

INGERSOLL RAND CO LTD

Form 11-K

June 29, 2009

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

Or

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-16831

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

**INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS**

# **PLAN FOR BARGAINED EMPLOYEES**

(Full title of the plan)

**B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:  
INGERSOLL-RAND COMPANY LIMITED**

**Canon s Court**

**22 Victoria Street**

**Hamilton HM 12, Bermuda**

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**Ingersoll-Rand Company**

**Employee Savings Plan for Bargained Employees**

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**December 31, 2008 and 2007**

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Note: Other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ( ERISA ) have been omitted because they are not applicable.

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***REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM***

To the Participants and Administrator of the  
Ingersoll-Rand Company Employee Savings Plan for Bargained Employees  
Davidson, North Carolina

We have audited the accompanying statements of net assets available for benefits of the Ingersoll-Rand Company Employee Savings Plan for Bargained Employees (the Plan) as of December 31, 2008 and 2007 and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Ingersoll-Rand Company Employee Savings Plan for Bargained Employees as of December 31, 2008 and 2007 and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) at December 31, 2008 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ Dixon Hughes PLLC

Charlotte, NC

June 26, 2009

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**Ingersoll-Rand Company**

**Employee Savings Plan for Bargained Employees**

**Statements of Net Assets Available for Benefits**

**December 31, 2008 and 2007**

	2008	2007
<b>Assets</b>		
Investments, at fair value		
Plan's interest in Savings Plan Master Trust, excluding participant loans (Note 3)	\$ 24,391,014	\$ 37,499,179
Participant loans	1,578,853	1,573,495
<b>Total net assets available for benefits</b>	<b>\$ 25,969,867</b>	<b>\$ 39,072,674</b>

The accompanying notes are an integral part of these financial statements.

**Table of Contents****Ingersoll-Rand Company****Employee Savings Plan for Bargained Employees****Statements of Changes in Net Assets Available for Benefits****Years Ended December 31, 2008 and 2007**

	2008	2007
<b>Additions to net assets attributable to:</b>		
Contributions		
Participant	\$ 2,085,164	\$ 2,093,351
Employer	121,198	125,373
	2,206,362	2,218,724
Plan's interest in investment income (loss) of the Savings Plan Master Trust (Note 3)	(10,281,512)	2,981,609
<b>Total additions</b>	<b>(8,075,150)</b>	<b>5,200,333</b>
<b>Deductions from net assets attributable to:</b>		
Participant withdrawals and distributions	5,012,084	3,827,449
Administrative expenses	15,573	16,861
<b>Total deductions</b>	<b>5,027,657</b>	<b>3,844,310</b>
Net increase (decrease)	(13,102,807)	1,356,023
<b>Net assets available for benefits</b>		
Beginning of year	39,072,674	37,716,651
End of year	\$ 25,969,867	\$ 39,072,674

The accompanying notes are an integral part of these financial statements.

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### **Ingersoll-Rand Company**

### **Employee Savings Plan for Bargained Employees**

### **Notes to Financial Statements**

### **December 31, 2008 and 2007**

#### **1. Description of the Plan**

The following description of the Ingersoll-Rand Company Employee Savings Plan for Bargained Employees (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

#### **General**

The Plan was established to provide benefits to eligible employees of Thermo King Corporation (Thermo King), including employees who, until October 1997, were participants in the Westinghouse Savings Program, a defined contribution plan maintained by Westinghouse Electric Corporation (Westinghouse), and who, by reason of the acquisition of Thermo King from Westinghouse by Ingersoll-Rand Company (the Company), ceased to be participants in the Westinghouse Savings Program.

Fidelity Management Trust Company (Fidelity) is the trustee and recordkeeper of the Plan. The Plan's assets are part of the Ingersoll-Rand Company Savings Plan Master Trust (Savings Plan Master Trust) maintained by Fidelity. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

#### **Participation**

All individuals employed by the Company, and whose terms of employment are governed by a collective bargaining agreement which specifically allows participation in the Plan are eligible to participate in the Plan upon completion of at least one year of service, as defined in the Plan.

#### **Contributions**

Participants may elect to contribute to the Plan 1% to 20% of their compensation, in increments of 1%, on an after-tax basis, a pre-tax basis or a combination thereof. Employee contributions are subject to limitations as defined by the U.S. Internal Revenue Code (IRC). For certain bargained groups, the Company makes monthly contributions to the Plan equivalent to 50% of the contributions made by participating employees, up to a maximum employer contribution of 3% of the participants' monthly compensation. Participants may change their contribution amounts at any time by contacting Fidelity. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds and an Ingersoll-Rand Company Stock Fund for participants.

#### **Participant Accounts**

Each participant's account is credited with (a) the participant's contribution, (b) allocations of the Company's matching contribution (if applicable), (c) allocations of Plan earnings, net of investment management fees, and (d) any Company discretionary contributions. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

#### **Vesting**

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts (if applicable) is based on years of continuous service. A participant is 100% vested after three to five years of service, based on the specific bargaining unit. All Company matching contributions, not otherwise vested, become 100% vested upon the participant's death, disability

or the participant s becoming a retired participant.



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### **Ingersoll-Rand Company**

### **Employee Savings Plan for Bargained Employees**

### **Notes to Financial Statements**

### **December 31, 2008 and 2007**

### **Participant Loans**

For certain bargaining units, participants may borrow from their accounts in multiples of \$100 with a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance reduced by the highest outstanding loan balance during the preceding twelve months. Participants are permitted to have up to two outstanding loans at any given time. Loan transactions are treated as a transfer to (from) the investment fund from (to) the participant loan fund. Loan terms range from 6 to 60 months. Loans are collateralized by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the plan administrator. At December 31, 2008 and 2007, interest rates ranged from 5.0% to 10.0%. Principal and interest are paid ratably through payroll deductions.

### **Payment of Benefits**

On termination of service, a participant with a vested account balance greater than \$3,500 to \$5,000, based on the specific bargaining unit, has three options: (1) receive a lump-sum amount equal to the value of the participant's vested interest in his or her account; (2) receive installments in the form of various types, as defined by the Plan; or (3) roll over the balance in his or her account to another qualified plan or Individual Retirement Account. A participant with a vested account balance of \$5,000 or less may only choose options (1) or (3).

### **Payment of Administrative Costs**

The Company pays all significant administrative expenses of the Plan.

### **Forfeited Accounts**

At December 31, 2008 and 2007, forfeited non-vested accounts were \$3,619 and \$7,232, respectively. Forfeited non-vested amounts may be used to reduce future employer contributions. In 2008 and 2007, employer contributions were reduced by \$3,809 and \$4,817 respectively, from forfeited nonvested accounts.

## **2. Summary of Accounting Policies**

### **Basis of Accounting**

The financial statements of the Plan are prepared on the accrual basis of accounting.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

### **Valuation of Investments**

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Plan assets are part of the Savings Plan Master Trust, which provides unified investment management. Fidelity invests Plan assets in various trust investment options at the direction of Plan participants and as required by the Plan.

Separate participant accounts are maintained by investment option. These accounts record contributions, withdrawals, transfers, earnings and changes in market value.

The Savings Plan Master Trust reports investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transition between market participants at the measurement date. See Fair Value Measurements below and Note 3 for further discussion.

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**Ingersoll-Rand Company**

**Employee Savings Plan for Bargained Employees**

**Notes to Financial Statements**

**December 31, 2008 and 2007**

The Participant loans receivable represent the net outstanding receivable balance, which approximates fair value, due to the Plan from those participants with outstanding loan balances.

Realized gains or losses on security transactions are recorded on the trade date. Realized gains or losses are the difference between the proceeds received and the security's unit cost. Dividend income is recorded on the ex-dividend date and interest income is recorded when earned.

The statements of changes in net assets include unrealized appreciation or depreciation in accordance with the policy of stating investments at current value. Appreciation or depreciation of investments reflects both realized gains and losses and the change in unrealized appreciation and depreciation of investments.

**Payment of Benefits**

Benefits to participants are recorded when paid.

**Fair Value Measurements**

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2      Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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**Ingersoll-Rand Company**

**Employee Savings Plan for Bargained Employees**

**Notes to Financial Statements**

**December 31, 2008 and 2007**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2008 and 2007.

*Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the net asset value ( NAV ) of shares held by the plan at year end.

*Self-directed brokerage accounts:* Valued at the NAV of the funds in which it participates at year-end.

*Money market funds:* Valued at the NAV of the funds in which it participates at year-end.

*Participant loans receivable:* Valued at amortized cost, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. See Note 3 for further disclosures of the fair value of the assets held within the Savings Plan Master Trust.

**3. Investment in the Savings Plan Master Trust**

The Plan's investments are in the Savings Plan Master Trust which was established for the investment of assets of the Plan and several other Ingersoll-Rand Company sponsored retirement plans. The assets of the Savings Plan Master Trust are held by Fidelity. Each participating retirement plan has an undivided interest in the Savings Plan Master Trust. Fidelity maintains separate accounting of all contributions, benefit payments and expenses and allocates income received by the Savings Plan Master Trust on the basis of the adjusted value of each plan at year end. At December 31, 2008 and 2007, the Plan had a 3.26% and 2.98%, respectively, participation in the Savings Plan Master Trust.

**Table of Contents****Ingersoll-Rand Company****Employee Savings Plan for Bargained Employees****Notes to Financial Statements****December 31, 2008 and 2007**

The Savings Plan Master Trust financial statements are prepared on the modified cash basis of accounting while the Plan's financial statements are prepared on the accrual basis of accounting. The net assets of the Savings Plan Master Trust consisted of the following at December 31:

	2008	2007
<b>Investments, at fair value</b>		
Interest Bearing Cash	\$ 48,031,214	\$ 241,495,856
Mutual funds	600,120,574	735,875,741
Self-directed brokerage accounts	11,410,893	11,980,148
Ingersoll-Rand Company Limited stock fund	115,396,306	301,752,204
Participant loans receivable	22,060,995	22,075,782
<b>Net assets available for benefits</b>	<b>\$ 797,019,982</b>	<b>\$ 1,313,179,731</b>

Net realized and unrealized appreciation (depreciation) of investments and interest and dividend income for the Savings Plan Master Trust for the years ended December 31, are as follows:

	2008	2007
<b>Investment income:</b>		
Net appreciation (depreciation) in fair value of investments		
Interest bearing cash	\$ 2,418,900	\$ 15,615,066
Mutual funds	(299,958,391)	8,789,891
Ingersoll-Rand Company Limited stock fund	(170,734,634)	66,458,246
	(468,274,125)	90,863,203
<b>Interest and dividend income</b>	<b>21,944,083</b>	<b>64,942,446</b>
<b>Total investment income (loss)</b>	<b>\$ (446,330,042)</b>	<b>\$ 155,805,649</b>

The following summarizes the classification of investments by classification and method of valuation in accordance with the requirements of SFAS 157:

	Assets at fair value as of December 31, 2008			Total
	Level 1	Level 2	Level 3	
Interest bearing cash	\$ 48,031,214	\$	\$	\$ 48,031,214
Mutual funds	290,399,542	309,721,032		600,120,574
Self-directed brokerage accounts	11,410,893			11,410,893

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Ingersoll-Rand Company limited stock fund	115,396,306			115,396,306
Participant loans receivable			22,060,995	22,060,995
Total assets at fair value	\$ 465,237,955	\$ 309,721,032	\$ 22,060,995	\$ 797,019,982

**Table of Contents****Ingersoll-Rand Company****Employee Savings Plan for Bargained Employees****Notes to Financial Statements****December 31, 2008 and 2007**

The following table sets forth a summary of changes in the fair value of the Savings Plan Master Trust's level 3 assets for the year ended December 31, 2008:

Level 3 assets	
Year Ended December 31, 2008	
	<b>Participant loan receivable</b>
Balance, beginning of year	\$ 22,075,782
Realized gain/(losses)	
Unrealized gains/(losses) relating to instruments still held at the reporting date	
Purchases, sales, issuances and settlements, net	(14,787)
Balance, end of year	\$ 22,060,995

**4. Plan Termination**

Although the Company has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become fully vested in their accounts and shall be entitled to a distribution of their respective account balances.

**5. Risks and Uncertainties**

Through the Savings Plan Master Trust, the Plan provides for various investment options in any combination of common stocks, mutual funds and short-term investments. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits.

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**Employee Savings Plan for Bargained Employees**

**Notes to Financial Statements**

**December 31, 2008 and 2007**

**6. Party-In-Interest Transactions**

Certain Plan investments held in the Savings Plan Master Trust are shares of mutual funds and short-term investments managed by Fidelity. Fidelity is the trustee as defined by the Plan, and, therefore, these transactions qualify as party-in-interest transactions, but are not deemed prohibited transactions.

Certain Savings Plan Master Trust investments are units of the Ingersoll-Rand Company Limited Stock Fund. These transactions qualify as party-in-interest transactions, but are not deemed prohibited transactions.

**7. Tax Status**

The U.S. Internal Revenue Service has determined and informed the Company by a letter dated August 29, 2002, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.



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**Ingersoll-Rand Company**  
**Employee Savings Plan for Bargained Employees**  
**Schedule H, line 4i Schedule of Assets (Held at End of Year)**  
**December 31, 2008**

**Schedule I**

Plan Sponsor: Ingersoll-Rand Company  
 Employer Identification: 13-5156640  
 Plan Number: 076

(a)	Identity of issue, borrower lessor, or similar party (b)	Description of investment, including maturity date, rate of interest, collateral par, or maturity value (c)	Current	
			Cost (d)	Value (e)
*	Plan's interest in Savings Plan Master Trust, excluding participant loans	Master Trust 3.26% participation	**	\$ 24,391,014
	Participant loans	Due 01/01/09 - 02/12/14 5.0% - 10.00%		1,578,853
<b>TOTAL INVESTMENTS HELD BY THE PLAN</b>				<b>\$ 25,969,867</b>

\* Includes assets which represent permitted party-in-interest transactions to the Plan.  
 \*\* Cost information is not required for participant directed investments and is therefore omitted.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS PLAN FOR BARGAINED EMPLOYEES

Dated: June 26, 2009

By: /s/ Joanne Maughan

Name: Joanne Maughan

Title: Benefits Administration Committee

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
23	Consent of Dixon Hughes PLLC