjustments to the company's 2001 and 2002 tax-year filings. Under this alternate position, the IRS claims that the company owes additional taxes for 2002 of approximately $84 million plus interest and penalties of 30% on the asserted tax underpayments. These proposed adjustments may also affect subsequent tax years.

The company believes that it has operated in accordance with applicable laws related to the IRS' claims and intends to continue vigorously contesting these proposed adjustments. Although the outcome of this matter cannot be predicted, based upon an analysis of the strength of its position, the company believes that it is adequately reserved for any potential payments related to this matter.

**2010 Outlook**
"Ingersoll Rand's major end markets were showing mixed year-over-year results at the close of 2009," said Lamach. "Fourth-quarter orders were flat compared with last year, a notable improvement compared with the double-digit year-over-year declines in the first three quarters of 2009. Based on our recent order pattern, we continue to see a mixed picture of activity across our major end markets for 2010. We do see some positive signs of recovery in residential security and HVAC, North American and European refrigerated transport, Club Car, and across several of our businesses in China. However, we expect challenging U.S. and European non-residential construction markets for most of the year.

"Considering the ongoing weakness in several key markets and the prospect of some added material inflation, we are again operating with a conservative baseline plan and have developed additional contingency actions if markets perform below expectations. We anticipate revenues for full-year 2010 in the range of $13.5 to $13.8 billion, or an increase of 2% to 5%. Full-year 2010 EPS from continuing operations is expected to be in the range of $1.95 to $2.35 with costs related to discontinued operations equal to ($0.10) per share. This full-year forecast includes the effect of $100 million ($0.25 EPS) of restructuring expenses and reflects a tax rate of 16% for continuing operations and an average diluted share count of 340 million shares. Available cash flow for 2010 is expected to approximate $1.0 billion, based on projected earnings and working capital requirements.

"First-quarter results will continue to be influenced by the ongoing uncertain economic conditions. Given our current macroeconomic view, our first-quarter 2010 revenue forecast is $3.0 to $3.1 billion, which would be an increase of approximately 2% to 5% compared with the first quarter of 2009. We expect to capture significant benefits from additional Trane acquisition synergies, restructuring savings and productivity programs. EPS from continuing operations for the first quarter are expected to be in the range of $0.10 to $0.15. The first-quarter forecast includes the effect of approximately $20 million of restructuring expenses (EPS of $0.05) and reflects a tax rate of 16% for continuing operations and an average diluted share count of 335 million shares.

"Our internal business fundamentals improved significantly in 2009. We have leading and improving global brands and leading market shares in all of our major product lines. Our balance sheet is solid, we are generating significant cash, we are reducing debt, and we have considerable available liquidity. As the world economy recovers, we will continue to invest in new products and innovation and we will relentlessly strive to improve our operations and to become a more efficient company."

This news release includes "forward-looking statements," which are any statements that are not historical facts. These forward-looking statements are based on Ingersoll Rand's current expectations and there can be no assurance that such expectations will prove to be correct. Forward-looking statements are subject to changes in circumstances, risks and uncertainties, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. Information about factors that could cause such differences can be found in Ingersoll Rand's Form 10-K for the year ended December 31, 2008, its Form 10-Q for the quarters ended March 31, 2009, June 30, 2009 and September 30, 2009 and in its other SEC filings. General U.S. and international economic and political conditions, the outcome of litigation and governmental proceedings, changes in government regulations and tax laws and its reorganization from Bermuda to Ireland are examples of factors, among others, that could cause actual results to differ materially from those anticipated in the forward-looking statements. These forward-looking statements are based on Ingersoll Rand's current expectations and the company assumes no obligation to update these forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements.

*All amounts reported within the earnings release above related to net earnings (loss), earnings (loss) from continuing*

*operations, earnings (loss) from discontinued operations, and per share amounts are attributed to Ingersoll Rand's common shareholders.*

Ingersoll Rand is a global diversified industrial firm providing 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. Driven by a 100-year-old tradition of technological innovation, we enable companies and their customers to create progress. For more information, visit www.ingersollrand.com.

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**(See Accompanying Tables)**

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