

*Green, Giving, Growing*

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# CEO Statement

Welcome to Ingersoll Rand's first sustainability report. Building on our previous environmental, health and safety reports, this document provides an overview of our sustainability performance, otherwise known as the "triple bottom line" of environmental, social and economic issues.

The triple bottom line at Ingersoll Rand® can be summarized by three words: **Green, Giving, Growing.**

**Green** means we share the world community's growing concern for the planet and are committed to driving environmental progress. By partnering with us, customers have a century-long history of innovation in energy-efficient and environmentally friendly technologies helping to meet their sustainability goals. We are a leading provider of green solutions, enabling businesses around the world to reduce overall operating costs, reduce waste, lower energy consumption, decrease harmful environmental emissions and increase productivity with minimal impact on the environment. We will continue focusing our innovations toward products and services that provide energy efficient and environmentally responsible solutions to our customers.

**Giving** relates to our commitment to the communities in which we operate around the world. Four years ago, we initiated a Chairman's Award category called Inspiring Progress, which I present each year to employee volunteers who exemplify community commitment. I am proud to say that Ingersoll Rand people throughout the globe have demonstrated their care and concern for our fellow citizens through contributions of time and funds for neighborhood causes and for major catastrophes.

**Growing** reflects our ability to deliver solutions that create environmental progress, address customer needs, and create economic benefits for our customers, shareholders, employees, and societies around the globe. Being a financially successful company is consistent with being an environmentally and socially responsible company. By providing customers with more efficient products and reducing the environmental footprint of our operations, we have created a win-win situation for the businesses we serve and the environment we live in. Also, as

part of our "Growing" commitment, we've taken innovative approaches to invest in our people, through Ingersoll Rand University and other training programs. In addition, we're committed to promoting diversity throughout our workforce in every country in which we operate.

A key part of our efforts is our Progress is greener™ with Ingersoll Rand initiative. What started as a commercial initiative – to highlight products and services that help our customers reduce their environmental impact – has transformed into a vehicle for culture change across the company. The initiative has expanded into something much bigger than ever envisioned, including the establishment of green teams focused on identifying and implementing environmental improvements in the workplace and encouraging environmental responsibility at work and at home.

At Ingersoll Rand, we are taking a practical, business-oriented approach to the triple bottom line of sustainability. In the past, we focused on product performance. Moving forward, we'll focus as well on what our products are made of. Overall, our goal is to increase our output, year over year, while reducing our energy use, wastes, emissions and effluents. Our pursuit of Green, Giving, Growing is not only for altruistic reasons; it is also for sound business reasons. I encourage you to learn more about our journey to be a more sustainable company, providing green solutions to help make the world a better place



Herbert L. Henkel  
Chairman, President and  
Chief Executive Officer  
April 2008

# Company Profile

Ingersoll Rand is a global diversified industrial firm, employing 35,000 people around the world. We provide products, services and solutions to transport and protect food and perishables, secure homes and commercial properties, and enhance industrial productivity and efficiency.

## Sales (in billions)

2003.....	\$9.0
2004.....	\$9.4
2005.....	\$10.5
2006.....	\$11.4
2007.....	\$8.8*

\* During 2007, the company divested its Road Development, Bobcat, Utility Equipment and Attachments businesses.

## 2007 Revenues by Sector (in billions)

Climate Control Technologies .....	\$3.4
Industrial Technologies .....	\$2.9
Security Technologies .....	\$2.5

## Operational Structure

Our three global business segments provide our customers with over 25 industrial and commercial brands from Schlage® locks to Club Car® golf cars.

### Climate Control Technologies

Providing equipment and services to manage controlled-temperature environments for food and other perishables, our Climate Control Technologies sector encompasses both transport and stationary refrigeration solutions. Our product brands include Thermo King®, a world leader in transport temperature control systems, and Hussmann®, a leading brand of refrigeration and food merchandising equipment.

### Industrial Technologies

Ingersoll Rand Industrial Technologies provides products, services and solutions that enhance our customers' energy efficiency, productivity and operations. The diverse and innovative products in this sector range from complete compressed air systems and tools to material and fluid handling systems and environmentally friendly microturbines. This sector also includes our Club Car business, the

global leader in golf and utility vehicles that enhance productivity for businesses and individuals.

### Security Technologies

Ingersoll Rand's Security Technologies Sector is a leading global provider of products and services that make environments safe, secure and productive. The sector's market-leading products include electronic and biometric access-control systems; time-and-attendance and personnel scheduling systems; mechanical locks; portable security; door closers; exit devices; architectural hardware, steel doors and frames; and other technologies and services for global security markets.

### Global Operations

Ingersoll Rand maintains manufacturing facilities, warehouses, offices, and repair centers throughout the world. We conduct manufacturing and assembly operations in 36 plants in the Americas; 31 plants in Europe; and 14 plants in Asia-Pacific. Our products and services are sold to customers in close to 200 countries. Our executive office is in Montvale, New Jersey.



Number of Manufacturing Facilities by Sector

	U.S.	Outside U.S.
Climate Control Technologies	8	12
Industrial Technologies	12	20
Security Technologies	10	21



## *Significant changes during the reporting period*

Part of our business strategy is to transition away from capital-intensive, heavy-machinery businesses, positioning ourselves to deliver consistent financial performance over the long term and across all phases of the economic cycle. In April 2007, we sold our Road Development business unit to AB Volvo. The Road Development business unit manufactured and sold asphalt paving equipment, compaction equipment, milling machines and construction-related material handling equipment.

In November 2007, we completed the sale of the Bobcat, Utility Equipment and Attachments business units to Doosan Infracore. The sale included manufacturing facilities in Gwinner and Bismarck, North Dakota; Carrollton, Georgia; Litchfield, Minnesota; Petersburg, Virginia; Wujiang, China; Dobris, Czech Republic; Lyon and Pontchateau, France; Slane, Ireland; and Tredegar, Wales.

On December 17, 2007, we executed a definitive agreement to acquire Trane Inc. (NYSE:TT), formerly American Standard Companies Inc. This transaction, which is expected to close during the second quarter of 2008, is subject to approval by Trane shareholders, regulatory approval and customary closing conditions. Trane is not included in this report, which covers only Ingersoll Rand 2007 operations.

## *Report Parameters*

After several years of publicly reporting on our environmental, health and safety issues, Ingersoll Rand is moving forward this year with our first sustainability report. We convened an interdepartmental and cross-sector team that examined our stakeholder expectations for sustainability reporting, assessed the company's most important sustainability-related issues, and determined which report parameters are the most relevant and feasible for our businesses to include in this report. This report follows the reporting principles and framework of the Global Reporting Initiative (GRI) guidelines for sustainability reporting, Version 3.0 (2006).

Unless otherwise noted, all data presented in this report are for 2007. Financial data are presented for the entire company. Environmental and safety data are presented for North American operations.

## *Assurance*

Ingersoll Rand has internal systems in place to review the data presented in this report for timeliness, completeness, accuracy and reliability.



# Green: Our Commitment to the Environment



## Environmental Strategy, Goals and Policy

Ingersoll Rand is committed to protecting the environment and the health and safety of our employees and community members. We have established an enterprise-wide productivity goal to achieve 5 percent higher output each year using the same amount of input. Focusing on this simple target will have far-reaching effects as we generate less waste, require fewer materials, and use less energy to meet growing demand for our products and services.

### EHS Policy

Our global operations, and companies in which Ingersoll Rand has greater than a 50 percent ownership, operate under a common environmental, health and safety (EHS) policy and management system. We periodically review our EHS policy and management system requirements to ensure they continue to meet our needs and the growing expectations of our key stakeholders. The policy was formally reviewed in 2007 and last revised in 2006. The Ingersoll Rand EHS policy is available in English, Chinese, Czech, Danish, Dutch, French, German, Gujarati, Italian, Japanese, Kannada, Portuguese, Russian, Spanish and Turkish, and it is posted at all Ingersoll Rand facilities. The management system requirements were revised in 2007 to more closely align with internationally recognized standards.

### Ingersoll Rand Environmental, Health and Safety Policy

Ingersoll Rand embraces its responsibility to operate in a manner that protects the environment, and human health and safety in order to support the company's long-term growth and reputation as a responsible corporate citizen. We will meet this responsibility by the following actions:

- Comply with or exceed requirements of global, national, state, and local statutes, regulations, and standards protecting the environment and human health and safety. In the absence of laws and regulations, or where they are simply not adequate for our operations, we will apply sound environmental, health and safety (EHS) management practices.
- Establish global internal EHS standards that are robust, scientifically sound, and protective of the environment, and human health and safety.
- Conduct regular audits to verify compliance with regulatory requirements and company standards.
- Implement EHS management systems to identify and manage EHS risks, obligations, and opportunities.
- Establish specific EHS metrics to measure and report on our performance.
- Incorporate EHS considerations into our business decision-making processes.
- Work to prevent accidents, injuries, and unsafe work conditions; promote energy and water conservation; encourage the reuse and recycling of materials; and reduce waste, emissions and the use of hazardous substances in our operations.
- Share EHS best practices across the company.
- Monitor emerging issues and keep abreast of regulatory changes, technological innovations, and stakeholder interests.
- Strive to develop effective and sustainable solutions to EHS challenges arising from our business activities.
- Regularly communicate relevant and meaningful information about our EHS performance to our internal and external stakeholders.

It is the responsibility of corporate EHS staff to establish policy, govern compliance, and review the company's EHS performance with company and business unit management on a periodic basis, including compliance with this policy. In addition, corporate EHS will facilitate participation in training and conferences to foster sharing of best practices across the enterprise.

Each business unit is responsible for implementing this policy, allocating adequate resources, and developing EHS programs. Employees and on-site contractors are responsible for integrating sound EHS practices into their everyday activities, and acting in a manner that is protective of the environment, and human health and safety.

This policy will be reviewed annually and updated as needed.

### New Policies

To increase the rate of survival of individuals who have a sudden cardiac arrest in the workplace, on January 1, 2008, we expanded our Automatic External Defibrillator (AED) Policy. All locations with larger workforces (i.e., more than 200 employees) must implement an AED Program. Locations with smaller workforces may choose to voluntarily implement an AED Program.

Ingersoll Rand also implemented on January 1, 2008, a Global Tobacco Free Workplace Policy to create a healthier, cleaner and safer work environment. Tobacco use of any kind (e.g., smoking, chewing, snuff, etc.) is strictly prohibited within company buildings – including offices, hallways, waiting rooms, restrooms, lunchrooms, break rooms, elevators, meeting rooms and all community work areas. Tobacco use is prohibited in any company vehicle at any time. Tobacco use is only permitted in designated areas that are a minimum of 25 feet (8 meters) outside any enclosed area to ensure that second-hand smoke does not affect enclosed areas. This policy applies to all employees, contractors and visitors.

### Global EHS Management and Organization

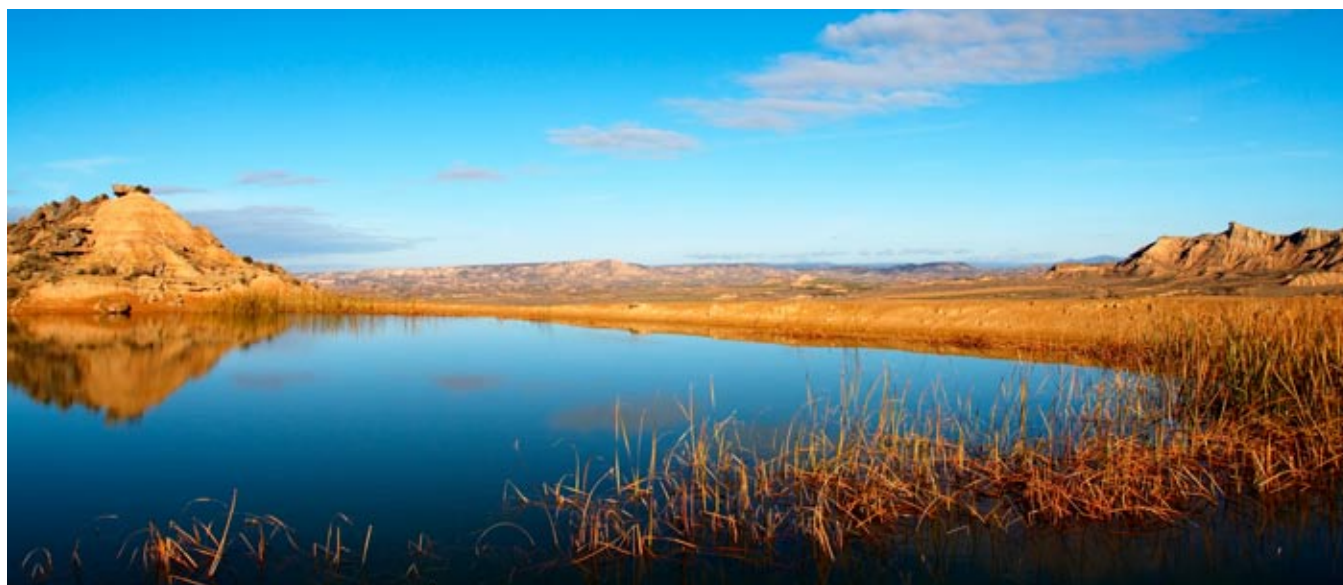
Ingersoll Rand has an EHS policy, requirements, standards, and programs that enable the company to conduct worldwide operations in a safe and environmentally responsible manner and to meet our EHS goals. These requirements, standards, and programs assist business managers and facilities in developing and implementing environmental solutions tailored to their needs. Through the company's Audit Committee, the Board of Directors oversees EHS policy and compliance as part of its corporate governance.

Responsibility for developing EHS programs and assuring that our operations meet and sustain compliance with all applicable local, national, and international laws lies with corporate vice president of EHS in cooperation with the company's business managers. Guidance is provided by the EHS strategy team and regional councils, which are comprised of Ingersoll Rand EHS professionals worldwide.

EHS professionals partner with others across Ingersoll Rand's operations and business functions. Our goal is to move from a compliance assurance model of EHS management to a business integration model, in which EHS is integrated into our day-to-day and strategic business decisions.

The following elements of our EHS management approach are critical to our success:

- **Management Commitment** – We require strong leadership, support, and participation by managers at all levels for our EHS policy and programs.
- **Training** – Ingersoll Rand is committed to training. This includes site-specific training relative to applicable regulatory requirements. It also includes workshops and webcasts that address compliance with corporate policies, standards, and programs, and that promote the use of best management practices to improve EHS performance within the company.
- **Communication** – We communicate to our employees and stakeholders about our EHS performance and EHS management system through various means such as the Ingersoll Rand Daily News (IRDN), meetings and this annual report.
- **Measurement** – Through our EHS councils, we measure critical EHS parameters, such as emissions, waste generation, recycling efforts, energy usage, water usage, and frequency and





severity of workplace incidents. It is through these measurements that continual improvement toward established objectives can be monitored and achieved.

- **Evaluation** – We conduct third-party periodic evaluations at our operating facilities. Each operating department or business unit is accountable for addressing the evaluation results and preparing a corrective action plan with oversight by corporate EHS staff.

### EHS Professionals

Primary responsibility for EHS management resides with each Ingersoll Rand sector. Starting at the facility level, staff efficiently manage compliance with governmental regulations and Ingersoll Rand policies. In addition, we have business unit and sector staff dedicated to EHS.

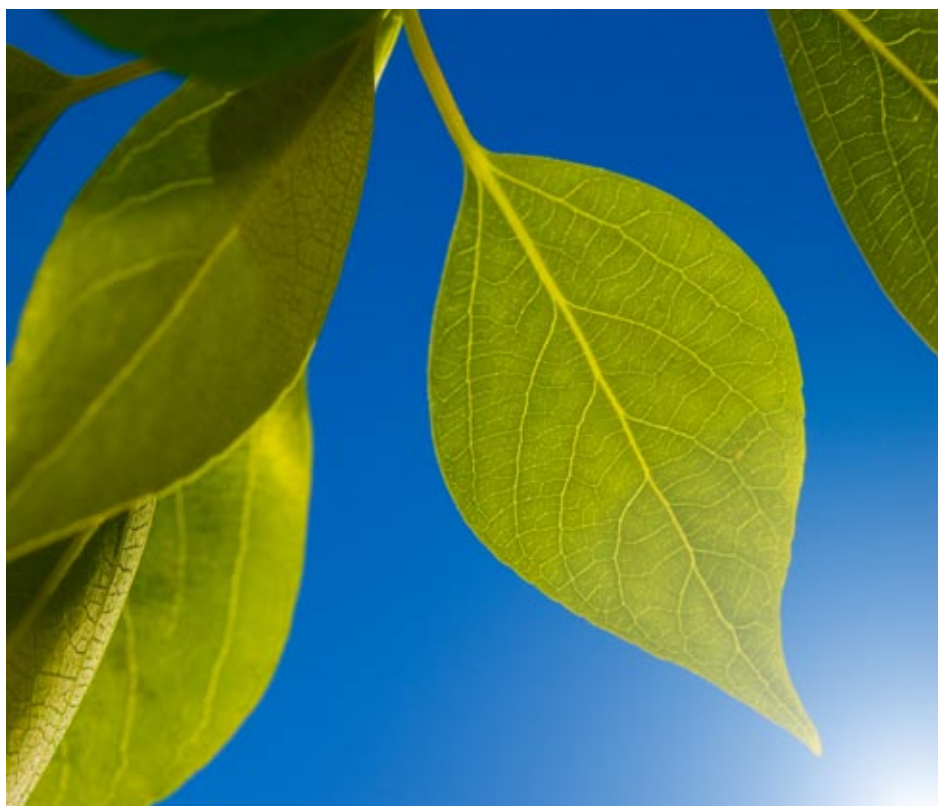
At the corporate level, EHS staff establish policies and guidelines, and manage risks associated with transactions and site cleanups. The deputy general counsel and corporate vice president of EHS reports to the general counsel, who is also a Board member. Sector, business unit, and facility level EHS personnel are responsible for reporting certain matters to the corporate EHS staff and/or the corporate vice president of EHS. If a situation were to arise requiring immediate attention, it would be communicated to the CEO through the general counsel or a sector president.

At the sector, business unit, and facility levels, many people have responsibility for EHS. To direct EHS activities globally, Ingersoll Rand formed EHS councils in the 1980s. Additionally, Ingersoll Rand sponsors annual EHS conferences to share EHS practices and to foster learning across the enterprise.

## Global EHS Requirements

Ingersoll Rand global EHS requirements apply to all facilities worldwide. The requirements cover a broad range of topics, including:

- development and maintenance of an EHS management system;
- restrictions on asbestos, chlorinated solvents, lead, and cyanide material use;
- management and control of the use of underground storage tanks (USTs) and other subsurface structures;
- use, maintenance, and disposal of polychlorinated biphenyl (PCB)-containing electrical equipment;
- guidelines for regulatory agency inspections and communication with external audiences;
- authorization of EHS documents;
- internal reporting requirements; and



- third-party and self assessments.  
In addition, each Ingersoll Rand business and facility is required to investigate, understand, and address any additional EHS issues that apply and that are not satisfactorily covered by the EHS requirements. Each Ingersoll Rand business and facility is required to comply with the specific local, state, and federal requirements that affect their operation.  
In 2007, we updated our EHS requirements to support continuous improvement throughout the company and enhance the following areas:

- **Annual EHS self-assessments** – Facility self-assessments were required to be completed prior to the end of 2007. Such assessments must be completed at all Ingersoll Rand manufacturing, service and warehouse/distribution facilities on an annual basis.
- **Global EHS management system** – The system has been aligned with the latest global standards.
- **Regulatory inspections and notices of violation** – All inspections and notices must be reported to corporate EHS.
- **Waste management program** – Waste disposal vendors must be audited and approved.

### Awareness

More than just a slogan, *Progress is greener with Ingersoll Rand* encompasses our ongoing commitment to meet customers' needs for energy efficient and

environmentally beneficial products and services. It further promotes environmental stewardship among employees, both at work and at home. We now run regular Green Tips in our daily employee communications and identify resources to help employees reduce the environmental footprint of their own households. Several Ingersoll Rand locations have formed Green Teams to implement environmental awareness and improvement projects at the local level.

One initiative that resulted from the *Progress is greener with Ingersoll Rand* campaign went into effect in December 2007: the default copy paper available throughout our U.S. operations contains 50 percent post-consumer recycled content. To demonstrate that green does not have to mean higher cost, employees were provided with tips to reduce paper use. A three percent reduction in paper use will make the switch cost neutral in the U.S. Ingersoll Rand businesses in countries outside the U.S. have been using recycled content paper for some time.

At the company's fall 2007 annual All Sales meeting, Ingersoll Rand CEO Herb Henkel affirmed the company's commitment to extending training and tools to the entire sales force focused on green products and service offerings. The Sustainability Manager for Wal-Mart Transportation also spoke at the All Sales meeting about the ways Ingersoll Rand is helping Wal-Mart meet its own sustainability goals, including improving the efficiency of their fleet. Ingersoll Rand and Wal-Mart have a long history of

promoting new product solutions. Several energy-saving products designed by Ingersoll Rand were tested in conjunction with Wal-Mart and have since become the leading products in their respective categories. Going forward, the two companies intend to continue the tradition of working with each other to develop new green technologies.

#### EHS Tools

EHS staff are provided with a variety of tools to meet EHS requirements and achieve program goals. These include regulatory updates, an intranet site, conferences, training programs and on-demand access to specialized expertise. Ingersoll Rand maintains an employee hotline, staffed by an external EHS consulting firm, to handle specific questions. In 2007, the hotline received 121 calls covering a wide variety of issues, such as the European Union product-related directives, EHS review of new chemicals, hazardous materials management, toxic release reporting, US Department of Transportation requirements, spill management, toxic inventory and emissions reporting and EHS training requirements.

#### EHS Councils Enhance Dual Citizenship

Ingersoll Rand has three regional EHS councils, covering North America, Europe, and Asia-Pacific. The council members include sector, business unit, and facility-level EHS staff, and additional environmental, risk, safety, and health experts. Corporate EHS professionals participate in all three councils. The roles and responsibilities of the council members are to:

- serve as representatives for their entire business unit;
- participate in developing or revising EHS policy, requirements, and guidelines;
- provide council meeting minutes and shared information to EHS contacts at the facilities;
- seek best practices throughout the business units to share with the council;
- serve as primary point-of-contact for the business unit for critical EHS communications;
- distribute critical EHS information promptly to all business unit facilities; and
- collect requested data from all business unit facilities.

In 2007, the North American EHS Council met twice and held two teleconferences. The European EHS Council met once and held a teleconference, and



the Asia-Pacific EHS Council met once and held a teleconference.

Council meetings generally consist of a review and discussion of EHS subjects that impact Ingersoll Rand facilities. The meetings are typically held at or near an Ingersoll Rand facility and include a facility tour.

Topics generally discussed during the council meetings include:

- EHS performance and goals;
- status of ongoing EHS programs;
- regulatory changes and how they will impact operations;
- forthcoming EHS programs;
- EHS involvement in merger, acquisition, and divestiture activities;
- updates to the EHS manual and training issues; and
- EHS awards and best management practices.

### Promoting EHS Excellence through the Annual Conferences

Ingersoll Rand held its first North American environmental conference in 1979 and began many of its environmental programs shortly thereafter. Annual North American conferences continued through 2005. In 2006, the company hosted its first Global EHS Conference. Global EHS conferences will continue to be held annually. The 2007 Global EHS Conference was held in Augusta, Georgia, with a theme of “Integrating EHS into the Ingersoll Rand BOS (Business Operating System).” Attendees from the Americas, European-served areas and Asia-Pacific participated in the conference. It provided a platform for information sharing on topics of interest globally and supported the company’s vision of Dual Citizenship. In addition, the conference agenda focused on the company’s BOS and how EHS contributes to world class performance.

The annual conferences help demonstrate senior management’s commitment to EHS. Through best practice sharing and benchmarking with other Ingersoll Rand facilities around the world, EHS staff learn how to integrate EHS into the business and have a positive impact on their facilities and the communities in which they live and work. The conferences provide important training for the company’s EHS professionals and encourage communication across different regions and business sectors.



### Assessment Program

In 2007, Ingersoll Rand implemented an annual self-assessment program. Facilities are assessed against local and applicable regulatory and Ingersoll Rand requirements, including the EHS manual, the facility’s management system, and best-management practices. The self-assessment tool is available in Chinese, English, French, German, Italian and Spanish. In addition to the self-assessments, third-party assessments are conducted at least every three years.

Eliminating or reducing waste and emissions, cutting energy use and improving safety are just a few of the benefits provided by the process improvement and cost savings (PICS) assessments conducted by Ingersoll Rand’s corporate EHS group. Since the start of 2004, the group has completed assessments at several of the company’s largest manufacturing sites. Lean and Six Sigma tools are used during the assessments to identify EHS-related PICS opportunities in areas such as wastewater management, waste reduction, return-to-work programs, compressed air use, ergonomics, boiler operation and lighting.

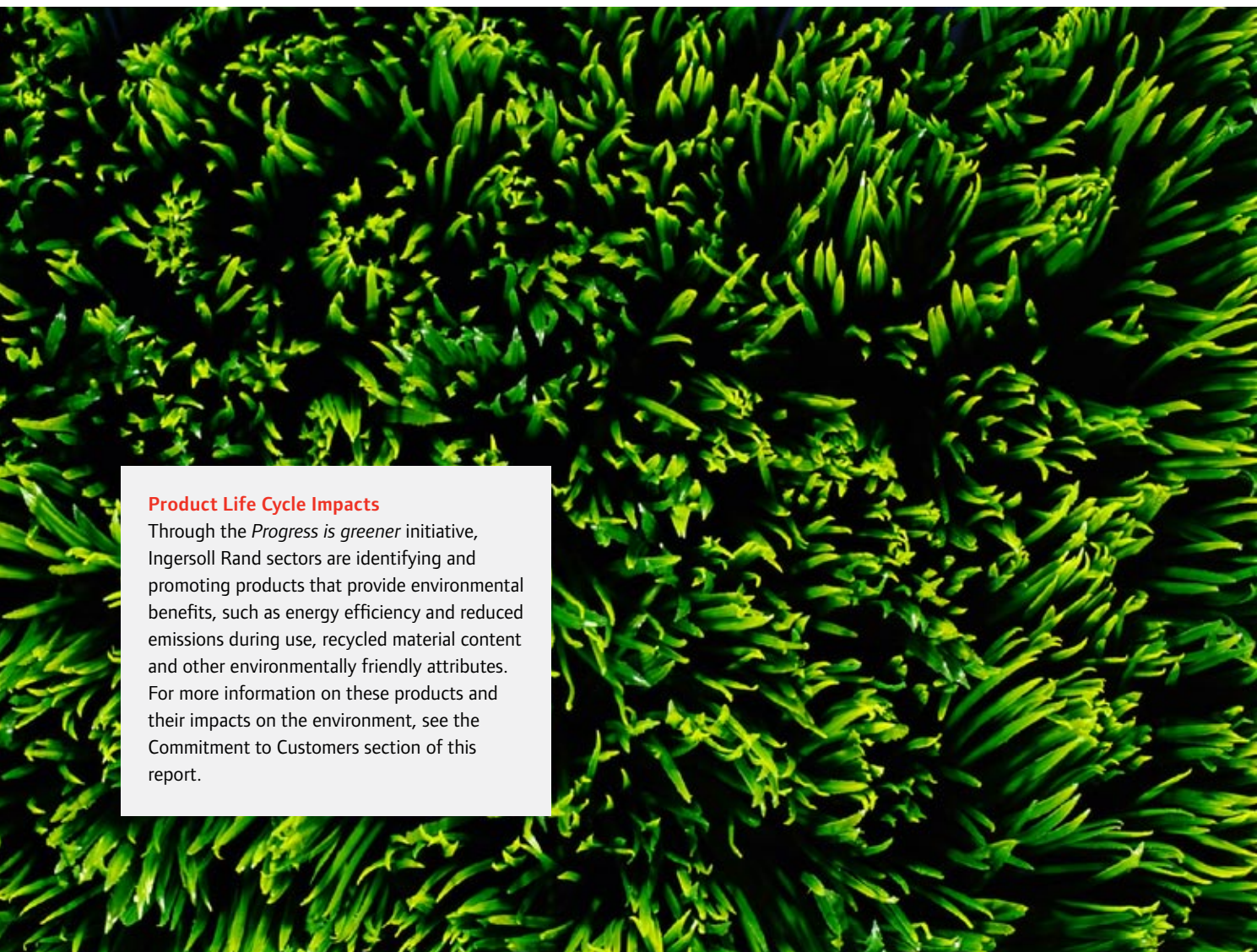
**ISO 14001, OHSAS 18001 and VPP Certified Ingersoll Rand Facilities**

Sector	Location	Year ISO certification was first achieved	Year OHSAS certification was first achieved	Year VPP certification was first achieved
Climate Control Technologies	Barcelona, Spain	2005		
	Galway, Ireland	2000	2006	
	Kolin, Czech Republic	2001	2005	
	Luoyang, China	2003		
	Monterrey, Mexico	2007		
	Pamplona, Spain	1999	2006	
	Prague, Czech Republic	2001		
	Shenzhen, China	2003		
Industrial Technologies	Suzhou, China	2005	2005	
	Guilin, China	2006	2007	
	Oberhausen, Germany	2005		
	Pavlovo, Russia	2005		
	Sahibabad, India	2006		
	Shanghai, China	2005		
Security Technologies	Uničov, Czech Republic	2003	2005	
	Indianapolis, Indiana			2004
	Leamington Spa, U.K.	2006		
	Security, Colorado	2007	2007	
	Walsall, U.K.	2002	2007	

**External Certifications**

Ingersoll Rand requires each facility to have an EHS management system (EHSMS). The management system is designed to closely align with the requirements of ISO 14001, OHSAS 18001 and ANSI Z10 standards.

Eighteen Ingersoll Rand facilities have received third-party certification of their environmental management system to the ISO 14001 standard. Eight of these facilities also received OHSAS 18001 (health and safety) certification of their safety and health management system. One Ingersoll Rand facility is certified to the U.S. OSHA Voluntary Protection Program (VPP), which promotes effective worksite-based safety and health.



**Product Life Cycle Impacts**

Through the *Progress is greener* initiative, Ingersoll Rand sectors are identifying and promoting products that provide environmental benefits, such as energy efficiency and reduced emissions during use, recycled material content and other environmentally friendly attributes. For more information on these products and their impacts on the environment, see the Commitment to Customers section of this report.



## Environmental Performance

This report includes environmental performance metrics collected from the North American manufacturing facilities. Data from divested operations are only included for the years they were part of Ingersoll Rand the entire calendar year.

Ingersoll Rand is in the process of creating a company-wide metrics collection and performance monitoring system. We expect that our data collection will expand in 2008, and progress on our enhanced reporting efforts will be included in next year's sustainability report. Data in this report include:

- Electricity used;
- Water used;
- Hazardous waste generated;
- Nonhazardous waste generated;
- Nonhazardous oils and coolants generated;
- Nonhazardous waste recycled;
- Use of underground storage tanks (USTs); and
- Polychlorinated biphenyls (PCBs).<sup>(1)</sup>

Information regarding Ingersoll Rand's toxic chemical use and waste management is available through EPA's Toxic Release Inventory (TRI) database (<http://www.epa.gov/tri/tridata/index.htm>).

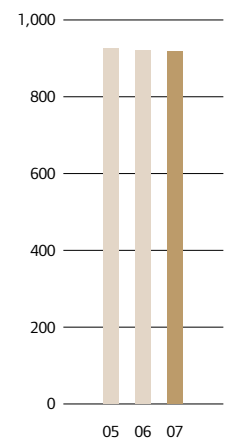
Data for 2005 and 2006 have been updated from previous reports as a result of improvements in training, better understanding of metric definitions and the inclusion of two North American sites, which had previously not been included. The changes were significant (greater than 5 percent change) for the following metrics: total hazardous waste, total nonhazardous waste, water use and electricity use.

### Energy Use and Greenhouse Gas Emissions

Energy conservation has become an increasingly important sustainability issue, from the impact of energy use on greenhouse gas emissions to the high costs of energy in today's markets. Ingersoll Rand is working to reduce our energy consumption at our operations around the globe. For example, our Thermo King facility in Suzhou, China, has cut its total energy consumption by 15 percent thanks to a facility-wide effort supported by all employees. More importantly, energy consumption per unit produced was reduced over the same time period by more than 6 percent.

The energy-saving actions implemented at Suzhou, and other Ingersoll Rand facilities, include: installing timers on the power switches for building ventilation systems, promoting equipment maintenance procedures that improve efficiency, requiring staff to switch off all electrical

**Electricity Use**  
North America, thousand giga joules



(1) PCBs are toxic chemicals, suspected of causing cancer in humans, which have been used in hundreds of industrial and commercial applications, including electrical and hydraulic equipment.



- Implementing lights-out programs during non-work hours.
  - Installing occupancy sensors in 17 locations.
- The facility reduced electrical use by two percent from 2006 to 2007, even as its production level increased by 17 percent.

### Water Use

The amount of water used by Ingersoll Rand facilities includes the total amount of water used for processes, cooling, maintenance, landscaping, sanitary needs, and other activities. This does not include water in closed loop systems other than water added during the year. Ingersoll Rand manufacturing facilities in North America used 605 million liters (159.9 million gallons) of water during 2007, an 18 percent reduction from 2006.

### WATER CONSERVATION PROJECTS

Some examples of our facilities' efforts to reduce water use are highlighted below:

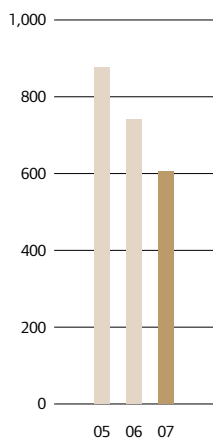
- **Security Technologies, Blue Ash, Ohio** – Replaced its non-contact cooling water system for the welding operations with a closed-loop chiller, saving an estimated 3.5 million liters (927,000 gallons) of water per year.
- **Climate Control Technologies, Galway, Ireland** – Installed water meters on dip tanks to allow better control of water use while maintaining process quality. This project, together with an increased focus on water conservation throughout the facility, reduced water use by about 2.3 million liters (600,000 gallons) per year.
- **Security Technologies, Tecate, Mexico** – As part of a Six Sigma project, an analysis of water usage was done and quality specifications were reviewed. It was identified that the production processes needed more control on water usage and automatic controls were selected and implemented in all the production processes, saving up to 20,000 cubic meters (5.3 million gallons) of water and \$50,000 per year.

### Hazardous Waste Management

Ingersoll Rand facilities report on a monthly basis the total sum of hazardous waste, as defined locally, and all oils and coolants that are shipped off-site for disposal or recycling/reuse.

In 2007, Ingersoll Rand manufacturing facilities in North America generated 698 metric tons (1.5 million pounds) of hazardous waste, a 4 percent decrease from the 727.2 metric tons (1.6 million pounds) generated in 2006. We have established 2006 as the baseline year for hazardous waste due to improvements in the data collection system.

**Water Use**  
North America, million liters



equipment not in use, and delivering additional employee training and information on energy-saving procedures. By reducing energy and associated greenhouse gases, Ingersoll Rand is working to be a greener, and more sustainable, company.

Ingersoll Rand facilities report electricity and kerosene use on an annual basis. Kerosene tracking includes fuel use only and does not include kerosene used as a solvent or degreaser.

In 2007, Ingersoll Rand manufacturing facilities in North America used 918 thousand gigajoules (254.9 million-kilowatt hours) of electricity.

Ingersoll Rand has established 2006 as the baseline year for measuring our greenhouse gas (GHG) emissions worldwide. Our global 2006 GHG emissions were 799,745 metric tons (1.76 billion pounds) of CO<sub>2</sub> equivalents. We are in the process of determining our GHG emissions for 2007. In the future, Ingersoll Rand facilities will develop GHG reduction plans that will not only reduce emissions but also generate cost savings by reducing the amount of energy, solvents and fuel used.

At the Thermo King facility in Louisville, Georgia, recent conservation projects have achieved significant reductions in energy use. Some of the actions taken include:

- Establishing a maintenance schedule to detect and repair air leaks throughout the facility on a regular basis.
- Switching to smaller compressors during off-shift and weekend hours when possible.
- Replacing 48 percent of facility lighting with higher-efficiency T-8 or T-5 systems.

## Nonhazardous Waste Management

Ingersoll Rand facilities report on an annual basis the amount of waste not classified as “hazardous waste” that is shipped off-site for disposal, recycling or reuse, excluding scrap metal. This includes oils and coolants that are used for fuel blending, as long as they are not classified by local regulations as hazardous waste.

In 2007, North American manufacturing facilities generated approximately 19,000 metric tons (42 million pounds) of nonhazardous waste, 451 metric tons (0.99 million pounds) of nonhazardous oils and coolants, and recycled 13,000 metric tons (28.7 million pounds) of nonhazardous waste. Since 2005, we have increased our recycled nonhazardous waste by 97 percent.

## Other Environmental Reporting Metrics

Other environmental reporting metrics include chlorinated substances, underground storage tanks (UST) and polychlorinated biphenyls (PCB) use. All chlorinated substances, such as those used for HVAC equipment and fire extinguishers are reported by the facilities on an annual basis. The use of chlorinated solvents is no longer permitted at Ingersoll Rand. UST and PCB use is governed by our EHS requirements. Facilities report the number of USTs in use, excluding process tanks. Also, facilities report on the number of PCB units in use at our facilities. A “PCB unit” is defined as a transformer or capacitor with oil with a PCB concentration of 50 milligrams per liter or higher (excluding capacitors within lighting ballasts).

The one operating UST in North America was removed in April 2007. There are no USTs in use at our North American facilities at this time.

Since 1986, Ingersoll Rand’s policy is to dramatically reduce the use of chlorinated solvents in all processes and eliminate them unless no alternatives are available. In 2004, Ingersoll Rand facilities in North America totally eliminated the use of chlorinated solvents in all manufacturing processes.

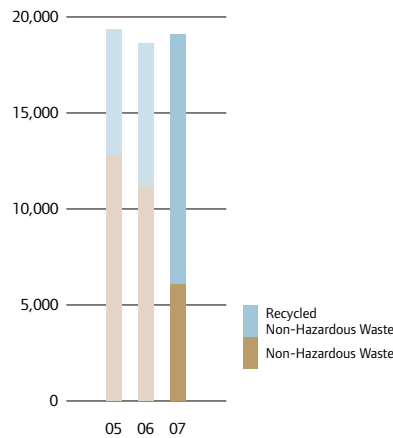
Since 2003, there have been no facilities in North America with PCB units. Internationally, the last PCB units were eliminated in late 2005.

## Compliance

Information on environmental compliance matters can be found in the company’s latest Form 10K (<http://investor.shareholder.com/ir/downloads.cfm>).

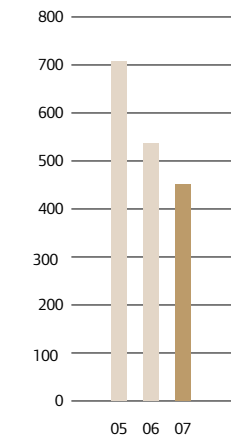
### Non-Hazardous Waste

North America, metric tons



### Non-Hazardous Oils and Coolants

North America, metric tons



### Environmental Metrics: North American Manufacturing Facilities

	Units	2005	2006	2007
Water use	million liters	877	742	605
Electricity use	thousand gJ	925	920	918
Hazardous waste	metric tons	*	727.2	698.1
Nonhazardous waste	metric tons	19,389	18,620	19,111
Recycled nonhazardous waste	metric tons	6,614	7,464	13,029
Nonhazardous oils and coolants	metric tons	707	537	451
Chlorinated solvents used	liters	0	132.5	0
PCB units (not including lights)	units	0	0	0

\* Baseline year is 2006 for hazardous waste.





## *Giving: Our Commitment to Communities*



Ingersoll Rand has a long and proud history of supporting the good works of philanthropic organizations around the world. Each year, Ingersoll Rand contributes both time and financial support to the communities in which we live and work, around the world.

### *Community Philanthropy and Volunteerism*

Through these efforts, we are creating a meaningful difference in people's lives and helping to improve the communities around the world. Ingersoll Rand's commitment includes generous contributions to community organizations such as the United Way, American Cancer Society, Easter Seals, Goodwill, Habitat for Humanity, Red Cross, and Special Olympics. Highlighted below are examples of Ingersoll Rand employees helping their communities during 2007.

GIVE (Get Involved Volunteer Event) is a growing, enterprise-wide community outreach event organized and driven by cross-functional members of Ingersoll Rand's Accelerated Development, Sales Development and Sales Leadership Programs. For the past three years, in September and October, teams have volunteered more than 1,000 hours through GIVE driven charity events.

In 2007, Ingersoll Rand employees, co-workers, friends and family members donated a total of 450 hours to serve a wide range of local and national organizations through GIVE. United Way, Habitat for Humanity, Mercy Boys and Girls Club, Ronald McDonald House, American Heart Association and the Salvation Army are just a few of the community partners that Ingersoll Rand aided with its efforts.

#### **Working Toward Medical Advances**

Many Ingersoll Rand employees volunteer their time to support improvements in health care. Security Technologies employees participated in the 2007 Memory Walk for Alzheimer's disease in Indianapolis, Indiana. Employees also organized fundraising events which contributed to the \$700,000 the Memory Walk raised statewide to support the 100,000 Indiana residents living with Alzheimer's disease.

The Hussmann Western Regional Sales Division sponsored a customer appreciation golf tournament and charitable fund-raiser for Mended Hearts, a cardiac support group offering help, support and encouragement to heart disease patients and their families. A silent auction and raffle following the tournament raised \$7,500 for Mended Hearts.

Employees of the Security Technologies New Haven, Connecticut, plant have participated in the American Cancer Society's Daffodil Days for more than five years. In 2007, they joined forces with employees of the Forestville, Connecticut, plant in order to double their annual contribution. The team tripled last year's results by selling more than 130 bouquets.



Security Technologies Corporate Challenge



Security Technologies employees help to make Ronald McDonald House a safer place for visiting families.

In 2007, the Security Technologies Integration branch in Indianapolis, Indiana, donated and installed a four-camera digital video surveillance system (a total value of more than \$6,500) to the local Ronald McDonald House. The system will help to increase the security and safety of families visiting the facility while their children are being treated at Indianapolis-area hospitals.

The Annual Cycle for Life is a special event for employees at Kryptonite™. They not only support the event through prize donations, but present and past Kryptonite employees ride in the event, which benefits The Floating Hospital Pediatric Cancer Center at Tufts-New England Medical Center. The Center has received national recognition for its innovative patient and family support programs, which emphasize family-centered care in its state-of-the-art cancer treatments. Funds raised by riders go directly to support young cancer patients and their families through the Children's Life Services Program.

### Helping to Build Communities

Ingersoll Rand is proud to support the growth of our communities by providing housing, improved educational environments and safe workplaces. In June 2007, Ingersoll Rand employees from Montvale, New Jersey joined Paterson Habitat for Humanity's Corporate Challenge to help build homes for the working poor. Our employees helped frame a house in Paterson as well as raised money for the organization.

In September 2007, 26 Hussmann employees joined by parents and others, spent a day refurbishing the pre-schoolers' playground at the St. Joseph Institute for the Deaf in Chesterfield, Missouri. St. Joseph's is one of only two schools in the United States that offers comprehensive auditory-oral education in both day and residential formats.

The Hussmann team, students, parents and staff also participated in a groundbreaking ceremony for a new playground serving children in the 2nd through 8th grades. The Ingersoll Rand Charitable Foundation made a donation to the St. Joseph Institute to support this project.

In September 2007, members of Security Technologies' Home Depot sales team joined Home Depot Department 25 (Hardware) merchants and community volunteers to build a KaBOOM! playground at Chestnut Elementary School in Atlanta, Georgia. The Home Depot, an official sponsor of KaBOOM!, promised to build 1,000 playgrounds in 1,000 days, and Chestnut Elementary School's new playground was number 750. To involve students in the development process, KaBOOM! design experts asked each student to draw their ideal playground and then used popular elements from the drawings to customize the playground.

Beyond just providing students with a safe place to play and unwind, Ingersoll Rand Security Technologies encourages student innovation and applauds educators for their efforts to instill ingenuity and teamwork in their students. The Community Relations Board awarded ten \$2,500 grants to teachers throughout the five school districts surrounding Carmel, Indiana, to support projects that promote innovation and creativity in the classroom.



Ingersoll Rand is proud to help build communities through organizations like Habitat for Humanity

### Supporting the United Way

In the United States, we partner with an organization that shares our philanthropic commitment: the United Way. Whether in response to community needs, natural disasters, or other emergencies, the United Way puts lives back together in extraordinary ways. Through the United Way's efforts, survivors of natural disasters receive food and clothing, medications, temporary housing, and counseling to help cope with sudden and catastrophic changes in their lives.

Ingersoll Rand supports the United Way through our facilities across the country. In 2007, employees of our Security Technologies facility in Princeton, Illinois, maintained their status as top contributor to the Bureau County United Way of Illinois for the third consecutive year.

Our Davidson, North Carolina, campus recently received two external awards for the 2007 United Way Campaign. The United Way of Lake Norman and Mooresville, North Carolina, presented Ingersoll Rand with a Platinum Award and Spirit of Lake Norman Award.

The United Way's Platinum Award recognizes the top campaigns in the area, based on employee and corporate giving, and the Spirit of Lake Norman Award considers campaign excellence and ongoing philanthropic support. The goal of the 2007 United Way Campaign was to increase employees' awareness and participation throughout the Davidson campus. A cross-sector team helped broaden overall participation and improve the campaign's financial results. The financial objective for the 2007 campaign was to increase contributions to the United Way by

20 percent, from approximately \$42,000 to \$50,000, pre-company match. The actual result substantially exceeded this goal. Money raised by the Davidson campus totaled \$91,065, coming from three sources: employee donations (\$74,808), jeans day (\$1,570) and a first-time e-auction (\$14,687). With the company match, the total donation to the United Way was \$182,130, almost double the campus goal.

### Helping Fight Hunger

Ingersoll Rand employees across the U.S. are joining together to fight hunger. In 2007, Security Technologies businesses Von Duprin (located in Indianapolis, Indiana) and LCN (located in Princeton, Illinois) conducted food drives to coincide with the 2007 Super Bowl between the Indianapolis Colts and Chicago Bears. Participation in the food drive was overwhelming, as more than 25,000 food items were collected between the two facilities.

A team of 36 employees from Security Technologies headquarters in Carmel, Indiana, competed in the 2007 Indiana Sports Corporation Corporate Challenge Community and Compassion Events. The purpose of the event is to collect food bank donations and youth sporting goods, as well as promote health and fitness within corporations. Sixty-two companies from the local area competed. The Security Technologies team raised the most donations

among the 20 teams in its division – more than 0.23 metric tons (500 pounds) each of food and sports equipment.

In August 2007, a major storm hit Southeastern Minnesota, dumping more than 25 centimeters (10 inches) of rain and causing serious flooding and the displacement of hundreds of people throughout the area. After several days of providing meals from canned food; Watlow, a designer and manufacturer of industrial heaters, sensors, controllers, and software; and Thermo King provided the Cornerstone Baptist Church with a refrigerated trailer. The trailer helped the church to serve 55,864 meals featuring fresh meat, dairy products and vegetables. In addition, the Thermo King and Watlow teams monitored the trailer around the clock using the Ingersoll Rand TracKing® remote monitoring system to ensure that the food was maintained at the appropriate temperature.

### Commitment to Suppliers

Ingersoll Rand is developing practices for managing the sustainability impacts of our suppliers. New suppliers will undergo an assessment that includes environmental and social considerations. We are developing a questionnaire to use with existing suppliers as well.



Employees of Von Duprin received health screenings and other valuable information during a 2007 health fair.



Donated refrigerated trailer



## Growing: Our Commitment to Customers and Employees



Progress is *greener* with Ingersoll Rand

Whether we are creating solutions to make food safer, secure homes and commercial properties, or enhance productivity and efficiency, we work continuously to enable our customers to inspire progress. Our products help conserve energy, improve user safety, enhance economic growth, transport and protect food and perishables and reduce harmful greenhouse gas emissions. We continue to identify ways to improve the work we do, the products we make and to meet our commitments to our customers.

We offer products and services that enable businesses around the world to achieve their sustainability goals. From microturbines that transform landfill methane gas into power to electric-powered golf cars with zero emissions, Ingersoll Rand provides technologies and services that benefit environmental efforts across a wide range of global markets.

Here is a sampling of the products and services we offer that help our customers make progress greener.

### Industrial Technologies

#### Club Car Vehicles

As the world's largest manufacturer of electric vehicles, Club Car is the world leader of zero emission vehicles (ZEVs). Our IQ™ and IQ+™ electric powertrains with programmable speed and acceleration offer optimal performance and efficiency. Golf cars and utility vehicles occupy a smaller footprint than automobiles and trucks, creating less wear on the environment. Our exclusive aluminum chassis lasts longer than steel. We produce

the lightest vehicles in the industry, which reduces the negative impacts of turf compaction. Most raw materials used in the manufacturing of our vehicles are recyclable including: aluminum, plastic and battery lead.

Club Car provides the industry's most complete line of electric vehicles. Our Watt-Miser® energy management system allows course operators to recharge their fleet during off-peak hours when electrical rates are lower, resulting in real cost savings and responsible energy consumption.

**School Craft College, Livonia, Michigan.** This 125-acre college campus, with multiple classrooms, administrative buildings, expansive grounds and parking facilities, replaced its aging fleet of small pick-up trucks with Club Car Carryall® electric powered utility vehicles to transport staff around campus. The acquisition price was \$4,000 to \$5,000 less than small pick-up trucks, with significant savings on maintenance as electric vehicles require no fuel, spark plugs or fluid changes. The change also resulted in substantial reduction in air emissions by replacing gasoline engine-powered pick-up trucks with electric powered vehicles.



Solar Concept Vehicle

**Solar and Hydrogen-Powered Concept Vehicles.** During the Golf Industry Show and PGA Merchandise Show in Orlando, Florida, in January 2008, a group of Club Car engineers presented a glimpse at what may be the future of small vehicle transportation. The two “technology evaluation concept cars” on display were designed to use solar energy and hydrogen as opposed to gas and electricity, which power the vehicles that make up the company’s 2008 product line.

While obstacles exist for the commercialization of the advanced technology-driven vehicles, the potential benefits are substantial – including increased vehicle range, zero emissions and reduced charging time.

**Oil-Free Compressor**

The Ingersoll Rand Nirvana™ oil-free compressor provides higher product quality with reduced material waste. Customers experience up to 35 percent energy savings with state-of-the-art variable speed IntelliDrive™ and low power consumption at start-up, full-load and part-load conditions. Ingersoll Rand is the first air compressor manufacturer to receive 100 percent Oil Free ISO Class 0 certification in both Rotary Screw and Centrifugal technologies. No oil is added to the air as certified by TÜV Rheinland.



Ingersoll Rand oil-free rotary screw and centrifugal air compressors receive Class Zero Certification



**Nitrogen Generators**

Ingersoll Rand Nitrogen Generators employ state of the art membrane technology to deliver on-demand nitrogen for tire filling and high-purity industrial applications. The generator operates quietly, with no moving parts and with minimal annual maintenance.

Nitrogen is a dry, inert gas used to inflate tires for improved performance. Whereas oxygen in compressed air permeates the wall of the tire, reducing the tire’s pressure, and oxidizes the interior steel belts, reducing their useful life, nitrogen maintains pressure longer and does not degrade a tire’s internal structure. Tires filled with nitrogen also run cooler than those filled with compressed air. The result is longer tire life, increased fuel efficiency and fewer blowouts, which means reduced CO<sub>2</sub> emissions, reduced waste and improved safety.

Replacing compressed air with nitrogen can increase fuel economy by 4 percent, and increase tire life by 40 percent under typical operating conditions. According to a Clemson University study, sponsored by Ingersoll Rand Industrial Technologies, nitrogen-inflated tires can maintain tire pressure in passenger cars 74 percent better than compressed air at normal operating conditions.

On average, 30 liters (8 gallons) of oil are used to make a single passenger vehicle tire, 57 liters (15 gallons) for a light truck tire and 83 liters (22 gallons) for a tractor trailer tire. By increasing a tire’s useful life by 40 percent Ingersoll Rand is helping to reduce tire waste and the oil needed to make replacement tires.



Ingersoll Rand Nirvana Nitrogen Generator

### Nitrogen Tire Fill Days

Many of the Industrial Technologies customer centers have already contributed to the *Progress is greener with Ingersoll Rand* campaign by holding or scheduling “Nitrogen Fill Days” for their employees. These customer centers are utilizing the nitrogen generator and automobile tire inflation equipment. By inviting employees to fill the tires of personal vehicles, company cars and service trucks, the customer centers are raising awareness of the benefits of nitrogen.

For more information on the benefits of using nitrogen in tires, visit [www.loveyourtires.com](http://www.loveyourtires.com).

### Microturbines

With ever-mounting pressures on the energy grid, more companies are turning to onsite electricity generation, also known as distributed generation (DG) technologies, as a source of environmentally friendly alternative energy. Ingersoll Rand is a leading pioneer of microturbines, the cleanest burning type of combustion DG technology. Microturbines combine a gas-turbine engine, recuperator and generator in an integrated system that converts fuel into electricity and thermal energy. Ingersoll Rand microturbines have been engineered to produce electricity from a wide range of fuels, such as methane waste gases that emanate from landfills and wastewater treatment plants, and high-energy associated gases generated during oil production.

Ingersoll Rand microturbines also can harness and use thermal heat produced during energy generation. This heat can be used to heat water or power other onsite processes. Combined heat and power (CHP) applications can be as much as 50 percent more energy efficient than conventional energy generation systems.



### Energy Audits

In our Industrial Technologies Sector, Ingersoll Rand conducts audits of customers’ compressed air systems to help them improve operating efficiencies. The System Audit Services group utilizes Six Sigma methodology, engineering aptitude and process experience to optimize the reliability, quality and productivity of compressed air systems and associated production applications. Through these audits, our customers have realized significant energy reductions, which translate into cost savings as well as reductions in electricity purchases and indirect greenhouse gas (GHG) emissions.



#### INDIA NEWSPRINT COMPANY REDUCES ENERGY USE

Hindustan Newsprint Limited (HNL), a major newsprint producer in India, contracted Ingersoll Rand in October 2006 to help improve its compressed air systems. An Ingersoll Rand audit team evaluated the existing demand and consumption at various plants, as well as the existing compressor layout, system capacity and distribution network, and developed recommendations to optimize HNL’s systems. After implementing Ingersoll Rand’s recommendations HNL cut electricity use by 3.6 gigaJoules (1,000 kilowatt hours) per day, saving approximately \$45,000 per year in energy costs, and resolved its problems with inconsistent air pressure.

#### GERMAN BREWERY REDUCES COST AND IMPROVES EFFICIENCY

Following a systematic energy audit at Paderborner Brauerei, a German brewery, Ingersoll Rand consolidated the brewery’s compressed air systems and installed a variable speed oil-free Nirvana compressor. The new system lowered the energy costs of providing compressed air by about 50 percent, resulting in a capital return of 90 percent in the first year. The brewery also received an Energy Efficiency Award from the German Energy Agency in cooperation with the Deutsche Messe in recognition of their energy efficiency efforts.

#### CHINA GOVERNMENT PROJECT HELPS CUT ENERGY USE

Ingersoll Rand is also working with the Chinese government to help achieve its goal to cut energy use by 20 percent over the next five years. Each local government has established an Energy Center responsible for implementing and supporting the initiative. Ingersoll Rand Industrial Technologies’ customer center in Shenyang, China, signed a cooperation agreement with the Energy Center in Changchun. The customer center’s responsibilities include cooperating with the Energy Center to initiate meetings with potential customers to discuss and promote energy saving concepts, serving as the energy saving specialist of the Energy Center, auditing the compressed air systems of all customers and working with the local government to promote energy savings.

### **Cordless Tools**

Ingersoll Rand's line of cordless tools incorporates several environmentally friendly aspects. They consume up to 5 times less electricity than other power tool types, in part because of the use of efficient LED lighting. The LED bulbs never need replacement during the life of the equipment, and they require 70 percent less power compared to conventional lighting. Equipped with lithium ion batteries, these tools are certified under European Union (EU) requirements to be free from environmentally harmful materials, eliminating any hazardous waste concerns associated with disposal.

To facilitate takeback and encourage recycling of our cordless tools, these products are fully compliant with the EU laws regarding electronic waste. Ingersoll Rand is registered in France, Germany, the Netherlands, Spain, Sweden and the United Kingdom to take back our equipment at the end of its useful life, and we are pursuing registration in 18 additional EU countries. Our distributors serve as collection points where customers can bring back waste tools and batteries. We have joined collective efforts in the Netherlands, Spain and Sweden to handle the returned materials. In other countries, our distributors ship the waste on a yearly basis to our central warehouse in the U.K., and we send the waste tools and batteries off site for direct recycling.



### **Low-vibration Grinders**

Ingersoll Rand HA120™ grinders offer the lowest exposure to hand-arm vibration among vane grinders, a feature that helps create a safer workplace for customers. To meet their rigorous safety policy, one trailer manufacturer based in North Wales, selected Ingersoll Rand's HA120 grinders over other brands because of its low vibration levels. For many manufacturers, low-vibration tools contribute to a strong safety culture in the workplace.

### **ARO EXPert Series Diaphragm Pumps**

The ARO® EXP™ pump design provides significant improvements in efficiency and reliability, which lead to better sustainability performance at the customer site. These pumps provide the best “total cost of ownership” solution available today – the best overall value from initial purchase until the pump is finally replaced. By using up to 30 percent less air to pump the same volume, this equipment reduces power requirements.

### **CASE STUDIES**

One major diversified manufacturer experienced a problem with pumps failing every 4-6 weeks in a particular process, resulting in lost productivity and increased costs. Ingersoll Rand performed an audit comparing our pumps with two competitors' products and demonstrated a 15 percent reduction in air use with the Ingersoll Rand products. The manufacturer replaced all 30 pumps in the process with ARO EXPert Series diaphragm pumps, a move that was estimated to provide up to \$50,000 in annual cost savings.

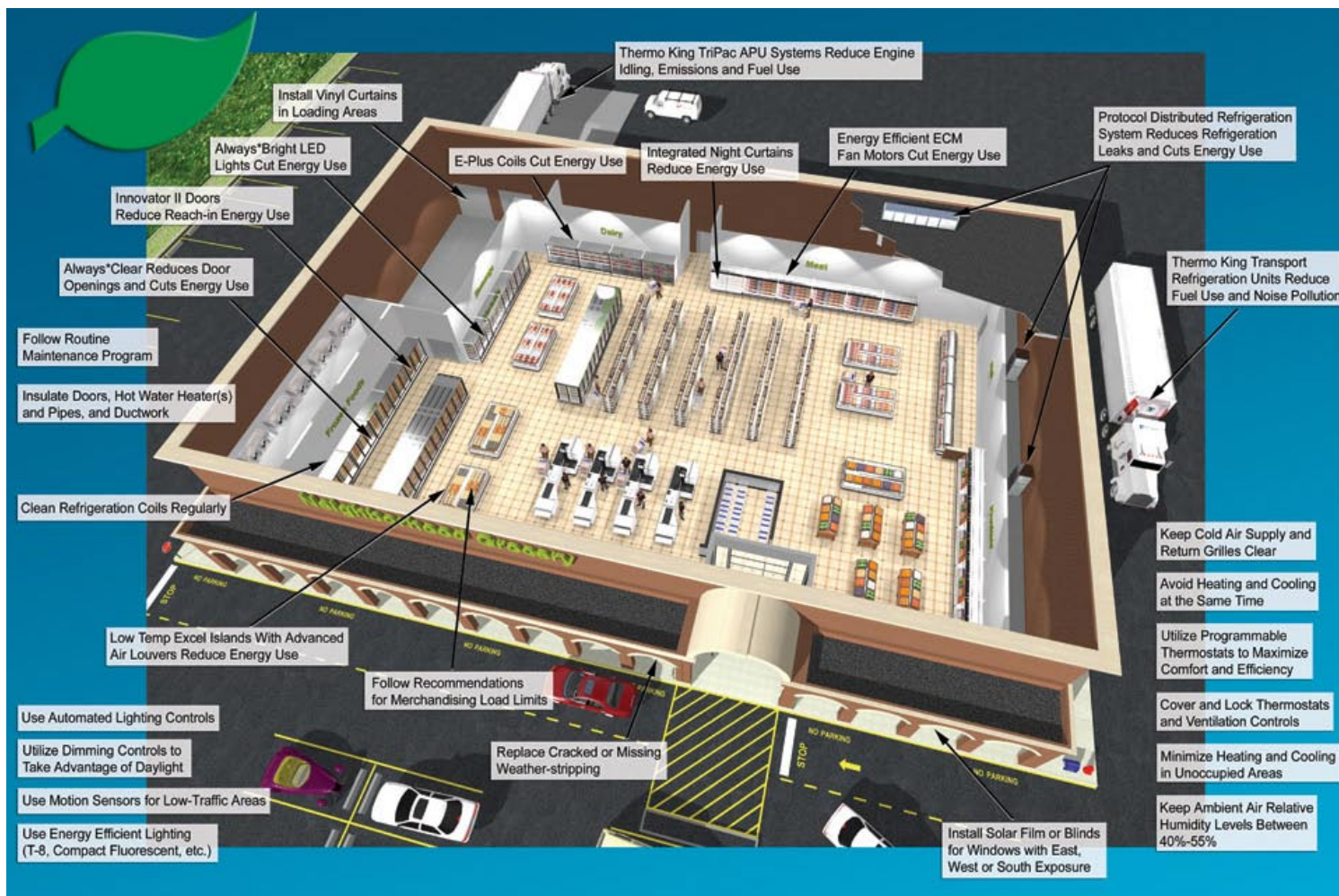
Another customer site, a major automobile manufacturer, needed a solution to the problem of high maintenance costs (pumps requiring maintenance every 3 to 5 weeks) and the pumps drawing an unacceptably high portion of the available plant air. ARO EXPert Series pumps were installed on a trial basis, solving the maintenance problem. The ARO EXP pumps went more than 15 months between repairs, with a 34 percent reduction in air consumption.

## ***Climate Control Technologies***

### **Hussmann Innovator II Doors**

Hussmann Innovator™ II Door further revolutionized the Innovator™ line. Traditional reach-in doors use anti-sweat heat in three areas: on the glass surface, around the door perimeter, and in the case mounting frame (to which door hinges are attached). Due to its advanced insulation and construction, Innovator II requires no heat in the door perimeter and no heat on the glass surface. This results in superior energy efficiency and reliability. It also means fewer electric circuits and additional savings. The combination of advanced insulation, advanced construction and no heat in the glass and perimeter has made Innovator II 20 percent more energy efficient than Innovator. The resulting decrease in Btu load also produces an 11 percent reduction in required compressor capacity, lowering equipment costs. In the first year of use, a typical supermarket could expect to save approximately \$11,000 in electricity costs and reduce their CO<sub>2</sub> emissions by nearly 62 metric tons (137,000 pounds). This is equivalent to planting 21 acres of trees.





The door also has a new, ergonomic handle, which shoppers endorsed as “more user friendly” in field tests.

### Hussmann Protocol

Hussmann’s Protocol® distributed refrigeration system features a smaller carbon footprint and lower Total Equivalent Warming Impact than most conventional supermarket cooling units – thanks to its unique multiple compact compressor units. Unlike typical, larger “backroom” refrigeration systems, the smaller Protocol units are located closer to the cases they cool. Placed beside the refrigerated cases – or on the roof above – the proximity reduces the amount of piping needed by 50 to 70 percent. Less piping requires fewer braze joints, resulting in fewer leaks. The Protocol unit’s significantly lower leak rate reduces the release of hydrofluorocarbon refrigerant into the atmosphere. In addition, the system uses 60 to 80 percent less refrigerant, compared with traditional systems. After the first year of operation, a typical store could expect to see annual cost savings of about \$11,000 and reduced refrigerant plus CO<sub>2</sub> emissions equal to 802 metric tons (1,769,000 pounds)

of CO<sub>2</sub> compared to a traditional Hussmann parallel system. This is equivalent to removing 170 cars from the road for one year.

The Hussmann Protocol Refrigeration System is being used where applicable by Whole Foods, among other supermarket chains, as one solution to opening more stores that are consistent with the company’s sustainability values.

### Hussmann Always\*Bright LED Lighting

The new Always\*Bright™ LED lighting system uses far less energy than fluorescents, provides more even illumination, is more durable and is less visible from outside the case. Always\*Bright LED lighting systems reduce direct electrical energy consumption by more than 46 percent versus T-8 fluorescents and have a useful life of 3 to 4 times longer. The reduction in light energy reduces the heat inside the case and provides an additional 8 percent in compressor energy savings.

For a 24-hour store, dimming the lights 30 percent between 11 p.m. and 7 a.m. can reduce energy use by 10 percent. Further, Always\*Bright LED lights can be turned on and off in a cold environment with no

Hussmann has long been an innovation leader in the retail food industry and offers a variety of products that can help supermarkets meet their sustainability goals while reducing operating expenses. With the Green program, we will be placing new focus and awareness on the environmental component of every new product and service we develop.

warm up time and no negative impact on lamp life. In the first year of operation a typical supermarket could expect to see energy savings of \$3,276 and a reduction in CO<sub>2</sub> equal to planting 6 acres of trees.

Through these and other product innovations, Hussmann is committed to providing solutions with environmental benefits. The company offers a wide range of products that reduce energy consumption and refrigerant and material usage. An environment calculator on the Hussmann website helps customers determine the potential environmental impact or offset when choosing a Hussmann product.

#### **Air Purification throughout the Cold Chain**

In 2007, Ingersoll Rand acquired an exclusive license from AirOcare Inc. to manufacture and sell air and surface purification units across the perishable product cold chain and in buses and trains, using AirOcare's patented technology. These units will be sold by Ingersoll Rand under the name EMS™. AirOcare units have been in use for several years in various applications within the perishable products industry and have been shown to be highly effective in significantly reducing mold, bacteria and viruses while reducing ethylene levels, resulting in extension of product shelf life.

The units are installed in the interior of a room or in the room's air handling system. As air circulates through the unit, oxygen molecules in the ambient air are broken down to create highly effective oxidizing

agents (known as "reactive oxygen species," or "ROS"). The ROS kill mold, bacteria and viruses in the air and on room surfaces, including e Coli, listeria and salmonella. Unlike competitive ozone-only products, the AirOcare technology utilizes a variety of ROS for sanitation. This difference allows the EMS units to achieve significant sanitization and product shelf life benefits with significantly lower levels of ozone that are well within OSHA standards. As a result, the units can be operated around the clock in human populated rooms.

#### **TriPac Hybrid Auxiliary Idle Reduction and Temperature Management Systems**

Long-haul tractor-trailer rigs waste more than 3 billion liters (800 million gallons) of fuel each year in the U.S. idling at truck stops while their drivers sleep and rest, as required by local and federal regulations. Recognizing the huge burden these restrictions impose on truck and bus companies, Thermo King, a leading developer of refrigeration systems for transporting food and other perishable goods, introduced the TriPac™ Auxiliary Heating/Cooling Temperature Management System in 2005 to its U.S. network of 200 factory-authorized service dealers.

The TriPac eliminates the need to idle truck and tractor engines for heating, cooling and powering accessories in the cab or sleeper compartment. The TriPac consumes up to 85 percent less fuel than diesel engine idling, reducing long-haul tractor-trailer idling



emissions and alleviating trucking companies of the financial burden of today's high fuel costs. At an increasing number of locations, there are anti-idling laws on the books, and TriPac helps our customers comply fully. Besides the reduced fuel usage, cutting back on idling time produces fewer emissions, longer duration between required oil changes and filter replacements, and improved driver comfort and satisfaction.

The fuel savings and reduction in emissions with the TriPac system were so significant that one of the world's major retailers retrofitted its entire fleet of 7,000 tractors with auxiliary power units (APUs), with estimated savings of \$25 million in fuel costs.

### **Thermo King's New SLX Trailer Refrigeration Range Launched**

Thermo King recently announced the European launch of its new SLX™ trailer refrigeration series in Amsterdam, The Netherlands. The SLX series delivers reduced fuel costs, whisper-quiet operation, efficient load protection and unmatched ease of use. Building on the market-leading SL series, the SLX directly responds to customer needs for maximum performance, minimal environmental impact and low cost of ownership.

### **Thermo King Cryogenic System**

Thermo King's cryogenic transport refrigeration system enables food distributors to more effectively manage environmental concerns related to atmospheric ozone-depletion, diesel fuel and noise pollution. The cryogenic refrigeration unit replaces the usual diesel engine, compressor and fluorinated refrigerant with carbon dioxide, an extremely efficient refrigerant. The system does not generate nitrogen oxide or particulate emissions normally associated with diesel engines. The only emissions are carbon dioxide gas, which has been recycled from industrial processes and therefore has no incremental greenhouse gas effect. Without an engine or compressor, the noise levels on cryogenic units are also exceptionally low, significantly reducing any noise nuisance for local residents during deliveries.



### **Bus HVAC systems**

Ingersoll Rand manufactures environmental control systems that allow bus fleet operators to achieve rider comfort. Our HVAC systems available to manufacturers of buses allow for total control of temperature, humidity, ventilation and circulation. In addition, all-electric zero-emission HVAC systems are available.



## Security Technologies

### “Green Building” and Security Products

Green Building has many interpretations, but the goals include efficient use of land and energy, water conservation, improved indoor air quality and resource conservation, primarily by using recycled materials. The LEED, Leadership in Energy and Environmental Design, rating system, developed by the U.S. Green Building Council, encourages the use of products and materials with a wide range of green attributes, and is the benchmark rating system for high-performance green buildings.

LEED certification can result in marketing exposure; financial incentives such as discounted or expedited building permits, tax breaks and grants; and most importantly, a more sustainable and energy efficient building. Our Security Technologies sector offers products that help our customers obtain LEED certification by virtue of their recycled content, and for customers located near our facilities, potential local content.

Recycled content is one of the areas addressed under LEED. Ingersoll Rand recognizes the value of the LEED rating system and currently many of our security products have large percentages of recycled content. A variety of products offered by Schlage, Von Duprin®, LCN®, Falcon™, Monarch™ and Dor-o-Matic® contribute to a project’s LEED certification.

### The Ingersoll Rand Security Technologies Packaging “Green” Strategy

In 2007, the Security Technologies sector started the Global Packaging Initiative, and one of the key metrics is sustainable green packaging.

The packaging green strategy is an effort to create sustainable packaging that is environmentally responsible. This strategy focuses on three basic areas:

- Material Choice
- Material Reduction
- Transportation

**Material Choice** – In the design of green packaging, material choice can be influenced by several factors. Recyclable materials are always considered, as well as those high in post consumer content or recycled content and materials that biodegrade. Also taken into consideration are the re-use or secondary use of a packaging part.

**Material Reduction** – Material reduction is providing the smallest ratio of packaging to product, which reduces size of and eliminates excessive packaging. Material optimization can include such things as gauge reduction or structure modifications. Part number reduction can be achieved by standardizing similar parts and eliminating unnecessary parts.

**Transportation** – Transportation looks at the energy used in shipping materials and product as well as handling. By designing the packaged product so it maximizes the pallet layout and the transportation container density, we are able to move more products with less energy. This also reduces the area required for storage, which will require less energy. By making strategic supplier choices the shipping distances or efficiencies of transporting materials can reduce the energy required to obtain packaging materials.

This strategy works to provide the most environmentally sound package while meeting the market criteria for performance and cost.



## Customer Satisfaction

Ingersoll Rand is in the process of rolling out an enterprise-wide program for measuring customer satisfaction. Our goal is to create a process to understand our customer satisfaction rating on a business, sector and enterprise level. The surveys will vary slightly by business, but will have certain mandatory questions. Our focus will be on action planning to identify and close service gaps and to determine where investments are needed. The company's emphasis will be on integrating results from the customer surveys into strategic planning.

### Net Promoter Score

We also use the Net Promoter Score (NPS) to determine customer loyalty among external customers. NPS is based on how likely a customer would be to recommend Ingersoll Rand to a friend or colleague. The Net Promoter Score is calculated by subtracting the percentage of customers who are detractors (those who are less likely to recommend Ingersoll Rand) from the percentage of customers who are promoters (those who are highly likely to recommend Ingersoll Rand).

### Customer Insight

Contextual interviewing is among the methods used in many parts of Ingersoll Rand to understand customer needs and requirements. In China, we perform voice of the customer and voice of the salespeople surveys to get feedback on areas such as quality, reliability, price, delivery and energy efficiency. Through this feedback, we found that in addition to price, energy efficiency and reliability are the most important characteristics in making a decision.

## Customer Health and Safety

Each Ingersoll Rand sector has a product safety group that evaluates new and modified products for safety during customer use. For example, Club Car has a formal stage gate process for new product development, which incorporates customer safety considerations during three key stages of the product development process. *Stage 1 Technical Council: Project Plan* requires development and discussion of a product safety plan. *Stage 3 Technical Council: Critical Design Review* includes safety as part of a risk analysis review, which provides a summary of overall project risk. *Stage 4 Technical Council: Production Readiness* encompasses verification of the safety plan.

By evaluating potential risks as products are developed, the sectors can protect customer



health and safety through design changes, labeling requirements and other mechanisms, as appropriate.

## Valuing our Employees

Ingersoll Rand values each employee as an individual and offers developmental opportunities that challenge, reward and encourage our employees' professional and personal growth. Ingersoll Rand is an Equal Opportunity Employer and respects the worth of all people, cultures, viewpoints and backgrounds, and we value our diverse workforce around the globe.

### Employee Benefits

For core Ingersoll Rand non-bargaining employees, full-time employees are offered the Health Savings Account, Limited Health Care Flexible Spending Account, Supplemental Life Insurance, Long-term Disability and the Health Care Flexible Spending Account. Core Ingersoll Rand non-bargaining part-time employees are not offered these benefits. This applies to U.S.-based core Ingersoll Rand non-bargaining employees. A full-time employee is defined as someone who works 35 or more hours per week. A part-time employee is defined as someone who works at least 20 hours per week, but less than 35 hours per week.

Bargaining employee plans vary, according to collective bargaining agreements. Approximately 60 percent of our global workforce is covered by collective bargaining agreements.



### **Diversity in the Workforce**

Ingersoll Rand is an Equal Opportunity Employer and respects the worth of all people, cultures, viewpoints, and backgrounds and values our diverse workforce around the globe. We recognize the importance of diversity and inclusion to the company's future.

Among our company officers, 23 percent are women. The Board of Directors currently has three women among its 11 members.

### **Employee Safety and Health Programs and Performance**

Ingersoll Rand is committed to continuously improving its safety and health practices. At all of our facilities, Ingersoll Rand strives to provide employees with the tools they need to work safely and to improve their own health and wellness.

Ingersoll Rand encourages employees to adopt more healthful choices and behaviors, promoting a general culture of wellness throughout our operations. Wellness programs have been proven to lower health care and insurance costs, decrease absenteeism, and improve productivity.

We have a personal protective equipment (PPE) policy regarding safety glasses and safety shoes. Ingersoll Rand provides financial assistance to help employees purchase PPE.

Nurses offer safety and wellness activities to our employees worldwide. For instance, employees have the opportunity to receive at no charge the seasonal influenza vaccine. Participation is voluntary, but all employees are encouraged to get vaccinated. Ingersoll Rand has also implemented a Pandemic Influenza Preparedness Plan, a set of preventive measures to reduce the risk of illness among employees and their families in the event of an influenza pandemic.

To help increase communication of health and wellness information, a Medical Services Website was developed on the Ingersoll Rand intranet site. Website content includes monthly health topics, policies and programs, and information on training, travel and vaccines.

### **Safety and Health Training For Nurses**

Ingersoll Rand corporate medical services conducts monthly global teleconference seminars for our manufacturing facility nurses. Topics discussed during the calls include Ingersoll Rand policies and procedures, medical information, resources for medical information, best practices, current medical issues, and business travel related information. An annual Ingersoll Rand nurses meeting is held in conjunction with the annual EHS conference to allow further discussions and presentations. Additionally, corporate medical services facilitates compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) guidelines for US-based nurses. Ingersoll Rand nurses offer safety and wellness activities to employees at their locations throughout the year. A health and wellness calendar has been developed and distributed, which highlights topics for raising awareness among employees throughout the year. Monthly activities offered by facility nurses in 2007 included:

- fitness awareness and weight reduction;
- vision and hearing programs;
- heart disease prevention;
- immunization awareness;
- cancer awareness;
- cholesterol and nutrition education;
- high blood pressure and stroke screening;
- diabetes prevention; and
- case management of claims.



**International Travel Health Programs**

Ingersoll Rand recognizes that employees traveling on business may experience increased risk to their personal health and safety. For this reason there is a well coordinated set of programs designed to minimize these risks. Ingersoll Rand is committed to protecting the health and safety of its employees as they travel worldwide.

The company offers a pre-travel program for business travelers based in the Americas and Europe through Traveler’s Medical Service (TMS). The TMS program provides employees customized pre-travel consultation with a specially trained nurse to minimize the risk for health-related issues. Ingersoll Rand business travelers receive appropriate immunization recommendations, a standardized travel kit, and advice to help safeguard their health during travel. Employees can also obtain up-to-date information regarding travel advisories through the Ingersoll Rand intranet site. The company plans to expand TMS coverage to the Asia-Pacific region in the future.

All of our business travelers worldwide, when traveling outside their home country, can access emergency help through the International SOS Corporate Medical Services. SOS provides intra-travel emergency medical and security assistance.

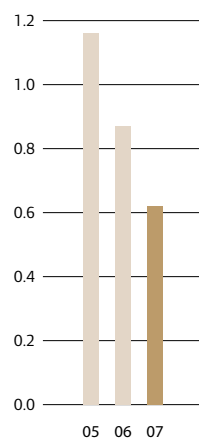
It is essential to consider the health and well-being of employees and any accompanying family members who accept a long-term assignment outside of their home country. All outward-bound employees and accompanying family members from the U.S. are required to participate in the Expatriate Medical Program. The program, which will be expanded globally in the future, helps identify any existing medical conditions that the employee or other family members may have in order to ensure that adequate

medical services are available in the host country and that the individual’s health will not be compromised while on assignment.

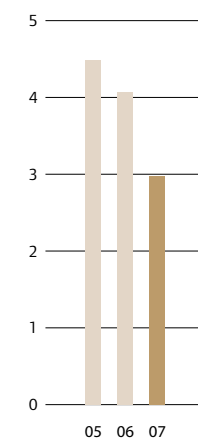
**Safety Performance**

Ingersoll Rand tracks safety performance through lost time incidence rate (LTIR) and total recordable incidence rate (TRIR). The metrics cover all North American research and development, manufacturing, warehouse and distribution, and service facilities owned or operated by Ingersoll Rand. In 2007, the LTIR was 0.62 and the TRIR was 2.97 per 100 employees. From 2006 to 2007, the LTIR and TRIR decreased by 29 percent and 27 percent, respectively. Compared with 2001, Ingersoll Rand has reduced both LTIR and TRIR by approximately 60 percent each.

**Lost Time Incident Rate**  
North America, per 100 employees

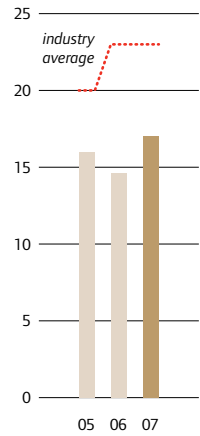


**Total Recordable Incident Rate**  
North America, per 100 employees



**Motor Vehicle Accident Rate**

North America, per 100 employees



The Safety Leaders program in Monterrey, Mexico motivates safe work behavior.

**Vehicle Safety**

Ingersoll Rand tracks the motor vehicle safety of employees using company vehicles in the United States. The accident rate in 2007 was 17 percent, which is below the industry average of 23 percent. Through training and building awareness, Ingersoll Rand is committed to improving vehicle safety. In 2007, Ingersoll Rand successfully completed a full year of driver safety training for all drivers with multiple violations on their motor vehicle record as well as improved our DOT compliance.



*Employee Training and Education*

Across the company, people who are responsible for managing others spend an average of nine days a year in training. Ingersoll Rand spends approximately \$4,500 per person per year on this population. High potential/high performing individual contributors spend an average of six days per year in training. Ingersoll Rand spends approx \$2,000 per person per year on this population.

The corporate university budget is approx \$10 million. Estimated enterprise training spend is approx 0.46 percent of revenue (industry benchmark 0.52 percent).

In 2007, Ingersoll Rand required all salaried employees to complete an online Foreign Corrupt Practices Act training course. To date, more than 11,000 employees (about 75 percent of salaried workers) have completed the training. The company is following up with all remaining employees who have not completed the training to ensure they meet the requirement.

**Ingersoll Rand University**

Ingersoll Rand University (IRU) provides strategic education to develop business leaders, strategic competencies, and to drive the Ingersoll Rand culture. IRU also acts as a broker to provide training programs and manage training events in our emerging markets. In addition, IRU provides the learning management system infrastructure (LMS) to track and deploy on-line learning for our employees, customers, and dealers. IRU has education centers in Davidson, North Carolina; Prague, Czech Republic; and Shanghai, China. We offer learning programs in Bangalore, India, as well. Since its inception in 2003, 7,000 people have participated in more than 280 sessions, and more than 25,000 employees, customers, and dealers have used training available via IRU On-Line. IRU develops and manages the annual Ingersoll Rand Leadership Conference and quarterly Leadership Forums. A part of Ingersoll Rand's Human Resources group, IRU works closely with HR colleagues to drive business-relevant and high-quality learning for Ingersoll Rand.



Ingersoll Rand University,  
Davidson, North Carolina



IRU students in India learn  
strategic business skills.



Herb Henkel talks to *Driving  
Dramatic Growth through  
Marketing Excellence*  
participants in Prague. The  
enthusiasm and proactive  
involvement of our senior  
leaders significantly improves  
the overall success of IRU.





# Governance, Commitments and Engagement

Ingersoll Rand is working to better integrate environmental, health and safety (EHS) and sustainability into the company's business decisions and practices.

## Governance Structure

### Board of Directors

The company's business is managed under the direction of the Board of Directors. The role of the company's 11-member Board is to oversee the management and governance of the company and monitor senior management's performance. Except for Herb Henkel, our Chairman, CEO and President, and Pat Nachtigal, our Senior Vice President and General Counsel, who are employees of the company, all of our directors are independent under the standards set forth in our Corporate Governance Guidelines, which are consistent with the New York Stock Exchange listing standards.

Among the Board's core responsibilities are to:

- Screen individuals for Board membership and evaluate the performance of the Board, Board committees and individual directors.
- Select, monitor, evaluate and compensate senior management.
- Assure that management succession planning is adequate.
- Review and approve significant corporate actions.
- Review and monitor implementation of management's strategic plans.
- Review and approve the company's annual operating plans and budgets.
- Monitor corporate performance and evaluate results compared to the strategic plans and other long-range goals.

- Review the company's financial controls and reporting systems.
- Review and approve the company's financial statements and financial reporting.
- Review the company's ethical standards and legal compliance programs and procedures.
- Monitor relations with shareholders, employees, and the communities in which the company operates.

### Lead Director

The Board appoints a Lead Director annually from among the independent directors who are not Board committee chairs. Our Lead Director: (a) presides at all meetings of the directors at which the Chairman is not present, including executive sessions of the directors; (b) serves as a liaison between the Chairman and the independent directors; (c) approves the information sent to the directors; (d) with input from the other independent directors, approves Board meeting agendas and Board meeting schedules to assure that there is sufficient time for discussion of all agenda items; (e) has the authority to call meetings of the independent directors; and (f) is available for direct communication from major shareholders.

### Board Committees

The Board of Directors has the following committees: Audit, Compensation, Corporate Governance and Nominating, and Finance. All committees have written, Board-approved charters detailing their responsibilities. Only independent directors serve on these committees. Chairpersons and members of

these four committees are rotated periodically, as appropriate.

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

### Contacting the Board

Shareholders and other interested parties wishing to communicate with the Board, the non-employee directors or any individual director (including our Lead Director and Compensation Committee Chairperson) may do so either by sending a communication to the Board and/or a particular Board member, in care of the Secretary of the company, or by e-mail at [irboard@irco.com](mailto:irboard@irco.com).

### Management Compensation

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

- actual business unit and company financial performance against pre-established business plans and
- the executive's ability to achieve company objectives, develop and carry out strategic initiatives, contribute to both the dramatic growth and operational excellence of the company, and demonstrate collaboration in the pursuit of a one-company culture.

In December 2007, Ingersoll Rand announced that our Board leadership, including the Chairman and CEO, the Lead Director, and the chairs of the Compensation Committee and the Corporate Governance and Nominating Committee, would be

meeting with its largest 25 shareholders (representing over 50 percent of its issued and outstanding shares) on an annual basis regarding governance matters, including executive compensation. The inaugural meeting will be held in the third quarter of 2008. The purpose of these annual meetings will be to establish a regular dialogue on governance-related and other topics of interest to Ingersoll Rand shareholders. In addition, the company has established an e-mail link to the Chair of its Compensation Committee, which all of our shareholders can use to share their comments on executive compensation. This e-mail link can be accessed by clicking inside the box entitled "Executive Compensation Feedback" in the top, right-hand corner of the following link to the company's website: <http://company.ingersollrand.com/aboutus/corpgov/Pages/default.aspx>.

Shareholders may also directly e-mail their comments on executive compensation to the company's Board of Directors at [irboard@irco.com](mailto:irboard@irco.com).

### Determining Board Member Qualifications

The screening process for new members to the Board is done by the Corporate Governance and Nominating Committee with direct input from the Chairman and CEO and from the other directors. Shareholders may also recommend candidates for Board membership. In considering candidates for director, the Corporate Governance and Nominating Committee will take into account factors including understanding of business and financial issues and ability to exercise sound judgment, diversity and leadership. The Committee believes that at a minimum each nominee should satisfy the following criteria:

- highest character and integrity;
- experience and understanding of strategy and policy-setting;
- sufficient time to devote to Board matters; and
- lack of a conflict of interest that would interfere with performance as a director.

### Board and Board Committee Performance Evaluation

In an effort to increase the effectiveness of the Board of Directors and its relationship to management, the Corporate Governance and Nominating Committee assists the Board in evaluating its performance as a whole and the performance of its committees. Each Board committee is also responsible for conducting an annual evaluation of its performance. The effectiveness and contributions of individual directors are considered each time a director is nominated for re-election to the Board.



for position only

## Our Business Vision

### Dramatic Growth, Operational Excellence, Dual Citizenship

Our pursuit of **Dramatic Growth** is based on our commitment to developing new, innovative solutions for our customers. In addition, Dramatic Growth involves the pursuit of market share and revenue growth through strategic acquisitions that expand our product offerings and enhance our competitiveness. It also involves the growth of recurring revenues from parts, services, rental and used equipment.

**Operational Excellence** is a strategy that aims to improve operating performance. By pursuing continuous improvement in all of our operations through initiatives such as Lean Six Sigma, we intend to control costs and improve efficiencies for greater cash flows from operations and operating profit.

**Dual Citizenship** is our term for collaboration among our people and our businesses. Through Dual Citizenship, we are unleashing the collective strength of the enterprise by working collaboratively across our businesses, markets, and geographies; applying best practices; sharing information; transferring knowledge; and delivering enhanced product and service offerings to our customers.

### Values

Ingersoll Rand embraces five core values: **Integrity, Respect, Teamwork, Innovation** and **Courage**. We promote awareness of these values throughout our global operations using a variety of communication materials translated into multiple languages. The values are incorporated into our Code of Conduct, training materials, wallet cards and brochures.

## Business Operating System (BOS)

Through our enterprise-wide Business Operating System (BOS), Ingersoll Rand is developing and deploying a common structure, tools and methodology to drive a culture of continuous improvement. We are implementing lean manufacturing tools and methodologies to help weed out inefficient and unsafe work practices, which results in a more productive and safer work environment. The BOS helps drive financial and EHS benefits for the company.

According to Herb Henkel, our Chairman, President and Chief Executive Officer “Think of

our Business Operating System as the hallmark of Ingersoll Rand’s culture – it will become the way we do things to drive performance and all of us will be involved in some capacity, no matter where you work or what your role is.”

### Enterprise Focus Areas

Our continuous improvement activities are focused in six key areas called Enterprise Focus Areas (EFAs): Global Leadership, World Class Operations, Innovation, Life Cycle Management, Customer Value and Strategic Management. Within each EFA, key processes have been identified as critical to the enterprise’s success. EFA teams are determining the critical enterprise business processes. The EFA teams are comprised of executive leader sponsorship, business unit leadership, BOS program management and cross-sector councils. Common Ingersoll Rand business processes will be developed for each EFA and integrated into the sectors so we, including all parts of the organization, perform work the same way in these critical areas.

These business processes will be prioritized, developed and integrated over the next five years and beyond.

## Code of Conduct

Throughout the company’s history, Ingersoll Rand has been committed to conducting business with the highest ethical standards. Maintaining these standards has never been more important than in today’s competitive and rapidly changing global business climate. The Code of Conduct is an extension of our core values. All employees are obligated to promptly report any known or suspected violations of the Code or requests that might constitute violations. Employees are provided with a variety of methods of filing a report through written communications or a toll-free Helpline. To the extent reasonably possible, reports will be treated confidentially. Employees also have the option of reporting concerns anonymously. Company policy strictly prohibits any retaliation or harassment for reporting under this policy. The Code has been translated into 13 languages.

### Compliance

Ingersoll Rand is committed to conducting business around the globe with the highest ethical standards. Compliance with the law and Our Code of Conduct, however, is the minimum standard of conduct in company affairs. All employees are expected to act with the highest business ethics in all Ingersoll Rand relationships.

The company takes all compliance matters very seriously. In October 2007, Ingersoll Rand announced that we had reached settlements with the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ) relating to payments made by foreign subsidiaries in 2000-2003 in connection with the United Nations' Oil for Food Program. Under the terms of the settlements, the company will pay 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 with the DOJ. Under both settlements, the company will implement improvements to its compliance program.

Certain individuals who were involved with this matter have been terminated. The Government noted that the company thoroughly cooperated with the investigation, had conducted its own complete investigation of the conduct at issue, promptly and thoroughly reported its findings to them and took prompt remedial measures.

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## *Industry and Advocacy Organizations*

Ingersoll Rand is actively involved in the following sustainability-related organizations, among others:

- ABRAVA, Brazilian Association of Refrigeration, Ventilation and AC
- AHRI, Air Conditioning, Heating and Refrigeration Institute
- Alliance for Responsible Atmospheric Policy
- ANEFRYC, The Spanish National Association of Cold and Air Conditioning Companies (Asociación Nacional de Empresas de Frío y Climatización)
- ANFIR, Association of manufacturers of refrigeration industry
- ASHRAE, American Society of Heating, Refrigerating and Air-Conditioning Engineers
- Australian Standards - Committee ME-006 (AS/NZS1677)
- Australian Standards - Committee ME-008 (AS/NZS1731)
- BRA, British Refrigeration Association
- Business Roundtable
- China Chain Store and Franchise Association
- China Construction Ministry Science and Technology Committed City Bus Specialist Committee
- China Federation of Logistic and Purchase
- China Supply Chain Council
- Council of Urban Public Transport Society (UPTS) of China Civil Engineering Society (CCES)
- ECSLA, European Cold Storage and Logistics Association
- EPA GreenChill partnership program
- EPEE, European Partnership for Energy & Environment
- Eurovent, European Committee of Air Handling and Refrigeration Equipment Manufacturers
- Food Logistics Commission of China National Food Industry Association
- IIR, Industrial Information Resources
- IRTA, International Refrigerated Transportation Association
- MAPI, The Manufacturers Alliance
- Mutual Aid Committee of Northern Industries (Comite de Ayuda Mutua de Industrias del Norte)
- Nuevo Leon's Recycling Committee (Comite de Reciclamiento de Nuevo Leon)
- Risk and Insurance Management Society
- The Japan Refrigeration and Air Conditioning Industry Association
- Transfrigoroute
- UIMM, Union des Industries et Métiers de la Métallurgie
- United Fund, Fondo Unido, A.C.

## Engaging Stakeholders

Our stakeholders are in a position to influence the success and growth of our business.

Stakeholder	Approaches to Engagement	Key Issues
Customers (provide revenue)	Ongoing customer research, including customer satisfaction metrics. Continuous engagement through business relationships.	Delivering continuous improvements in performance and reliability, efficiency of performance and service levels at a value that is competitive in the marketplace. Help them meet their critical business requirements in all operational areas (not just profitability), e.g., energy efficiency.
Investors (provide capital) – more than 70 percent of shares held by institutional investors	Regular dialogue through one-on-one discussions, formal meetings and participation at industry conferences. Dialogue with shareholders representing 50 percent of outstanding shares held every 3rd quarter of the year on all matters related to corporate governance issues.	Demonstrate that we are not only meeting our financial targets but also achieving them in a responsible manner – so they can confidently invest in a company that is doing the right things. Socially responsible investment is a franchise to operate.
Employees (provide knowledge and expertise)	Ingersoll Rand Daily News (IRDN), CEO webcasts, employee engagement surveys on work environment and line of sight.	Enabling employees to be competitive globally and view themselves as citizens of Ingersoll Rand as a whole as well as citizens of their community. Empowering employees to be the best ambassadors of our products. Meeting employee expectations on work environment, competitive pay and work-life balance.
Distributors and Dealers (provide channels)	Engagement led by the businesses.	Balancing competing needs, including boundaries and flexibility.







# Awards and Recognition

In 2007, Ingersoll Rand facilities received recognition for their environmental and social programs and performance.

## External Awards

### America's Most Admired Companies

*Fortune* magazine ranked Ingersoll Rand number six in the "Industrial and Farm Equipment" section of its "America's Most Admired Companies 2007."

### Ingersoll Rand Named to Sustainability Index

For the first time, Ingersoll Rand has been named to the Dow Jones Sustainability North America Index. The Dow Jones Sustainability North America Index includes the top 125 companies headquartered in North America. It is based on a thorough analysis of corporate economic, environmental and social performance – assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labor practices. The Dow Jones Sustainability Indexes identify the sustainability leaders from each industry sector on a global and regional level.

### Hussmann Joins GreenChill Partnership

As part of its continuing efforts to protect the environment, Hussmann has joined the U.S. Environmental Protection Agency's (EPA) GreenChill Advanced Refrigeration Partnership. By joining GreenChill, Hussmann is reaffirming its commitment to work with employees, customers and other stakeholders to go above and beyond

regulations in helping to protect the environment. Hussmann's efforts in promoting sustainability, which include active internal programs such as recycling, green product offerings and sustainable product development, are part of the *Progress is greener with Ingersoll Rand* initiative.

GreenChill is an EPA cooperative alliance with the supermarket industry and other stakeholders to promote the adoption of technologies and practices that reduce emissions of ozone-depleting substances (ODS) and greenhouse gases (GHGs) and increase the energy efficiency of refrigeration systems.

Several Ingersoll Rand facilities around the world were recognized for their environmental and safety achievements in 2007.

- Thermo King Shenzhen, China, was recognized with separate awards for its environmental and safety performance from several departments of Guangdong Province.
- Industrial Technologies in Nanjing, Jiang Su, China, obtained "Blue Tap" recognition from the district's environmental protection bureau.
- Industrial Technologies in Oberhausen, Germany, received recognition for its continued environmental achievements by Lloyd's Register Quality Assurance.
- Security Technologies in Auckland, New Zealand, achieved the highest level of accreditation for its Environmental, Safety & Health management systems.

## Annual Ingersoll Rand Awards

Ingersoll Rand has several types of internal awards — environmental, safety, and health achievement and innovation. The awards program encourages innovation, continuous improvement and good management behavior that aligns EHS with the company's overall strategic goals.

The environmental awards recognize facilities that have demonstrated superior environmental performance, continuous environmental improvement, and innovations in environmental engineering and management. The safety and health awards also emphasize implementing management systems and best practices that maintain an injury-free workplace. The awards go a step beyond OSHA guidelines, which focus only on injury rates and collect data only within the United States.

The EHS awards program is open to all non-office sites around the world, including manufacturing facilities, service centers, and warehouse/distribution sites. There are three awards categories: achievement, innovation, and facility of the year. To be nominated in the achievement and innovation categories, sites have to demonstrate that their practices improved workplace environmental or safety and health conditions. Only facilities earning accolades in both the achievement and innovation categories can be placed in the running for the top facility of the year award, and in addition, the facility of the year must earn external third-party recognition for its practices.

Ingersoll Rand also recognizes our business units with quarterly President's Awards, which typically include sustainability-related awards. At the end of the year, all President's Awards winners are nominated for the Chairman's award, the highest level of internal recognition.

### 2007 Internal Award Winners

Award	Business Unit	Site	Project (for Innovation Awards)
Environmental Achievement	Climate Control Technologies	Monterrey, Mexico	
Environmental Achievement	Climate Control Technologies	Mt. Laurel, NJ	
Environmental Achievement	Climate Control Technologies	Tampa, FL	
Environmental Achievement	Industrial Technologies	Changzhou, China	
Environmental Achievement	Industrial Technologies	Oberhausen, Germany	
Environmental Achievement	Industrial Technologies	Phoenix, AZ	
Environmental Achievement	Industrial Technologies	Dallas, TX	
Environmental Achievement	Industrial Technologies	Des Moines, IA	
Environmental Innovation	Climate Control Technologies	Shenzhen, China	Returnable packaging on finished products
Environmental Innovation	Climate Control Technologies	Suzhou, China	Energy reduction projects reduced energy consumption 15 percent
Safety/Health Achievement	Climate Control Technologies	Suzhou, China	
Safety/Health Achievement	Climate Control Technologies	Kolin, Czech Republic	
Safety/Health Achievement	Climate Control Technologies	Monterrey, Mexico	
Safety/Health Achievement	Industrial Technologies	Guilin, China	
Safety/Health Achievement	Industrial Technologies	Phoenix, AZ	
Safety/Health Achievement	Industrial Technologies	Augusta, GA	
Safety/Health Achievement	Industrial Technologies	Campbellsville, KY	
Safety/Health Achievement	Security Technologies	Indianapolis, IN	
Safety Innovation	Climate Control Technologies	Monterrey, Mexico	Safety Leaders program implemented to improve safety metrics, change culture and motivate safe behavior at work
Safety Innovation	Climate Control Technologies	Bridgeton, MO	A "forklift rodeo" between the Bridgeton, MO, and Olathe, KS, sites reinforced operational skills and safe driving habits when operating material-handling equipment
Safety Innovation	Climate Control Technologies	Madison, WI	Safety Truck in operation February 2007
Safety Innovation	Security Technologies	Olathe, KS	A "forklift rodeo" between the Bridgeton, MO, and Olathe, KS, sites reinforced operational skills and safe driving habits when operating material-handling equipment
Health Innovation	Climate Control Technologies	Londrina, Brazil	Daily stretching program instituted for every employee
Health Innovation	Industrial Technologies	Augusta, GA	Employee health needs assessments conducted to create tailored programs based on results and feedback
Health Innovation	Industrial Technologies	Seattle, WA	Implemented improved eating habits and exercise program
Health Innovation	Security Technologies	Indianapolis, IN	Medical screenings provided as part of health fair
Safety/Health Facility of the Year	Climate Control Technologies	Monterrey, Mexico	

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*Climate Control Technologies*  
*Industrial Technologies*  
*Security Technologies*

Ingersoll Rand is a global diversified industrial firm providing products, services and solutions to 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.