Pursuing Excellence

2013 Annual Report
2014 Notice and Proxy Statement

Ingersoll Rand
Inspiring Progress™

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Inspiring Progress™

Leaders from Ingersoll Rand and the New York Stock Exchange (NYSE) celebrated a long legacy of industry leadership for two of our brands—100 years for Trane® and 75 years for Thermo King®—with the ringing of the closing bell at the NYSE on April 29, 2013. These two brands continue to lead the market in innovation, efficiency and reliability in the building and transport industries.

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The Ingersoll Rand Compressed Air Systems and Services manufacturing facility in Unicov, Czech Republic, is one of our value streams under transformation as part of our growth and operational excellence initiatives.

Our Market-Leading Brands

Ingersoll Rand (NYSE:IR) advances the quality of life by creating comfortable, sustainable and efficient environments. Our people and our family of brands—including Club Car®, Ingersoll Rand®, Thermo King® and Trane®—work together to enhance the quality and comfort of air in homes and buildings; transport and protect food and perishables; and increase industrial productivity and efficiency. We are a $12 billion global business committed to a world of sustainable progress and enduring results.

Club Car® | Ingersoll Rand® | THERMO KING | TRANE®

This integrated annual report and the 2013 online sustainability supplement at www.ingersollrand.com/sustainabilitysupplement follow the Global Reporting Initiative (GRI) 3.1 Guidelines and report on our financial and non-financial performance for the 2013 fiscal year. For more information on GRI, please visit www.globalreporting.org. To ensure the quality of our environmental health and safety data, we assure our data with a third party provider. The results of this assurance can be found in our online sustainability supplement at www.ingersollrand.com/sustainabilitysupplement.

The following letter to shareholders contains "forward-looking statements," which are statements that are not historical facts, including our ability to address environmental and social challenges, the future success of our operational excellence initiatives, our future financial performance, and our positioning in and the performance of the markets in which we operate. These statements are based on currently available information and our current assumptions, expectations and projections about future events. While we believe that our assumptions, expectations and projections are reasonable in view of the currently available information, you are cautioned not to place undue dependence on our forward-looking statements. Forward-looking statements speak only as of the date they are made and are not guarantees of future performance. They are subject to future events, risks and uncertainties—many of which are beyond our control—as well as potentially inaccurate assumptions that could cause actual results to differ materially from our expectations and projections. You are advised to review the factors described under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in our Form 10-K for the fiscal year ended December 31, 2013, and any further disclosures we make on related subjects in materials we file with or furnish to the SEC. We do not undertake to update any forward-looking statements.

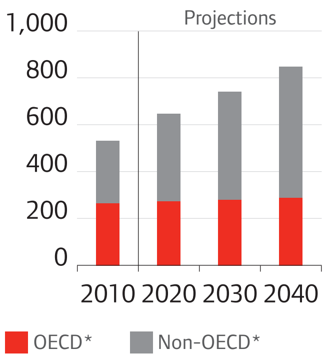
The following letter to shareholders also contains certain non-GAAP financial measures, including "Adjusted Operating Margins" and "Adjusted Earnings Per Share" which should be considered supplemental to, not a substitute for or superior to, the financial measure calculated in accordance with GAAP. "Adjusted Operating Margins" excludes restructuring costs with negative operating margin impact in the amount of 0.7 percent for 2013, 0.3 percent for 2012 and 0.2 percent for 2011, and impairment charges with negative operating margin impact of 5.1 percent for 2011. "Adjusted Earnings Per Share" excludes restructuring costs with a negative after-tax impact of $0.19 for 2013, $0.09 for 2012 and $0.08 for 2011, refinancing premium with a negative impact of $0.16 for 2013, spin-related tax charges with a negative impact of $0.25 for 2013, and impairment charges with a negative after-tax impact of $1.64 for 2011.

Dear Shareholder:

Michael W. Lamach
Chairman and Chief Executive Officer

Our company is helping to solve some of the world's most pressing challenges—an unsustainable demand for energy resources, the impact of urbanization on the environment, and a constant need for increased industrial productivity with lower resource intensity. These challenges are critical to our customers and at the heart of Ingersoll Rand's vision—a world of sustainable progress and enduring results.

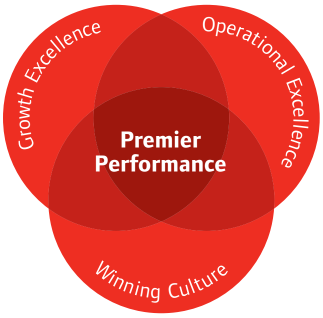
World Total Energy Consumption, 2010–2040 (Quadrillion BTU)



Source: U.S. Energy Information Administration (EIA), International Energy Outlook 2013

*Organization for Economic Cooperation and Development (OECD) Member Countries

Enterprise Strategies



Energy efficiency is often hailed as the smartest approach to the looming global energy consumption crisis, with potential energy savings worth more than $1 trillion in the United States alone. We possess the needed expertise to help—and that matters because the increase in global energy demand will reach the equivalent of 2.37 trillion barrels of oil by 2040 if left unchecked. It matters because buildings alone will consume 40 percent of all energy over the next 20 years. In addition, consider that manufacturing and transportation industries will expend another 30 percent and 28 percent, respectively, over the same timeframe. Providing solutions to these challenges is important to our customers, our company and the world we live in.

We are passionate about improving the world, and Ingersoll Rand, every day. Our pursuit of excellence is more than words. It's a measurable approach to making a difference. Throughout this report you will see progress against our financial, environmental and social impact goals. You will read how our three enterprise strategies—Growth Excellence, Operational Excellence and a Winning Culture—are supportive of each other in our pursuit of Premier Performance. These strategies offer shared success among our employees, customers and shareholders.

Excellence for Employees

Ingersoll Rand's approach to employee engagement encourages leaders at all levels of the company to demonstrate authentic leadership and drive employee engagement locally. We realized an eight-point employee engagement score improvement during 2013 and have achieved top quartile performance against industry benchmarks for manufacturers. These results are a testament to an environment where employees collaborate, develop, excel and take pride in our company—the essence of our Winning Culture.

Total Net Revenues (Billions)

Adjusted Operating Margins

0.9 Percentage Points ↑ from 2011 to 2013

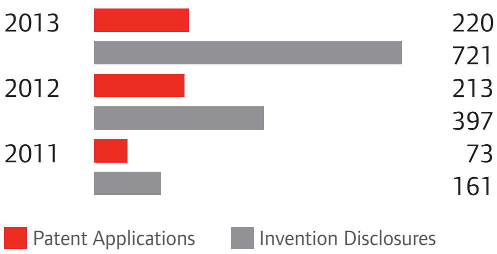
Excludes restructuring costs and impairment charges related to the Hussmann divestiture.

Adjusted Earnings Per Share

28% ↑ from 2011 to 2013

Excludes restructuring costs, refinancing premium, spin-related costs and impairment charges related to the Hussmann divestiture.

Intellectual Property



In the last four years, we doubled the contribution of new products and services to our revenue, generating value for our customers and shareholders.

Excellence for Customers

Understanding our customers' specific needs is what shapes our ability to offer the right products and services. Ingersoll Rand's Climate and Industrial businesses focus on providing reliable, energy efficient and sustainable solutions to help customers address energy consumption and improve productivity.

This report shares stories about our reliability and energy efficiency leadership, and how our expertise is demonstrated through the more than 100 new products and services introduced in 2013. Products like the Trane Stealth™ air-cooled chiller that delivers low sound levels and is one of the world's most environmentally friendly heating, ventilation and air conditioning systems (HVAC); and the Ingersoll Rand Centac® C800 centrifugal compressor that improves productivity and significantly lowers operational costs for our customers.

In 2013, customers rewarded us for our investments in new solutions with increases in market share. One example is the Thermo King Precedent,™ our new transport refrigeration platform that delivers double-digit fuel savings and lower life cycle costs. The Precedent has a competitive advantage because it meets stringent North American regulatory standards without requiring add-on diesel particulate filters or engine emission systems. That competitive advantage contributed to a 10 percent year-over-year increase in North American trailer revenue.

Excellence for Shareholders

We delivered another strong year for shareholders, exceeding commitments for revenue, adjusted earnings per share and cash flow. The effective application of our strategies contributed to an adjusted operating margin improvement of 40 basis points over 2012.

Below are 2013 financial performance highlights, adjusted to exclude the impact of Allegion, the commercial and residential security businesses spun off into a stand-alone public company last year:

- Revenue growth of 3 percent
- Full-year adjusted earnings per share (EPS) for continuing operations of $2.67
- Free cash flow of $862 million
- Quarterly dividend increase of 31 percent
- Repurchased $1.2 billion of shares of Ingersoll Rand stock

Our balanced capital allocation strategy has delivered a multi-year record for achieving top quartile EPS growth and shareholder return performance, while fully investing in the long-term success of our business. We have returned more than $4 billion to shareholders over the past three years and delivered a 378 percent total shareholder return since 2009—almost triple the return of the S&P 500 and more than double the return of the S&P Diversified Industrial Index.

2013: A Transformative Year

Following the spinoff of Allegion, we accelerated elements of our growth strategy while continuing to use our business operating system to guide our operational excellence efforts. We analyzed our capabilities, markets and macro trends, and affirmed that demand for energy efficiency and reliability remain at the forefront of our customers' business requirements.

In support of our strategy, we reorganized and reduced the complexity of our business structure. We restructured from four reporting business segments to two—Climate and Industrial—and designed a business unit structure to further capitalize on growth opportunities, such as geographic market reach and penetration of differentiated service offerings.

Globally, the urban population will nearly double, increasing to 6.4 billion by 2050. To respond to the challenge of rapid urbanization, we will continue to build our local capabilities to compete in high growth markets around the world, and capitalize on our brand strength and diverse customer base.

Services are among the fastest growing businesses we have. We will leverage our large installed equipment base to expand service revenues, use our domain expertise and further invest in analytics that support optimal product life cycle costs for our customers. We are also expanding our energy services organization to meet customer needs for energy reduction, optimizing energy supply costs, energy efficiency monitoring, predictive energy usage modeling, and methods for the continuous optimization of commercial, residential and industrial assets.

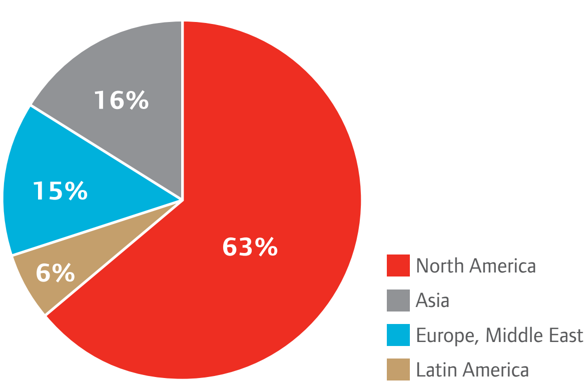
Optimistic About the Future

The imperative to address long-term reductions in energy demand and the continual need to meet increasing industrial globalization with productivity is compelling. We are healthy and strong, and I thank our employees around the world for making our company better, every day. Their inspiration and determination have served our company, customers, shareholders and communities for 143 years and it's why what we do at Ingersoll Rand will make a difference for generations to come.

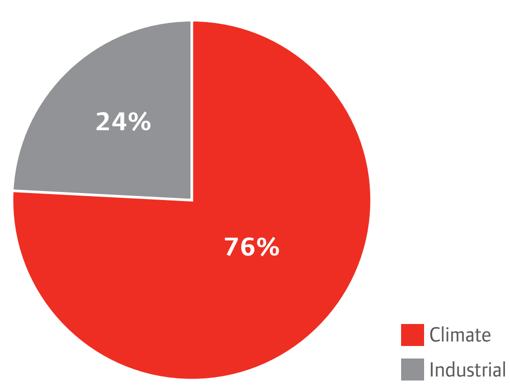
Sincerely,

Michael W. Lamach
Chairman and Chief Executive Officer, Ingersoll Rand

2013 Revenues by Geography



2013 Total Net Revenue by Segment



Our Foundational Strengths

We spent time collaborating with our customers, analyzing end markets, evaluating geographies and studying global challenges.

Food Safety and Transportation

Thermo King is committed to providing sustainable transport solutions around the globe. Our new seagoing refrigerated container provides premier performance at low temperatures, ensuring food safety during marine transport. Yang Ming Marine Transport Corporation leased Thermo King units this year, which has resulted in higher food quality and longer shelf life for their clients.

Our 2013 strategic review led us to establish a strategy and structure for growth, and provides our businesses with the flexibility, appropriate investment and accountability to grow successfully.

The strong brands represented within our Climate and Industrial segments enable the company to capitalize on industry macro trends. Reliability, energy efficiency and sustainability are common customer priorities across all product categories and are foundational strengths for the company.

Reliability

Reliability is more than an engineering concept. It's an integral part of the customer experience—what we call Total Reliability. It means going beyond customer expectations during the buying process, delivery, installation, operation and service of our products. And, ultimately, it means enabling our customers' performance and productivity.

Reliability has been the hallmark of our brand promise since the beginning and we continue to stake our reputation on it. We know how to think about reliability in the same way our customers think about it—in uptime, speed of repairs and overall maintainability. We adapt product designs for reliability and serviceability, increase the speed of response and issue resolution, and deploy remote monitoring and analytics to detect and solve issues.

Energy Efficiency and Sustainability

Solving big problems is part of who we are as a company and what we deliver. With the instability of energy costs and global challenge of climate change, energy efficiency is key to supporting population growth around the world. We devise energy efficient and sustainable products and services for our customers through sustainable design principles, total life cycle management processes and responsible use of natural resources.

Energy demand and energy efficiency regulations are driving transformations in the way that commercial buildings are built, how they are retrofitted and how they operate. International Energy Outlook 2013 projects world energy use will grow by 56 percent between 2010 and 2040. HVAC and compressors account for up to 30 percent or more of the energy consumed by commercial and industrial sites. The opportunity to help our customers by offering total efficiency solutions that include HVAC applications and next generation compressor technology is a global imperative. Similar energy demand and regulation transformations are occurring in the transportation industry and in emerging markets around the world.

Sustainability

Increasing energy efficient solutions and human productivity in a resource-constrained world with growing demands are common priorities for our customers. Ingersoll Rand is well positioned to help find solutions to these critical needs.

Club Car's Carryall electric, low speed vehicle has a total capacity of 1,250 pounds.

We remain focused on providing reliable, energy efficient and sustainable products and services to our customers. Doing so helps our customers attain their business and sustainability goals while positively impacting climate change and driving sustainable development.

"Ingersoll Rand has built an exceptional infrastructure to solve global challenges. They have the tools, roadmap and a culture of sustainability to address these challenges. Now, it is just a matter of executing and continuing to integrate the thinking throughout the company."

- Roberta Bowman, Retired Senior Vice President and Chief Sustainability Officer, Duke Energy and member of Ingersoll Rand's Sustainability Advisory Council

Center for Energy Efficiency and Sustainability

Ingersoll Rand launched the Center for Energy Efficiency and Sustainability (CEES) in 2010 to help our customers and our company leverage best practices in sustainability. Whether focused on reducing emissions, energy costs, material waste or retrofitting a building to improve its energy efficiency, the CEES is carving a path for employees to help customers and critical stakeholders understand and incorporate new approaches to meet sustainability goals.

Sustainability Advisory Council

Our external Sustainability Advisory Council includes global sustainability thought leaders in infrastructure, energy policy and technology. Their expertise helps us better understand emerging global issues to provide more innovative products and solutions, and reduce our operational footprint.

"Innovation at Ingersoll Rand means product development and use that supports the global need for energy conservation and efficiency. Thus, the company's opportunity is in excellent alignment with high priority societal challenges such as climate change."

- Marian Chertow, Professor and Director, Industrial Environmental Management Program, Yale University and member of Ingersoll Rand's Sustainability Advisory Council

Growth Excellence

We're intentionally building our capability to profitably grow. Our growth excellence strategy includes building and demonstrating capabilities in product management and product growth teams, strategy and analytics, technology and innovation, and sales excellence.

Product Management and Product Growth Teams

Our product management teams think horizontally, linking together engineering and operations to manage our existing offerings and develop new products, solutions and services for our customers. These teams—known as product growth teams—set the focus for our product lines.

To accelerate growth, we're providing tools and standard processes to create value for our customers. This new foundation of common processes, executed through the Ingersoll Rand Product Development Process (IRPDP) introduced in 2012, is now fully embedded throughout the organization. The process improves how we generate, develop and launch new products. It applies a consistent methodology across the enterprise to achieve our project goals and ensures we are assessing risk, sustainability and intellectual property throughout the entire product cycle. Approximately 30 projects have gone through the IRPDP, some with product development cycles that have been reduced by up to 50 percent.

Strategy and Analytics

Our product growth teams analyze what's happening in a given market in an intentional and informed way—we refer to this as market analytics. We are building the capabilities of our teams to deeply understand our customers and markets, helping to estimate the economic value of potential new offerings and solutions. We generate, develop and launch offerings with rigorous analysis and key quality metrics to deliver on time, on budget and exceeding our customers' expectations. This focus on analytics is really the North Star in our strategic work to develop a compelling, differentiated set of offerings for our customers.

Services Expansion

Our CARE suite of service and maintenance offerings expanded in 2013 to meet the needs of our compressed air customers, including reliability, efficiency, availability and life cycle cost. Our services can help our customers address their efficiency needs by understanding their energy issues and leveraging operating performance information to develop practical and effective solutions. Our in-house experts work with our customers to provide recommendations and implementation plans that deliver the right solutions.

Thermo King Precedent

In 2013, the Thermo King Precedent was introduced as our most environmentally sensitive transport refrigeration system to meet new emissions standards in the United States. During its field trials, airflow was affecting the performance of a rooftop fan used to cool the condenser. Our Minneapolis-based design center, coupled with the modeling and simulation experts from our Network of Excellence in Bangalore, India, leveraging virtual models, delivered a design alternative to this obstacle in less than three days. The cross-functional, cross-business team shortened product testing times that increased productivity, improved quality and reliability, and shortened product development cycle time.

Technology and Innovation

There are a number of technology trends—information and communication technology, machine-to-machine communication, new materials and large-scale data analytics—that we take advantage of to improve our products and manufacturing processes. These technologies provide an opportunity in the areas of remote services and energy services. Ingersoll Rand works closely with our customers and field engineers to deliver innovative solutions that create value for our customers.

In 2013, we established our Networks of Excellence to bring together internal experts and specialists on critical technologies shared by multiple Ingersoll Rand businesses. This shared-expert team approach enables us to capitalize on cross-segment synergies in the fields of simulation and modeling, materials and chemistry, metallurgy, plastics and composites, fluids, and coating and corrosion resistance. Our Networks of Excellence and Engineering and Technology Centers continue to create imaginative solutions for global customer problems.

"We orient our product management teams to better and more clearly understand customers, markets and competitors. It helps us align what we do to rapidly innovate and enables customers to become more sustainable."

- Paul Camuti, Senior Vice President, Innovation and Chief Technology Officer

In the area of innovation, we are maturing our innovation portfolio management. It's a way of looking at a set of alternatives and choosing the best ones for our customers and, in turn, for our business.

Energy efficiency also remains integral to our global portfolio innovation efforts. By 2020, we project almost half of our global portfolio will be tailored toward providing energy efficiency solutions, saving customers money and lowering greenhouse gas emissions (GHG). We are delivering growth through this focus on innovation.

We introduced more than 100 new products and services in 2013, and the percentage of revenue that our company generated from new products and services roughly doubled from 2009 to 2013.

Customer Solutions at Ocean Spray

In 2013, Ben Steele, an Ingersoll Rand Compressed Air Systems and Services engineer visited Ocean Spray's Middleboro, Mass. plant. The plant engineer, interested in energy efficiency, gave Ben access to perform a facility energy audit. The audit found opportunity within their current control systems and Ben was able to provide a solution that maximized their equipment using a Trane controls system. Ben's solution demonstrated the technical expertise of our employees, showing how Ingersoll Rand can provide our customers with complete solutions. To date, the Ocean Spray facility has installed an Ingersoll Rand Nirvana Oil Free Variable Speed Drive Machine, Heat of Compression (HOC) Air Dryer and complete controls system. We were also awarded a service contract for the plant.

Sales Excellence

We are taking a disciplined approach to identifying and installing standard processes for our sales function. The same skills and tools we understand in an operational environment are applied to a selling environment. This includes improvement in the productivity of our sales resources, effective coverage of our markets, successfully closing opportunities ahead of market growth and continued margin expansion through value selling and price management efforts.

"To prepare our Trane Comfort Specialist Dealers for the launch of our variable systems, we created in-home selling videos to help demonstrate how to convey the many benefits while sitting at the kitchen table. It's been years since I have seen this much excitement from our sales teams and our dealers on the launch of a new product!"

- Tim Storm, Product Manager

Trane TruComfort™ Variable Speed Air Conditioners

Variable speed technology isn't new for Trane, the first HVAC manufacturer to apply variable speed technology to residential cooling in the 1990s. But with its latest launch, Trane has perfected the technology and set the residential business up for growth in a critical market. In Q4 2013, the team launched the TruComfort line of variable speed air conditioners and heat pumps on time and below cost targets. Trane's state-of-the-art TruComfort system delivers precise and consistent comfort—running its compressors at the exact speed needed to keep homes comfortable. The product line is making waves and drawing attention within the industry; the Trane TruComfort 20 SEER product was named #1 in the category of forced-air cooling equipment in the 2013 Comfortech Product Showcase Awards.

Centac C800 Launch at Leonardo da Vinci Museum, Milan

On November 6, 2013, Ingersoll Rand unveiled the Centac C800 Centrifugal Compressor at the Museo Nazionale della Scienza e della Tecnologia Leonardo da Vinci in Milan, Italy.

The Centac C800 was designed to deliver premier performance utilizing a simplified oil piping system, improved seal capacity and a significant reduction in connections. Built on the latest centrifugal compressor platform incorporating external coolers, the new Centac's integrated gears and bearings reduce vibration and allow for error-proof alignment, leading to minimized downtime, lower operational costs and higher productivity.

Approximately 120 Ingersoll Rand customers, distributors and leaders from across Europe, the Middle East and Africa (EMEA) attended the launch where Chris Ringlstetter, Ingersoll Rand product management leader, together with Luca Doddi, air business leader in EMEA, Alberto Crippa, engineered products product manager and Nicola Piccardo, process completes business leader, moderated a session with the audience.

In contrast to the innovative Centac C800, guests had the chance to see the Ingersoll Rand Imperial Type 10 reciprocating compressor built in 1921 that is on permanent display at the museum, a testament to a proud legacy.

Luca Doddi, air business leader in EMEA, explains the history of the Imperial Type 10 compressor to the C800 launch event attendees.

Operational Excellence

We started our operational excellence journey with the intention of going an "inch wide and a mile deep."

Over the last four years, our operational excellence strategy has evolved to include value streams, functional excellence, common systems and goal deployment. This is our way of continuously improving the company—and it's working. Whether it's our margin expansion, improved customer metrics or increased cash flow, there is a direct correlation to our operational excellence efforts.

Value Streams

Our approach has been programmatic from the start. Our "inch wide and a mile deep" philosophy means focusing efforts on concentrated pockets of our business and diving deep. Three years later, we have 40 percent of the organization under our value stream transformation and plan to expand to 60 percent in 2014.

Value streams started with a narrow scope—customer order to order shipment—and we are now expanding them to encompass the true definition of lean. We are implementing value streams across the company led by product growth teams, where product management, engineering and integrated supply chain team members work together to define new products, solutions, services and processes. This coordination also results in faster time-to-market, increased productivity, and improved quality and delivery.

We are tracking five metrics—market share, margin expansion, organic growth, price and the net present value of our innovation portfolio—to compare value streams under lean transformation to those not currently under transformation. These key metrics strengthen and affirm our path toward Premier Performance.

Functional Excellence

Each function at Ingersoll Rand—engineering, finance, human resources, information technology, legal, operations, supply chain, among others—is responsible for developing, governing and improving standard work to accelerate their transformation to excellence. As a result, our functions help enable achievement of the company's growth, margin expansion and working capital improvements, and enable employees to move more easily to jobs across the businesses or regions.

Model Value Stream in Lynn Haven

Our Lynn Haven, Fla., facility fully incorporates lean principles and is in the process of creating a model value stream (VS) for its Trane Precedent™ Rooftop System. The model VS extends end-to-end in the supply chain, from sales to distribution, and will serve as a benchmark for the company. Results to date have led to reductions of 53 percent in cycle time and 68 percent improvement in days past due, and improvements of 20 percent with on-time to customer request and 25 percent in inventory turns. The Lynn Haven facility has realized increased revenue for our Precedent product year-over-year and an 11 point increase in employee engagement scores. Our commitment to operational excellence at Lynn Haven demonstrates the power of operational excellence to deliver growth to the company.

"It all starts at the top. Ingersoll Rand's practice of actually engaging people has embedded lean principles from senior management to the plant floor, creating a culture of excitement around finding innovations to reduce material usage, time and waste. It has been a complete transformation of the company's culture."

- Dr. Jared L. Cohon, President Emeritus of Carnegie Mellon University and member of Ingersoll Rand's Board of Directors

Common Systems

In 2013, Ingersoll Rand successfully completed the first of a five-phased plan to redesign our global enterprise resource planning processes and technologies. This initiative represents a major business system transformation to improve decision making and efficiency, better serve our customers, meet evolving business needs and accelerate our operational excellence initiatives across our value streams.

Goal Deployment

The Goal Deployment Process (GDP) is a structured process to align and deploy select strategic objectives, yearly initiatives, actions and metrics throughout the organization. GDP provides accountability for selecting, aligning, prioritizing, measuring and monitoring our goals in a consistent way. For three years, we have been using our GDP to set goals across the company. The process starts with the enterprise goals and then cascades throughout the organization. This ensures that employees have a direct line of sight as to how their work supports the overall goals of their team, business or function and the enterprise.

Supplier Management

Ingersoll Rand's global operations and integrated supply chain governs our supplier, environmental, health and safety programs. In 2013, our Business Partner Code of Conduct was woven into our standard purchase agreement. In addition, two thirds of our direct material suppliers globally have agreed to our Business Partner Code of Conduct, or provided an equivalent Code of Conduct.

Supplier Diversity

Our United States supplier diversity program completed its first full year in September 2013. The program includes suppliers whose ownership is primarily minority, woman or veteran. The program focuses on increasing spend with diverse companies, supplier development and mentoring, and strategic outreach. Supplier diversity is an integral part of procurement and business processes that enhance competitive strategies and reduce operational costs.

Bennett International Group

Bennett's President and CEO, Marcia G. Taylor was named a finalist for the Influential Woman in Trucking Award. Bennett is a minority-led freight company that ships our large industrial-sized HVAC units and is part of the Ingersoll Rand Supplier Diversity Program. Now in its second year, the program achieved 5.3 percent of total United States supplier expenditures.

Health and Safety Management

We focused on improving our health and safety programs in a number of key areas last year. Through data analysis, we identified and completed assessments to reduce or mitigate high-risk activities. Our *Fall Protection Initiative* is one example. A team developed processes for our service technicians when working at heights while servicing equipment in the field. We implemented a behavior-based safety program to identify and correct unsafe actions. In addition, we continued to mature our environmental health and safety management systems. We identify the programs and activities that prove successful in one location and standardize that program across the company.

Lost Time Incident Rate*

2013	2012	2011	2010	2009
0.16	0.22	0.24	0.28	0.28

46% ⬇ since 2008

Total Recordable Incident Rate*

2013	2012	2011	2010	2009
0.93	1.06	1.08	1.31	1.53

59% ⬇ since 2008

**Data is adjusted to exclude the impact of Allegion*

Waste and Recycling Management

Focusing on achieving operational excellence and reducing our operating footprint drives us to reduce waste. Reducing waste positively impacts our economic performance, the life cycle costs of our products and the global environment.

We are recycling 10 waste streams at 95 percent of our locations worldwide. We continue to engage all of our locations to minimize waste and manage our recycling efforts.

Non-Hazardous Waste to Landfill* (Metric Tons)

2013	2012	2011
8,728	9,067	9,952

Hazardous Waste* (Metric Tons)

2013	2012	2011
1,434	1,629[1]	1,255

Absolute Energy Use* (Million BTU)

2013	2012	2011
3,437,343	3,637,310	3,807,114

Normalized Energy Use* [2] (Million BTU)

2013	2012	2011
278	303	298

Total Greenhouse Gas Emissions* [3] (Metric Tons CO_2 Equivalent)

2013	2012	2011
682,856	594,011	689,122

Normalized Greenhouse Gas Emissions* [2, 3] (Metric Tons CO_2 Equivalent)

2013	2012	2011
55	50	54

**Data is adjusted to exclude the impact of Allegion*

[1]Restated due to improvements resulting from audits of prior data

[2]Normalized to Millions of Net Revenue

[3]GHG emissions year-over-year increase attributed to restating previous data due to enhanced accounting methods

Energy and Climate Change Management

As a global supplier of premier products and services designed to reduce energy consumption, address rising energy costs, and mitigate the threat of climate change, we recognize the value we bring to our customers through leadership in our actions, products and services.

In addition to providing solutions for our customers, Ingersoll Rand continues to focus on operational excellence as we improve our global footprint. In 2013, we reduced energy use by 36 percent and GHG emissions by 36 percent (normalized by net revenue) since 2009, exceeding our five year goals. Our foundation in facility level engagement, rigorous analytics and monitoring drives sustainable results at our facilities around the globe.

Dow Jones Sustainability Index

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Our commitment to sustainability leadership is reviewed and recognized by third party sustainability rankings such as the Dow Jones Sustainability Index (DJSI). Recognition by external groups helps drive improved performance internally and facilitates our ability to benchmark ourselves with peer companies through an objective set of metrics. In 2013, we were again honored to be listed on the Dow Jones World and North American Indexes. Though our sustainability journey continues, we are proud of our annual improvements as we make progress integrating sustainability practices throughout our company. Ingersoll Rand's listing on the DJSI is a key measurement of our sustainability progress as we strive to achieve premier performance. Beyond DJSI, our sustainability approach was cited as a best practice in 2013 by media, authors and academia.

Winning Culture

Engaged and empowered employees, who collaborate in teams to ensure customer needs are met, create a winning culture. And a winning culture further engages employees—it's a circle of success we consider key to achieving Premier Performance.

Each of our leaders has a responsibility to help create a work environment where employees feel engaged and are excited to deliver results, serve our customer needs and grow our business. The focus we place on developing, supporting and engaging our employees helps our other strategies of Growth Excellence and Operational Excellence succeed.

In 2013, we achieved a 93 percent response rate on our annual global employee engagement survey. This world-class participation rate matters because it means nearly all employees shared their voice about the company and their work.

We realized an eight point increase in employee engagement from 2012 to 2013, ranking us among the top of manufacturing companies. This increase is a result of our heightened focus on ensuring that leaders are accountable for engagement and equipping them with skills, tools and development. For example, more than 1,500 leaders who went through our "Engaging Your Employees" course saw significant increases in their engagement scores.

We continuously strive to improve our culture to promote employee engagement globally. We do this by living the values of the company in all of our activities and decisions; building a progressive, diverse and inclusive environment; developing our leaders and employees; advancing our sustainability efforts through employee Green Teams; improving the health and wellness of our employees and investing in our communities.

Living the Values

An example of living our Integrity value comes from our 2013 Ethics Champion. Carlos Souza, a Sarbanes Oxley leader in Brazil, was awarded the honor for his leadership and creativity in promoting the company's Code of Conduct. Carlos designed an initiative to engage employees and increase their interest about the Ethics and Compliance Program.

An Ingersoll Rand Green Team in Galway, Ireland

FORTUNE WORLD'S MOST ADMIRED COMPANIES 2014

Ingersoll Rand was selected as one of the 2013 Achievers 50 Most Engaged Workplaces and placed on *FORTUNE'S* World's Most Admired list in our industry category in 2013 and 2014.

Building a Progressive, Diverse and Inclusive Environment

A progressive, diverse and inclusive (PDI) culture is essential to being an innovative leader in the market place. One of our goals in this area is to attract and retain diverse talent. In 2013, we established partnerships with national and global professional associations, including the Society of Women Engineers, Society of Hispanic Professional Engineers, Ascend, National Society of Black Engineers and RecruitMilitary. In addition, our PDI Regional Councils developed a global pipeline of talent. Through these activities we realized the following results in 2013:

- **88% increase** in hiring of United States veterans
- **43% increase** in external hiring of diverse talent at the executive level globally
- **11% increase** in overall United States diversity hiring

Club Car Black Employee Network

Club Car Black Employee Network (BEN) focuses on career development, community service and networking. In 2013, they delivered training on public speaking; interviewing and dressing for success; taught elementary students about science, technology, engineering and math (STEM); raised donations for local nonprofit organizations; and engaged with minority community leaders such as the Professional Golfers' Association (PGA) of America's Earnie Ellison.

Club Car's BEN Leadership Team with Earnie Ellison, Director of Business and Community Relations at PGA of America (From Left to Right): *Vincent Love; Marvin Jones; George Garner; Earnie Ellison; Sandra Clowney; Isheman Williams; Tyrone Ellis; George Lynch*

A key emphasis in 2013 was offering mid-level women managers a way to learn the skills necessary to take on more senior leadership roles. Collaborating with the Center for Creative Leadership, Ingersoll Rand created a nine-month Women's Leadership Program. Supported by the senior leadership team in Europe, the program provided an opportunity for women to connect with mentors and participate in business cases designed to contribute to business growth. Of the original participants in the program, more than 70 percent have been promoted or are in expanded roles.

Advancing Sustainability Through Green Teams

Our 116 green teams are catalysts for employee engagement. Since 2011, our green teams focus on awareness, education and improving operations by working internally and partnering with community groups to advance our sustainability efforts.

2013 Green Team Accomplishments:

Total Projected Savings	$202,883
Number of Employees Engaged	4,605
Total Waste Diverted from Landfill (Pounds)	1,343,163
Percent Reduction of Waste to Landfill (Pounds)	6.9%
Percent of CO2 Reduction (Metric Tons)	0.2%
Total CO2 Reduced (Metric Tons)	1,425
Total Energy Saved (BTU)	10,583,776,911
Total Water Saved (Gallons)	7,808,963

Solar Decathlon—People's Choice Award

Our team partnered with the University of North Carolina Charlotte (UNCC) in the 2013 Solar Decathlon. The prestigious competition challenges teams from around the world to design, build and operate a solar powered house that's cost-effective, energy efficient and attractive. With support from our Trane, Nexia™ Home Intelligence, Ingersoll Rand and Club Car brands, as well as the Ingersoll Rand Foundation, the UNCC team won the People's Choice Award for their entry—Urban Eden.

Developing Our Leaders and Employees

Talent Management

Ingersoll Rand's core and leadership competency models are the foundational elements for all of our talent management processes. Our leaders serve as coaches to others to improve their skills in accordance with the Ingersoll Rand competencies and values. They also serve as role models for these behaviors. As an indication of this dedication, our ratings on whether our leaders model our enterprise values rose eight points in 2013.

Performance Management

Performance management is a key business lever that yields quantifiable improvement in business, team and individual performance. Our philosophy of performance management includes aligning priorities for the year, valuing, measuring and rewarding results and behaviors, and coaching early and often. We measure both performance (results) and the way in which it was achieved (values).

Rewards and Recognition

Our rewards and recognition are not limited to compensation and formal awards programs. Leaders are given training, tools and support to identify what matters to individual employees and how to adjust development, career planning and work assignments accordingly. This has helped leaders think about rewards and recognition more broadly and contribute to a more engaged workforce.

President awards, Chairman's awards, e-card recognition and Premier Plant programs are used to recognize employees whose performance contributes to Ingersoll Rand's key strategies. A focus on transparency of goals and results at our facilities empowers every employee to contribute and be rewarded for success throughout the company.

Improving Employee Health and Wellness

The well-being of our employees is a priority at Ingersoll Rand. Our Health Progress program is designed to improve the health status of our employees, which strengthens the company's competitiveness through increased productivity and decreased healthcare risks. This is a win for employees and Ingersoll Rand. During 2013, we offered United States- and China-based employees biometric screenings and health assessments so employees could "know their numbers" and make progress on their health improvement goals. In addition, we provide employees with preventive health screenings and health improvement programs that are tailored to individual needs. Globally, we celebrated World Cancer Day, World Diabetes Day and World No Tobacco Day with educational events for employees.

Investing in Our Communities

In 2013, we built upon our culture of giving. The Ingersoll Rand Foundation invests in four priority areas, the largest of which is energy efficiency. In this manner, the Foundation supports our efforts to promote premier performance across the globe. In 2013, we donated more than $4.2 million in philanthropic gifts and our employees volunteered more than 12,300 hours to strengthen communities across the globe. Our 2013 employee engagement scores indicate that 68 percent of employees believe they can personally influence how our business impacts our communities and our environment—up from 59 percent in 2012.

Ingersoll Rand University Celebrated 10 Years

A key driver of personal and organizational learning and development, as well as engagement, Ingersoll Rand University (IRU) provides education to develop business leaders, strategic competencies and to drive our winning culture. Since its inception in 2003, more than 27,000 participants have attended IRU classroom programs, and employees have completed more than 350,000 courses online.

Ingersoll Rand University's "The Ingersoll Rand Leader: Engaging Your Employees" program was a key driver in the organization's increase in employee engagement with 1,500 managers attending the program across the globe, including this class in Shanghai, China.

Vision
A world of sustainable progress and enduring results.

Purpose
We advance the quality of life by creating comfortable, sustainable and efficient environments.

Values
Integrity: We act with the highest ethical and legal standards in everything we do.

Respect: We respect and value the worth of all people, cultures, viewpoints and backgrounds.

Teamwork: We work together and share resources to provide greater value to our customers, employees, business partners and shareholders.

Innovation: We use our diverse skills, talents and ideas to develop customer-driven, innovative and imaginative solutions.

Courage: We speak up for what we believe is right and take measured risks to create progress.

2014 Notice and Proxy Statement

Ingersoll Rand

Ingersoll-Rand plc
Registered in Ireland No. 469272

U.S. Mailing Address:
800-E Beaty Street
Davidson, NC 28036
(704) 655-4000

NOTICE OF 2014 ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of Ingersoll-Rand plc (the "Company") will be held on Thursday, June 5, 2014, at 2:30 p.m., local time, at Adare Manor Hotel, Adare, County Limerick, Ireland, to consider and vote upon the following proposals:

1. By separate resolutions, to re-elect as directors for a period of 1 year expiring at the end of the Annual General Meeting of Shareholders of Ingersoll-Rand plc in 2015, the following 11 individuals:

   (a) Ann C. Berzin
   (b) John Bruton
   (c) Jared L. Cohon
   (d) Gary D. Forsee
   (e) Edward E. Hagenlocker
   (f) Constance J. Horner
   (g) Michael W. Lamach
   (h) Theodore E. Martin
   (i) John P. Surma
   (j) Richard J. Swift
   (k) Tony L. White

2. To give advisory approval of the compensation of the Company's named executive officers.
3. To approve the appointment of PricewaterhouseCoopers LLP as independent auditors of the Company and authorize the Audit Committee of the Board of Directors to set the auditors' remuneration.
4. To renew the Directors' existing authority to issue shares.
5. To renew the Directors' existing authority to issue shares for cash without first offering shares to existing shareholders. *(Special Resolution)*
6. To determine the price range at which the Company can reissue shares that it holds as treasury shares. *(Special Resolution)*
7. To conduct such other business properly brought before the meeting.

Only shareholders of record as of the close of business on April 8, 2014, are entitled to receive notice of and to vote at the Annual General Meeting. **Whether or not you plan to attend the meeting, please provide your proxy by either using the Internet or telephone as further explained in the accompanying proxy statement or filling in, signing, dating, and promptly mailing a proxy card.**

Directions to the meeting can be found in Appendix A of the attached Proxy Statement.

Registered Office:
170/175 Lakeview Dr.
Airside Business Park
Swords, Co. Dublin
Ireland

By Order of the Board of Directors,

EVAN M. TURTZ

Secretary

IF YOU ARE A SHAREHOLDER WHO IS ENTITLED TO ATTEND AND VOTE, THEN YOU ARE ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON YOUR BEHALF. A PROXY IS NOT REQUIRED TO BE A SHAREHOLDER IN THE COMPANY. IF YOU WISH TO APPOINT AS PROXY ANY PERSON OTHER THAN THE INDIVIDUALS SPECIFIED ON THE PROXY CARD, PLEASE CONTACT THE COMPANY SECRETARY AT OUR REGISTERED OFFICE.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 5, 2014

The Annual Report and Proxy Statement are available at www.proxyvote.com.

The Notice of Internet Availability of Proxy Materials, or this Notice of 2014 Annual General Meeting of Shareholders, the Proxy Statement and the Annual Report are first being mailed to shareholders on or about April 24, 2014.

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SUMMARY INFORMATION

This summary highlights information contained elsewhere in this Proxy Statement. For more complete information about these topics, please review Ingersoll-Rand plc's Annual Report on Form 10-K and the entire Proxy Statement.

Annual General Meeting of Shareholders

Date and Time:	June 5, 2014 at 2:30 p.m., local time
Place:	Adare Manor Hotel Adare, County Limerick Ireland
Record Date:	April 8, 2014
Voting:	Shareholders as of the record date are entitled to vote. Each ordinary share is entitled to one vote for each director nominee and each of the other proposals.
Attendance:	All shareholders may attend the meeting.

Meeting Agenda and Voting Recommendations

The Board of Directors recommends that you vote "For" each of the following items that will be submitted for shareholder approval at the Annual General Meeting.

Agenda Item	Vote Required	Page
Election of 11 directors named in the proxy statement.	Majority of votes cast	4
Advisory approval of the compensation of the Company's named executive officers.	Majority of votes cast	8
Approval of appointment of PricewaterhouseCoopers LLP as the Company's independent auditors and authorize the Audit Committee to set the auditors' remuneration.	Majority of votes cast	9
Renew the Directors' authority to issues shares.	Majority of votes cast	11
Renew the Directors' authority to issue shares for cash without first offering shares to existing shareholders *(Special Resolution)*	75% of votes cast	12
Determine the price at which the Company can reissue shares held as treasury shares *(Special Resolution)*	75% of votes cast	13

Corporate Governance Highlights

- Substantial majority of independent directors (11 of 12)
- Annual election of directors
- Majority vote for directors
- Independent Lead Director
- Board oversight of risk management
- Succession planning at all levels, including for Board and CEO
- Annual Board and committee self-assessments
- Executive sessions of non-management directors
- Continuing director education
- Executive and director stock ownership guidelines
- Board oversight of sustainability program

Director Nominees

Set forth below is summary information about each director nominee.

Nominee	Age	Director Since	Principal Occupation	Independent	Committee Memberships
Ann C. Berzin	62	2001	Former Chairman and CEO of Financial Guaranty Insurance Company	✓	• Audit • Finance (Chair)
John Bruton	66	2010	Former Prime Minister of the Republic of Ireland and Former European Union Commission Head of Delegation to the United States	✓	• Compensation • Corporate Governance and Nominating
Jared L. Cohon	66	2008	President Emeritus of Carnegie Mellon University	✓	• Compensation • Corporate Governance and Nominating
Gary D. Forsee	64	2007	Former President of University of Missouri System and Former Chairman of the Board and Chief Executive Officer of Sprint Nextel Corporation	✓	• Compensation • Corporate Governance and Nominating (Chair)
Edward E. Hagenlocker	74	2008	Former Vice Chairman of Ford Motor Company	✓	• Audit • Finance
Constance J. Horner	72	1994	Former Commissioner of U.S. Commission on Civil Rights	✓	• Compensation • Corporate Governance and Nominating
Michael W. Lamach	50	2010	Chairman, President and CEO of Ingersoll-Rand plc		• None
Theodore E. Martin	74	1996	Former President and CEO of Barnes Group Inc.	✓	• Audit • Finance
John P. Surma	59	2013	Former Chairman and CEO of United States Steel Corporation	✓	• Audit • Finance
Richard J. Swift	69	1995	Former Chairman of Financial Accounting Standards Advisory Council and Former Chairman, President and CEO of Foster Wheeler Ltd.	✓	• Lead Independent Director • Audit (Chair) • Finance
Tony L. White	67	1997	Former Chairman and CEO of Applied Biosystems Inc.	✓	• Compensation (Chair) • Corporate Governance and Nominating

Advisory Approval of Our Executive Compensation

We are asking for your advisory approval of the compensation of our named executive officers. While our Board of Directors intends to carefully consider the shareholder vote resulting from the proposal, the final vote will not be binding on us and is advisory in nature. Before considering this proposal, please read our Compensation Discussion and Analysis, which explains our executive compensation programs and the Compensation Committee's compensation decisions.

Executive Compensation

Pay for Performance

Our executive compensation programs are based on the principles of (i) program competitiveness, (ii) pay for performance, (iii) mix of short and long-term incentives, (iv) internal parity, (v) shareholder alignment and (vi) business strategy alignment. Consistent with these principles, the Compensation Committee has adopted executive compensation programs with a strong link between pay and achievement of short and long-term Company goals.

2013 Results

In a year where we successfully implemented extensive organizational change with the successful spin-off of our commercial and residential security businesses (the "Spin-off") into an independent, publicly traded company, Allegion plc ("Allegion") and the reorganization of our Company, we also achieved strong financial performance. Specifically, the following results, (inclusive of the Allegion business for the full year), were realized in 2013:

- Adjusted annual Revenue of $14.509 billion, an increase of 3% over 2012;
- Adjusted OI of $1.639 billion, an increase of 8% over 2012;
- Adjusted OI margin of 11.3 %, an increase of 0.5 percentage points from 10.8% in 2012;
- Adjusted Cash Flow of $1.153 billion an increase of 14% over 2012;
- Adjusted EPS of $3.63 excluding one-time spin related expense, an increase of 10% over 2012; and
- 3-year EPS growth (2011 - 2013) of 68.1%, which ranks at approximately the 75th percentile of the companies in the S&P 500 Industrials Index.

Please see "Compensation Discussion and Analysis" for additional information and definitions of financial metrics.

Approval of Appointment of Independent Auditors

We are asking you to approve the appointment of PricewaterhouseCoopers LLP ("PwC") as our independent auditors for 2014 and to authorize the Audit Committee to set PwC's remuneration.

Renew the Directors' authority to issues shares.

We are asking you to renew our Directors' authority to issue shares under Irish law. This authority is fundamental to our business and granting the Board this authority is a routine matter for public companies incorporated in Ireland.

Renew the Directors' authority to issue shares for cash without first offering shares to existing shareholders.

We are asking you to renew the Directors' authority to issue shares for cash without first offering shares to existing shareholders. This authority is fundamental to our business and granting the Board this authority is a routine matter for public companies incorporated in Ireland. As required under Irish law, this proposal requires the affirmative vote of at least 75% of the votes cast.

Determine the price at which the Company can reissue shares held as treasury shares.

We are asking you to determine the price at which the Company can reissue shares held as treasury shares. From time to time the Company may acquire ordinary shares and hold them as treasury shares. The Company may reissue such treasury shares, and under Irish law, our shareholders must authorize the price range at which we may reissue any shares held in treasury.

2015 Annual Meeting

Deadline for shareholder proposals for inclusion in the proxy statement:	December 26, 2014
Deadline for business proposals and nominations for director:	March 6, 2015

Ingersoll-Rand plc

U.S. Mailing Address:
800-E Beaty Street
Davidson, NC 28036
(704) 655-4000

PROXY STATEMENT

In this Proxy Statement, "Ingersoll Rand," the "Company," "we," "us" and "our" refer to Ingersoll-Rand plc, an Irish public limited company. This Proxy Statement and the enclosed proxy card, or the Notice of Internet Availability of Proxy Materials, are first being mailed to shareholders of record on April 8, 2014 (the "Record Date") on or about April 24, 2014.

PROPOSALS REQUIRING YOUR VOTE

Item 1. Election of Directors

The Company uses a majority of votes cast standard for the election of directors. A majority of the votes cast means that the number of votes cast "for" a director nominee must exceed the number of votes cast "against" that director nominee. Each director of the Company is being nominated for election for a one-year term beginning at the end of the 2014 Annual General Meeting of Shareholders to be held on June 5, 2014 (the "Annual General Meeting") and expiring at the end of the 2015 Annual General Meeting of Shareholders. Mr. Nelson Peltz has determined not to stand for re-election due to other board commitments.

Under our articles of association, if a director is not re-elected in a director election, the director shall retire at the close or adjournment of the Annual General Meeting. Each director standing for election was elected as a director at our 2013 Annual General Meeting.

The Board of Directors recommends a vote FOR the directors nominated for election listed under proposals 1(a) through (k) below.

(a) Ann C. Berzin – age 62, director since 2001

- Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (insurer of municipal bonds and structured finance obligations), a subsidiary of General Electric Capital Corporation, from 1992 to 2001.
- Current Directorships:
  - Exelon Corporation
  - Baltimore Gas & Electric Company
- Other Directorships Held in the Past Five Years:
  - Constellation Energy Group, Inc.
  - Kindred Healthcare, Inc.

Ms. Berzin's extensive experience in finance at a global diversified industrial firm and her expertise in complex investment and financial products and services bring critical insight to the Company's financial affairs, including its borrowings, capitalization, and liquidity. In addition, Ms. Berzin's relationships across the global financial community strengthen Ingersoll Rand's access to capital markets. Her board memberships provide deep understanding of trends in the energy and healthcare sectors, both of which present ongoing challenges and opportunities for Ingersoll Rand.

(b) John Bruton – age 66, director since 2010

- European Union Commission Head of Delegation to the United States from 2004 to 2009.
- Prime Minister of the Republic of Ireland from 1994 to 1997.
- Current Directorships:
  - Montpelier Re Holding Ltd.
- Other Directorships Held in the Past Five Years: None

Mr. Bruton's long and successful career of public service on behalf of Ireland and Europe provides extraordinary insight into critical regional and global economic, social and political issues, all of which directly influence the successful execution of the Company's strategic plan. In particular, Mr. Bruton's leadership role in transforming Ireland into one of the world's leading economies during his tenure, as well as in preparing the governing document for managing the Euro, lend substantial authority to Ingersoll Rand's economic and financial oversight.

(c) Jared L. Cohon – age 66, director since 2008

- President Emeritus at Carnegie Mellon University, President of Carnegie Mellon University from 1997-2013 and also appointed Professor of Civil and Environmental Engineering and Professor of Engineering and Public Policy.
- Current Directorships:
    - Lexmark, Inc.
    - Unisys
- Other Directorships Held in the Past Five Years: None
- Other Activities:
    - Carnegie Corporation, Trustee
    - Heinz Endowments, Trustee
    - Center for Sustainable Shale Gas Development, Director and Chair

Dr. Cohon's extensive career in academics, including 16 years as president of an institution known throughout the world for its leadership in the fields of computer science and engineering offers the Company tremendous insight into the latest developments in areas critical to commercial innovation and manufacturing process improvement. A member of the National Academy of Engineering, Dr. Cohon is a recognized authority on environmental and water resources systems analysis and management. As such, Dr. Cohon also brings unique perspectives on sustainable business practices, both within our own operations and on behalf of our customers and communities. In 2008 and 2009, at the request of Congress, Dr. Cohon chaired the National Research Council Committee that produced the report, "Hidden Costs of Energy: Unpriced Consequences of Energy Production and Use." Finally, Dr. Cohon's more than nine years of service as a member of Trane Inc.'s (formerly American Standard) board of directors provides critical insight into that part of the Company's business.

(d) Gary D. Forsee – age 64, director since 2007

- President, University of Missouri System from 2008 to 2011.
- Chairman of the Board (from 2006 to 2007) and Chief Executive Officer (from 2005 to 2007) of Sprint Nextel Corporation (a telecommunications company).
- Current Directorships:
    - Great Plains Energy Inc.
- Other Directorships Held in the Past Five Years: None
- Other Activities:
    - Trustee, Midwest Research Institute
    - Trustee, University of Missouri - Kansas City Foundation
    - Trustee, University of Missouri – Kansas City Bloch Business School Foundation

In addition to his broad operational and financial expertise, Mr. Forsee's experience as chairman and chief executive officer with the third largest U.S. firm in the global telecommunications industry offers a deep understanding of the challenges and opportunities within markets experiencing significant technology-driven change. His recent role as president of a major university system provides insight into the Company's talent development initiatives, which remain a critical enabler of Ingersoll Rand's long-term success. Mr. Forsee's membership on the board of an energy services utility also benefits the Company as it seeks to achieve more energy-efficient operations and customer solutions.

(e) Edward E. Hagenlocker – age 74, director since 2008

- Vice-Chairman of Ford Motor Company (an automobile manufacturer) from 1996 until his retirement in 1999.
- Chairman of Visteon Automotive Systems (a manufacturer and supplier of automobile products) from 1997 to 1999.
- Current Directorships:
    - AmeriSourceBergen Corporation
- Other Directorships Held in the Past Five Years:
    - Air Products and Chemicals, Inc.

Mr. Hagenlocker's nearly 35 years in the automotive industry, including experience as the vice chairman of the largest independent U.S. automotive company and as chairman of a major automotive systems supplier, brings to Ingersoll Rand extensive expertise in global manufacturing, engineering, design, marketing and channel management, as well as consumer-focused business disciplines. Mr. Hagenlocker's seven years of service as a member of Trane Inc.'s (formerly American Standard) board of directors provides critical insight into that part of the Company's business. In addition, his board memberships include businesses engaged in the manufacture of specialty and atmospheric gases for industrial processes, which provides insight into new technologies for our operations, and pharmaceutical distribution and services, which enhances our understanding of trends and developments in the healthcare sector.

(f) Constance J. Horner – age 72, director since 1994

- Guest Scholar at the Brookings Institution (a non-partisan research institute) from 1993 to 2005.
- Commissioner of U.S. Commission on Civil Rights from 1993 to 1998.
- Assistant to the President and Director of Presidential Personnel from 1991 to 1993.
- Deputy Secretary, U.S. Department of Health and Human Services from 1989 to 1991.
- Current Directorships:
  - Pfizer Inc.
  - Prudential Financial, Inc.
- Other Directorships Held in the Past Five Years: None
- Other Activities:
  - Trustee, The Prudential Foundation
  - Fellow, National Academy of Public Administration

Ms. Horner's substantial leadership experience and public-policy expertise resulting from her service in two presidential administrations and several U.S. government departments provide Ingersoll Rand with important perspective on matters that directly affect the Company's operations and financial affairs. In particular, Ms. Horner has deep insight into employee relations, talent development, diversity, operational management and healthcare through her leadership positions at various federal departments and commissions. Ms. Horner's board memberships afford ongoing engagement in the areas of healthcare, risk management and financial services, all of which have a direct influence on Ingersoll Rand's success.

(g) Michael W. Lamach – age 50, Chairman since June 2010 and director since February 2010

- President and Chief Executive Officer (since February 2010) of the Company.
- President and Chief Operating Officer of the Company from February 2009 to February 2010.
- Senior Vice President and President, Trane Commercial Systems, of the Company from June 2008 to September 2009.
- Current Directorships:
  - Iron Mountain Incorporated
- Other Directorships Held in the Past Five Years: None

Mr. Lamach's extensive career of successfully leading global businesses, including ten years with Ingersoll Rand, brings significant experience and expertise to the Company's management and governance. His 30 years of business leadership encompass global automotive components, controls, security and HVAC systems businesses, representing a broad and diverse range of products and services, markets, channels, applied technologies and operational profiles. In his current role of President and Chief Executive Officer, he led the successful spin-off of the Company's commercial and residential business and has been instrumental in driving growth and operational excellence initiatives across the Company's global operations. Mr. Lamach's board membership with a leading data and records management company provides ongoing insight into trends and developments in the critical areas of data security and information protection and retention.

(h) Theodore E. Martin – age 74, director since 1996

- President and Chief Executive Officer of Barnes Group Inc. (manufacturer and distributor of automotive and aircraft components and maintenance products) from 1995 until his retirement in 1998.
- Current Directorships: None
- Other Directorships Held in the Past Five Years:
  - Applied Biosystems, Inc. (formerly known as Applera Corporation)
  - C. R. Bard, Inc.
  - Unisys Corporation
- Other Activities:
  - Edna McConnell Clark Foundation

Mr. Martin's experience as chief executive officer of a diversified global industrial firm lends valuable and direct expertise across all aspects of Ingersoll Rand's operational and financial activities. In particular, Mr. Martin's leadership of a large industrial manufacturing organization provides practical insight to help drive the Company's long-term productivity initiatives. His board memberships, which include organizations at the forefront of healthcare products and information technology, enhance the Company's access to important developments in these sectors.

(i) John P. Surma – age 59, director since 2013

- Former Chairman (from 2006-2013) and Chief Executive Officer (from 2004-2013) of United States Steel Corporation (a steel manufacturing company).
- Current Directorships:
  - Marathon Petroleum Corporation
  - MPLX LP (a publicly traded subsidiary of Marathon Petroleum Corporation)
  - Concho Resources Inc.
- Other Directorships Held in the Past Five Years:
  - The Bank of New York Mellon Corporation
- Other Activities:
  - Vice Chairman, U.S. President's Advisory Committee for Trade Policy and Negotiations
  - Director, Federal Reserve Bank of Cleveland

Mr. Surma's experience as the former chairman and chief executive officer of a large industrial company provides significant and direct expertise across all aspects of Ingersoll Rand's operational and financial affairs. In particular, Mr. Surma's financial experience, having previously served as the chief financial officer of United States Steel Corporation and as a partner of the audit firm PricewaterhouseCoopers LLP, provides the Board with valuable insight into financial reporting and accounting oversight of a public company. Mr. Surma's board memberships and other activities provide the Board an understanding of developments in the energy sector as the Company seeks to develop more energy-efficient operations and insight into national and international business and trade policy that could impact the Company.

(j) Richard J. Swift – age 69, Lead Director since 2010 and director since 1995

- Chairman of Financial Accounting Standards Advisory Council from 2002 through 2006.
- Chairman, President and Chief Executive Officer of Foster Wheeler Ltd. (provider of design, engineering, construction, manufacturing, management and environmental services) from 1994 to 2001.
- Current Directorships:
  - CVS Caremark Corporation
  - Hubbell Incorporated
  - Kaman Corporation
  - Public Service Enterprise Group
- Other Directorships Held in the Past Five Years: None

Mr. Swift's experience as chairman and chief executive officer of a global engineering firm, the fact that he was licensed professional engineer for 35 years prior to the retirement of his license and his five-year leadership of the advisory organization to a major accounting standards board imparts substantial expertise to all of the Company's operational and financial matters. His leadership of an organization that was instrumental in some of the world's most significant engineering projects provides unique insight into the complex systems involved in the efficient and effective development of buildings and industrial operations, which represent key global market segments for Ingersoll Rand's products and services. Mr. Swift's board memberships include firms engaged in the manufacture and distribution of industrial, electrical and electronic products, which directly correspond to key elements of the Company's growth and operational strategies.

(k) Tony L. White – age 67, director since 1997

- Chairman, President and Chief Executive Officer of Applied Biosystems Inc. (a developer, manufacturer and marketer of life science systems and genomic information products) from 1995 until his retirement in 2008.
- Current Directorships:
  - C.R. Bard, Inc.
  - CVS Caremark Corporation
- Other Directorships Held in the Past Five Years: None

Mr. White's extensive management experience, including 13 years as chairman and chief executive officer of an advanced-technology life sciences firm, provides substantial expertise and guidance across all aspects of Ingersoll Rand's operational and financial affairs. In particular, Mr. White's leadership of an organization whose success was directly connected to innovation and applied technologies aligns with the Company's focus on innovation as a key source of growth. The Company benefits from Mr. White's ongoing board memberships, where developments related to biotechnology and healthcare delivery systems can offer instructive process methodologies to accelerate our innovation efforts.

Item 2. Advisory Approval of the Compensation of Our Named Executive Officers

The Company is presenting the following proposal, commonly known as a "Say-on-Pay" proposal, which gives you as a shareholder the opportunity to endorse or not endorse our compensation program for named executive officers by voting for or against the following resolution:

"RESOLVED, that the shareholders approve the compensation of the Company's named executive officers, as disclosed in the Compensation Discussion and Analysis, the compensation tables, and the related disclosure contained in the Company's proxy statement."

While our Board of Directors intends to carefully consider the shareholder vote resulting from the proposal, the final vote will not be binding on us and is advisory in nature.

In considering your vote, please be advised that our compensation program for named executive officers is guided by our design principles, as described in the Compensation Discussion and Analysis section of this Proxy Statement:

- *Program competitiveness*
- *Pay for performance*
- *Mix of short and long-term incentives*
- *Internal parity*
- *Shareholder alignment*
- *Business strategy alignment*

By following these design principles, we believe that our compensation program for named executive officers is strongly aligned with the long-term interests of our shareholders.

The Board of Directors recommends that you vote FOR advisory approval of the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis, the compensation tables, and the related disclosure contained in this proxy statement.

Item 3. Approval of Appointment of Independent Auditors

At the Annual General Meeting, shareholders will be asked to approve the appointment of PricewaterhouseCoopers LLP (“PwC”) as our independent auditors for the fiscal year ending December 31, 2014, and to authorize the Audit Committee of our Board of Directors to set the independent auditors’ remuneration. PwC has been acting as our independent auditors for many years and, both by virtue of its long familiarity with the Company’s affairs and its ability, is considered best qualified to perform this important function.

Representatives of PwC will be present at the Annual General Meeting and will be available to respond to appropriate questions. They will have an opportunity to make a statement if they so desire.

The Board of Directors recommends a vote FOR the proposal to approve the appointment of PwC as independent auditors of the Company and to authorize the Audit Committee of the Board of Directors to set the auditors’ remuneration.

Audit Committee Report

While management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls, the Audit Committee reviews the Company’s audited financial statements and financial reporting process on behalf of the Board of Directors. The independent auditors are responsible for performing an independent audit of the Company’s consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. The Audit Committee monitors those processes. In this context, the Audit Committee has met and held discussions with management and the independent auditors regarding the fair and complete presentation of the Company’s results. The Audit Committee has discussed significant accounting policies applied by the Company in its financial statements, as well as alternative treatments. Management has represented to the Audit Committee that the Company’s consolidated financial statements were prepared in accordance with United States generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Audit Committee also discussed with the independent auditors the matters required to be discussed by Auditing Standard No. 16, “Communications with Audit Committees” issued by the Public Company Accounting Oversight Board (United States).

In addition, the Audit Committee has received and reviewed the written disclosures and the letter from PwC required by the Public Company Accounting Oversight Board regarding PwC’s communications with the Audit Committee concerning independence and discussed with PwC the auditors’ independence from the Company and its management in connection with the matters stated therein. The Audit Committee also considered whether the independent auditors’ provision of non-audit services to the Company is compatible with the auditors’ independence. The Audit Committee has concluded that the independent auditors are independent from the Company and its management.

The Audit Committee discussed with the Company’s internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets separately with the internal and independent auditors, with and without management present, to discuss the results of their examinations, the evaluations of the Company’s internal controls and the overall quality of the Company’s financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (“2013 Form 10-K”), for filing with the Securities and Exchange Commission (the “SEC”). The Audit Committee has selected PwC, subject to shareholder approval, as the Company’s independent auditors for the fiscal year ending December 31, 2014.

AUDIT COMMITTEE

Richard J. Swift (Chair)
Ann C. Berzin
Edward E. Hagenlocker
Theodore E. Martin
John P. Surma

Fees of the Independent Auditors

The following table shows the fees paid or accrued by the Company for audit and other services provided by PwC for the fiscal years ended December 31, 2013 and 2012:

	2013	2012
Audit Fees (a)	$ 14,831,000	$ 14,753,000
Audit-Related Fees (b)	3,985,000	1,003,000
Tax Fees (c)	10,785,000	6,703,000
All Other Fees (d)	1,643,000	934,000
Total	$ 31,244,000	$ 23,393,000

(a) Audit Fees for the fiscal years ended December 31, 2013 and 2012, respectively, were for professional services rendered for the audits of the Company's annual consolidated financial statements and its internal controls over financial reporting, including quarterly reviews, statutory audits, issuance of consents, comfort letters and assistance with, and review of, documents filed with the SEC.

(b) Audit-Related Fees consist of assurance services that are related to performing the audit and review of our financial statements. Audit-Related Fees for the fiscal year ended December 31, 2013 include employee benefit plan audits, abandoned and unclaimed property tax assessments, systems implementation risk assessment, comfort letter related to bond offering of disposed businesses and carve-out audits of disposed businesses primarily related to the Spin-off. Audit-Related Fees for the fiscal year ended December 31, 2012 include employee benefit plan audits, abandoned and unclaimed property tax assessments and systems implementation risk assessment.

(c) Tax Fees for the fiscal years ended December 31, 2013 and 2012 include consulting and compliance services in the U.S. and non-U.S. locations primarily related to Spin-off cost.

(d) All Other Fees for the fiscal year ended December 31, 2013 include trading platform redesign services, advisory services for the transition of insourcing of information technology services and license fees for technical accounting software. All Other Fees for the fiscal year ended December 31, 2012 include trading platform redesign services, integrated supply chain materials and parts planning and license fees for technical accounting software.

The Audit Committee has adopted policies and procedures which require that the Audit Committee pre-approve all non-audit services that may be provided to the Company by its independent auditors. The policy: (i) provides for pre-approval of an annual budget for each type of service; (ii) requires Audit Committee approval of specific projects over $100,000, even if included in the approved budget; and (iii) requires Audit Committee approval if the forecast of expenditures exceeds the approved budget on any type of service. The Audit Committee pre-approved all of the services described under "Audit-Related Fees," "Tax Fees" and "All Other Fees." The Audit Committee has determined that the provision of all such non-audit services is compatible with maintaining the independence of PwC.

Item 4. Renewal of the Directors' existing authority to issue shares.

Under Irish law, directors of an Irish public limited company must have authority from its shareholders to issue any shares, including shares which are part of the company's authorized but unissued share capital. Our shareholders provided the Directors with this authorization for a period of five years when our articles of association were adopted in 2009. Because this five-year share authorization period will expire in July 2014, we are presenting this proposal to renew the Directors' authority to issue our authorized shares on the terms set forth below.

We are seeking approval to authorize our Directors, upon expiration of our existing authority to issue up to 33% of our issued ordinary share capital as of April 8, 2014 (the latest practicable date before this proxy statement), for a period expiring 18 months from the passing of this resolution, unless renewed.

Granting the Directors this authority is a routine matter for public companies incorporated in Ireland and is consistent with Irish market practice. This authority is fundamental to our business and enables us to issue shares, including in connection with our equity compensation plans (where required) and, if applicable, funding acquisitions and raising capital. We are not asking you to approve an increase in our authorized share capital or to approve a specific issuance of shares. Instead, approval of this proposal will only grant the Directors the authority to issue shares that are already authorized under our articles upon the terms below. In addition, we note that, because we are a NYSE-listed company, our shareholders continue to benefit from the protections afforded to them under the rules and regulations of the NYSE and SEC, including those rules that limit our ability to issue shares in specified circumstances. Furthermore, we note that this authorization is required as a matter of Irish law and is not otherwise required for other U.S. companies listed on the NYSE with whom we compete. Accordingly, approval of this resolution would merely place us on par with other NYSE-listed companies.

As required under Irish law, the resolution in respect of proposal no. 4 is an ordinary resolution that requires the affirmative vote of a simple majority of the votes cast.

The text of this resolution is as follows:

"That the Directors be and are hereby generally and unconditionally authorized with effect from July 1, 2014 to exercise all powers of the Company to allot relevant securities (within the meaning of Section 20 of the Companies (Amendment) Act 1983) up to an aggregate nominal amount of $88,220,219 (88,220,219 shares) (being equivalent to approximately 33% of the aggregate nominal value of the issued ordinary share capital of the Company as of April 8, 2014 (the latest practicable date before this proxy statement)), and the authority conferred by this resolution shall expire 18 months from the passing of this resolution, unless previously renewed, varied or revoked; provided that the Company may make an offer or agreement before the expiry of this authority, which would or might require any such securities to be allotted after this authority has expired, and in that case, the directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired."

The Board of Directors recommends that you vote FOR renewing the Directors' authority to issue shares.

Item 5: Renewal of Directors' existing authority to issue shares for cash without first offering shares to existing shareholders.

Under Irish law, unless otherwise authorized, when an Irish public limited company issues shares for cash, it is required first to offer those shares on the same or more favorable terms to existing shareholders of the company on a pro-rata basis (commonly referred to as the statutory pre-emption right). Our shareholders provided the Directors with the authority to issue shares as if this statutory pre-emption right did not apply for a period of five years when our articles of association were adopted in 2009. Because this five-year share authorization period will expire in July 2014, we are presenting this proposal to renew the Directors' authority to opt-out of the pre-emption right on the terms set forth below.

We are seeking approval to authorize our Directors, upon expiration of our existing authority to opt-out of the statutory pre-emption rights provision in the event of (1) the issuance of shares for cash in connection with any rights issue and (2) any other issuance of shares for cash, if the issuance is limited to up to 5% of our issued ordinary share capital as of April 8, 2014 (the latest practicable date before this proxy statement), for a period expiring 18 months from the passing of this resolution, unless renewed.

Granting the Directors this authority is a routine matter for public companies incorporated in Ireland and is consistent with Irish market practice. Similar to the authorization sought for Item 4, this authority is fundamental to our business and enables us to issue shares under our equity compensation plans (where required) and if applicable, will facilitate our ability to fund acquisitions and otherwise raise capital. We are not asking you to approve an increase in our authorized share capital. Instead, approval of this proposal will only grant the Directors the authority to issue shares in the manner already permitted under our articles upon the terms below. Without this authorization, in each case where we issue shares for cash, we would first have to offer those shares on the same or more favorable terms to all of our existing shareholders. This requirement could undermine the operation of our compensation plans and cause delays in the completion of acquisitions and capital raising for our business. Furthermore, we note that this authorization is required as a matter of Irish law and is not otherwise required for other U.S. companies listed on the NYSE with whom we compete. Accordingly, approval of this resolution would merely place us on par with other NYSE-listed companies.

As required under Irish law, the resolution in respect of this proposal is a special resolution that requires the affirmative vote of at least 75% of the votes cast.

The text of the resolution in respect of this proposal is as follows:

"As a special resolution, that, subject to the passing of the resolution in respect of Item 4 as set out above and with effect from July 1, 2014, the directors be and are hereby empowered pursuant to Section 24 of the Companies (Amendment) Act 1983 to allot equity securities (as defined in Section 23 of that Act) for cash, pursuant to the authority conferred by proposal no. 4 as if sub-section (1) of Section 23 did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue in favor of the holders of ordinary shares (including rights to subscribe for, or convert into, ordinary shares) where the equity securities respectively attributable to the interests of such holders are proportional (as nearly as may be) to the respective numbers of ordinary shares held by them (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise, or with legal or practical problems under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory, or otherwise); and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of $13,518,215 (13,518,215 shares) (being equivalent to approximately 5% of the aggregate nominal value of the issued ordinary share capital of the Company as of April 8, 2014 (the latest practicable date before this proxy statement)) and the authority conferred by this resolution shall expire 18 months from the passing of this resolution, unless previously renewed, varied or revoked; provided that the Company may make an offer or agreement before the expiry of this authority, which would or might require any such securities to be allotted after this authority has expired, and in that case, the directors may allot equity securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired."

The Board of Directors recommends that you vote FOR renewing the Directors' authority to opt-out of statutory pre-emption rights.

Item 6: Determine the price at which the Company can reissue shares held as treasury shares.

Our open-market share repurchases (redemptions) and other share buyback activities may result in ordinary shares being acquired and held by the Company as treasury shares. We may reissue treasury shares that we acquire through our various share buyback activities including in connection with our executive compensation program and our director programs.

Under Irish law, our shareholders must authorize the price range at which we may reissue any shares held in treasury. In this proposal, that price range is expressed as a minimum and maximum percentage of the closing market price of our ordinary shares on the NYSE the day preceding the day on which the relevant share is re-issued. Under Irish law, this authorization expires 18 months after its passing unless renewed.

The authority being sought from shareholders provides that the minimum and maximum prices at which an ordinary share held in treasury may be reissued are 95% and 120%, respectively, of the closing market price of the ordinary shares on the NYSE the day preceding the day on which the relevant share is re-issued, except as described below with respect to obligations under employee share schemes, which may be at a minimum price of nominal value. Any reissuance of treasury shares will be at price levels that the Board considers in the best interests of our shareholders.

As required under Irish law, the resolution in respect of this proposal is a special resolution that requires the affirmative vote of at least 75% of the votes cast.

The text of the resolution in respect of this proposal is as follows:

"As a special resolution, that the reissue price range at which any treasury shares held by the Company may be reissued off-market shall be as follows:

(a) the maximum price at which such treasury share may be reissued off-market shall be an amount equal to 120% of the "market price"; and

(b) the minimum price at which a treasury share may be reissued off-market shall be the nominal value of the share where such a share is required to satisfy an obligation under an employee share scheme or any option schemes operated by the Company or, in all other cases, an amount equal to 95% of the "market price"; and

(c) for the purposes of this resolution, the "market price" shall mean the closing market price of the ordinary shares on the NYSE the day preceding the day on which the relevant share is re-issued.

FURTHER, that this authority to reissue treasury shares shall expire at 18 months from the date of the passing of this resolution unless previously varied or renewed in accordance with the provisions of Section 209 of the Companies Act 1990."

The Board of Directors recommends that shareholders vote FOR the proposal to determine the price at which the Company can reissue shares held as treasury shares.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our Corporate Governance Guidelines, together with the charters of the various Board committees, provide a framework for the corporate governance of the Company. The following is a summary of our Corporate Governance Guidelines. A copy of our Corporate Governance Guidelines, as well as the charters of each of our Board committees, are available on our website at *www.ingersollrand.com* under the heading "Investor Relations – Corporate Governance."

Role of the Board of Directors

The Company's business is managed under the direction of the Board of Directors. The role of the Board of Directors is to oversee the management and governance of the Company and monitor senior management's performance.

Board Responsibilities

The Board of Directors' core responsibilities include:

- selecting, monitoring, evaluating and compensating senior management;
- assuring that management succession planning is ongoing;
- reviewing the Company's financial controls and reporting systems;
- overseeing the Company's management of enterprise risk;
- reviewing the Company's ethical standards and compliance procedures; and
- evaluating the performance of the Board of Directors, Board committees and individual directors.

Board Leadership Structure

The positions of Chairman of the Board and CEO at the Company are held by the same person, except in unusual circumstances, such as during a CEO transition. This policy has worked well for the Company. It is the Board of Directors' view that the Company's corporate governance principles, the quality, stature and substantive business knowledge of the members of the Board, as well as the Board's culture of open communication with the CEO and senior management are conducive to Board effectiveness with a combined Chairman and CEO position.

In addition, the Board of Directors has a strong, independent Lead Director and it believes this role adequately addresses the need for independent leadership and an organizational structure for the independent directors. The Board of Directors appoints a Lead Director for a three-year minimum term from among the Board's independent directors. The Lead Director coordinates the activities of all of the Board's independent directors. The Lead Director is the principal confidant to the CEO and ensures that the Board of Directors has an open, trustful relationship with the Company's senior management team. In addition to the duties of all directors, as set forth in the Company's Governance Guidelines, the specific responsibilities of the Lead Director are as follows:

- Chair the meetings of the independent directors when the Chairman is not present;
- Ensure the full participation and engagement of all Board members in deliberations;
- Lead the Board of Directors in all deliberations involving the CEO's employment, including hiring, contract negotiations, performance evaluations, and dismissal;
- Counsel the Chairman on issues of interest/concern to directors and encourage all directors to engage the Chairman with their interests and concerns;
- Work with the Chairman to develop an appropriate schedule of Board meetings and approve such schedule, to ensure that the directors have sufficient time for discussion of all agenda items, while not interfering with the flow of Company operations;
- Work with the Chairman to develop the Board and Committee agendas and approve the final agendas;
- Keep abreast of key Company activities and advise the Chairman as to the quality, quantity and timeliness of the flow of information from Company management that is necessary for the directors to effectively and responsibly perform their duties; although Company management is responsible for the preparation of materials for the Board of Directors, the Lead Director will approve information provided to the Board and may specifically request the inclusion of certain material;
- Engage consultants who report directly to the Board of Directors and assist in recommending consultants that work directly for Board Committees;
- Work in conjunction with the Corporate Governance and Nominating Committee in compliance with Governance Committee processes to interview all Board candidates and make recommendations to the Board of Directors;
- Assist the Board of Directors and Company officers in assuring compliance with and implementation of the Company's Governance Guidelines; work in conjunction with the Corporate Governance Committee to recommend revisions to the Governance Guidelines;

- Call, coordinate and develop the agenda for and chair executive sessions of the Board's independent directors; act as principal liaison between the independent directors and the CEO;
- Work in conjunction with the Corporate Governance and Nominating Committee to identify for appointment the members of the various Board Committees, as well as selection of the Committee chairs;
- Be available for consultation and direct communication with major shareholders;
- Make a commitment to serve in the role of Lead Director for a minimum of three years; and
- Help set the tone for the highest standards of ethics and integrity.

Mr. Swift has been the Company's Lead Director since January 2010.

Board Risk Oversight

The Board of Directors has oversight responsibility of the processes established to report and monitor systems for material risks applicable to the Company. The Board of Directors focuses on the Company's general risk management strategy and the most significant risks facing the Company and ensures that appropriate risk mitigation strategies are implemented by management. The full Board is responsible for considering strategic risks and succession planning and, at each Board meeting, receives reports from each Committee as to risk oversight within their areas of responsibility. The Board of Directors has delegated to its various committees the oversight of risk management practices for categories of risk relevant to their functions as follows:

- The Audit Committee oversees risks associated with the Company's systems of disclosure controls and internal controls over financial reporting, as well as the Company's compliance with legal and regulatory requirements.
- The Compensation Committee considers risks related to the attraction and retention of talent and risks related to the design of compensation programs and arrangements.
- The Corporate Governance and Nominating Committee oversees risks associated with sustainability.
- The Finance Committee oversees risks associated with foreign exchange, insurance, credit and debt.

The Company has appointed the Chief Financial Officer as its Chief Risk Officer and, in that role, the Chief Risk Officer periodically reports on risk management policies and practices to the relevant Board Committee or to the full Board so that any decisions can be made as to any required changes in the Company's risk management and mitigation strategies or in the Board's oversight of these.

Finally, as part of its oversight of the Company's executive compensation program, the Compensation Committee considers the impact of the Company's executive compensation program and the incentives created by the compensation awards that it administers on the Company's risk profile. In addition, the Company reviews all of its compensation policies and procedures, including the incentives that they create and factors that may reduce the likelihood of excessive risk taking, to determine whether they present a significant risk to the Company. Based on this review, the Company has concluded that its compensation policies and procedures are not reasonably likely to have a material adverse effect on the Company.

Director Compensation and Stock Ownership

It is the policy of the Board of Directors that directors' fees be the sole compensation received from the Company by any non-employee director. The Company has a share ownership requirement of four times the annual cash retainer paid to the directors. Directors must achieve the share ownership minimum within five years of joining the Board of Directors. Once attaining the minimum level of Company stock ownership, a director must retain this minimum level of Company stock ownership until their resignation or retirement from the Board.

Board Size and Composition

The Board of Directors consists of a substantial majority of independent, non-employee directors. In addition, our Corporate Governance Guidelines require that all members of the committees of the Board must be independent directors. The Board of Directors has the following four standing committees: Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Finance Committee. The Board of Directors has determined that each member of each of these committees is "independent" as defined in the NYSE listing standards and the Company's Guidelines for Determining Independence of Directors. Committee memberships and chairs are rotated periodically.

Board Diversity

The Company's policy on Board diversity relates to the selection of nominees for the Board of Directors. In selecting a nominee for the Board, the Corporate Governance and Nominating Committee considers the skills, expertise and background that would complement the existing Board and ensure that its members are of sufficiently diverse and independent backgrounds, recognizing that the Company's businesses and operations are diverse and global in nature. The Board of Directors has two female directors, one African-American director and one Hispanic director out of a total of 12 directors.

Board Advisors

The Board of Directors and its committees may, under their respective charters, retain their own advisors to carry out their responsibilities.

Executive Sessions

The Company's independent directors meet privately in regularly scheduled executive sessions, without management present, to consider such matters as the independent directors deem appropriate. These executive sessions are required to be held no less than twice each year.

Board Evaluation

The Corporate Governance and Nominating Committee assists the Board in evaluating its performance and the performance of the Board committees. Each committee also conducts an annual self-evaluation. The effectiveness of individual directors is considered each year when the directors stand for re-nomination.

Director Orientation and Education

The Company has developed an orientation program for new directors and provides continuing education for all directors. In addition, the directors are given full access to management and corporate staff as a means of providing additional information.

Director Nomination Process

The Corporate Governance and Nominating Committee reviews the composition of the full Board to identify the qualifications and areas of expertise needed to further enhance the composition of the Board, makes recommendations to the Board concerning the appropriate size and needs of the Board and, on its own or with the assistance of management, a search firm or others, identifies candidates with those qualifications. In considering candidates, the Corporate Governance and Nominating Committee will take into account all factors it considers appropriate, including breadth of experience, understanding of business and financial issues, ability to exercise sound judgment, diversity, leadership, and achievements and experience in matters affecting business and industry. The Corporate Governance and Nominating Committee considers the entirety of each candidate's credentials and 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 no conflict of interest that would interfere with performance as a director. Shareholders may recommend candidates for consideration for Board membership by sending the recommendation to the Corporate Governance and Nominating Committee, in care of the Secretary of the Company. Candidates recommended by shareholders are evaluated in the same manner as director candidates identified by any other means.

Director Retirement

It is the policy of the Board of Directors that each non-employee director must retire at the annual general meeting immediately following his or her 75^{th} birthday. Directors who change the occupation they held when initially elected must offer to resign from the Board of Directors. At that time, the Corporate Governance and Nominating Committee reviews the continued appropriateness of Board membership under the new circumstances and makes a recommendation to the Board of Directors. Employee directors, including the CEO, must retire from the Board of Directors at the time of a change in their status as an officer of the Company, unless the policy is waived by the Board.

Director Independence

The Board of Directors has determined that all of our current directors, except M.W. Lamach, who is an employee of the Company, are independent under the standards set forth in Exhibit I to our Corporate Governance Guidelines, which are consistent with the NYSE listing standards. In determining the independence of directors, the Board evaluated transactions between the Company and entities with which directors were affiliated that occurred in the ordinary course of business and that were provided on the same terms and conditions available to other customers. A copy of Exhibit I to our Corporate Governance Guidelines is available on our website, *www.ingersollrand.com*, under the heading "Investor Relations—Corporate Governance."

Communications with Directors

Shareholders and other interested parties wishing to communicate with the Board of Directors, the non-employee directors or any individual director (including our Lead Director and Compensation Committee Chair) 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*. Depending upon the nature of the communication and to whom it is directed, the Secretary will: (a) forward the communication to the appropriate director or directors; (b) forward the communication to the relevant department within the Company; or (c) attempt to handle the matter directly (for example, a communication dealing with a share ownership matter).

Code of Conduct

The Company has adopted a worldwide Code of Conduct, applicable to all employees, directors and officers, including our Chief Executive Officer, our Chief Financial Officer and our Controller. The Code of Conduct meets the requirements of a "code of ethics" as defined by Item 406 of Regulation S-K, as well as the requirements of a "code of business conduct and ethics" under the NYSE listing standards. The Code of Conduct covers topics including, but not limited to, conflicts of interest, confidentiality of information, and compliance with laws and regulations. A copy of the Code of Conduct is available on our website located at *www.ingersollrand.com* under the heading "Investor Relations—Corporate Governance." Amendments to, or waivers of the provisions of, the Code of Conduct, if any, made with respect to any of our directors and executive officers will be posted on our website.

Anti-Hedging Policy and Other Restrictions

The Company prohibits its directors and executive officers from (i) purchasing any financial instruments designed to hedge or offset any decrease in the market value of Company securities and (ii) engaging in any form of short-term speculative trading in Company securities. Directors and executive officers are also prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan unless the Senior Vice President and General Counsel provides pre-clearance after the director or executive officer clearly demonstrates the financial capability to repay the loan without resort to the pledged securities.

Committees of the Board

Audit Committee

Members: Richard J. Swift (Chair)
Ann C. Berzin
Edward E. Hagenlocker
Theodore E. Martin
John P. Surma

Key Functions:

- Review annual audited and quarterly financial statements, as well as the Company's disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations," with management and the independent auditors.
- Obtain and review periodic reports, at least annually, from management assessing the effectiveness of the Company's internal controls and procedures for financial reporting.
- Review the Company's processes to assure compliance with all applicable laws, regulations and corporate policy.
- Recommend the public accounting firm to be proposed for appointment by the shareholders as our independent auditors and review the performance of the independent auditors.
- Review the scope of the audit and the findings and approve the fees of the independent auditors.
- Approve in advance permitted audit and non-audit services to be performed by the independent auditors.
- Satisfy itself as to the independence of the independent auditors and ensure receipt of their annual independence statement.

The Board of Directors has determined that each member of the Audit Committee is "independent" for purposes of the applicable rules and regulations of the SEC, as defined in the NYSE listing standards and the Company's Corporate Governance Guidelines and has determined that each member of the Audit Committee meets the qualifications of an "audit committee financial expert," as that term is defined by rules of the SEC.

A copy of the charter of the Audit Committee is available on our website, *www.ingersollrand.com*, under the heading "Investor Relations—Corporate Governance."

Compensation Committee

Members: Tony L. White (Chair)
John Bruton
Jared L. Cohon
Gary D. Forsee
Constance J. Horner

Key Functions:

- Establish executive compensation policies.
- Review and approve the goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance against those goals and objectives and set the Chief Executive Officer's compensation level based on this evaluation. The Compensation Committee Chair presents all compensation decisions pertaining to the Chief Executive Officer to the full Board of Directors.
- Approve compensation of officers and key employees.
- Review and approve executive compensation and benefit programs.
- Administer the Company's equity compensation plans.
- Review and recommend significant changes in principal employee benefit programs.
- Approve and oversee Compensation Committee consultants.

For a discussion concerning the processes and procedures for determining executive and director compensation and the role of executive officers and compensation consultants in determining or recommending the amount or form of compensation, see "Compensation Discussion and Analysis" and "Compensation of Directors," respectively.

The Board of Directors has determined that each member of the Compensation Committee is "independent" as defined in the NYSE listing standards and the Company's Corporate Governance Guidelines. In addition, the Board of Directors has determined that each member of the Compensation Committee qualifies as a "Non-Employee Director" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 and an "outside director" within the meaning of Section 162(m) of the Code.

A copy of the charter of the Compensation Committee is available on our website, *www.ingersollrand.com*, under the heading "Investor Relations—Corporate Governance."

Corporate Governance and Nominating Committee

Members: Gary D. Forsee (Chair)
John Bruton
Jared L. Cohon
Constance J. Horner
Nelson Peltz
Tony L. White

Key Functions:

- Identify individuals qualified to become directors and recommend the candidates for all directorships.
- Recommend individuals for election as officers.
- Review the Company's Corporate Governance Guidelines and make recommendations for changes.
- Consider questions of independence and possible conflicts of interest of directors and executive officers.
- Take a leadership role in shaping the corporate governance of the Company.
- Oversee the Company's sustainability efforts.

The Board of Directors has determined that each member of the Corporate Governance and Nominating Committee is "independent" as defined in the NYSE listing standards and the Company's Corporate Governance Guidelines.

A copy of the charter of the Corporate Governance and Nominating Committee is available on our website, *www.ingersollrand.com* , under the heading "Investor Relations—Corporate Governance."

Finance Committee

Members: Ann C. Berzin (Chair)
Edward E. Hagenlocker
Theodore E. Martin
Nelson Peltz
John P. Surma
Richard J. Swift

Key Functions:

- Review proposed borrowings and issuances of securities.
- Recommend to the Board of Directors the dividends to be paid on our ordinary shares.
- Consider and recommend for approval by the Board of Directors the repurchase of the Company's shares.
- Review cash management policies.
- Review periodic reports of the investment performance of the Company's employee benefit plans.

The Board of Directors has determined that each member of the Finance Committee is "independent" as defined in the NYSE listing standards and the Company's Corporate Governance Guidelines.

A copy of the charter of the Finance Committee is available on our website, *www.ingersollrand.com*, under the heading "Investor Relations—Corporate Governance."

Board, Committee and Annual Meeting Attendance

The Board of Directors and its committees held the following number of meetings during the fiscal year ended December 31, 2013:

Board	7
Audit Committee	10
Compensation Committee	8
Corporate Governance and Nominating Committee	7
Finance Committee	8

Each incumbent director attended 95% or more of the total number of meetings of the Board of Directors and the committees on which he or she served during the year. The Company's non-employee directors held five independent director meetings without management present during the fiscal year 2013. It is the Board's general practice to hold independent director meetings in connection with regularly scheduled Board meetings.

The Company expects all Board members to attend the annual general meeting, but from time to time other commitments prevent all directors from attending the meeting. All of the directors attended the most recent annual general meeting of shareholders, which was held on June 6, 2013.

Compensation of Directors

Director Compensation

Our director compensation program is designed to compensate non-employee directors fairly for work required for a company of our size and scope and align their interests with the long-term interests of our shareholders. The program reflects our desire to attract, retain and use the expertise of highly qualified people serving on the Company's Board of Directors. Employee directors do not receive any additional compensation for serving as a director.

Our 2013 director compensation program for non-employee directors consisted of the following elements:

Compensation Element	Compensation Value	
Annual Cash Retainer	$	240,000
Audit Committee Chair Cash Retainer	$	30,000
Compensation Committee Chair Cash Retainer	$	15,000
Corporate Governance and Nominating Committee Chair and Finance Committee Chair Cash Retainer	$	10,000
Audit Committee Member Cash Retainer (other than Chair)	$	7,500
Lead Director Cash Retainer	$	50,000
Additional Meetings or Unscheduled Planning Session Fees *	$ 2,500 (per meeting or session)	

* The Board and each Committee, other than Audit, has 6 regularly scheduled meetings each year. The Audit Committee has 9 regularly scheduled meetings each year.

In addition, non-employee directors were eligible to receive a tax equalization payment if the Irish income taxes owed on their director compensation exceed the income taxes owed on such compensation in their country of residence. Without these tax equalization payments, a director would be subject to double taxation since they are already paying taxes on their director income in their country of residence. We believe these tax equalization payments were appropriate to ensure our ability to continue to attract highly qualified persons who do not reside in Ireland. In 2013, five non-employee directors received a tax equalization payment for the year 2012 and we anticipate in 2014 that some of our non-employee directors will receive a tax equalization payment for the year 2013.

The Corporate Governance and Nominating Committee periodically reviews the compensation level of our non-employee directors in consultation with the Committee's independent compensation consultant and makes recommendations to the Board of Directors. Based on its most recent review, our Corporate Governance and Nominating Committee recommended certain changes to director compensation effective January 1, 2014, which were approved by our Board. These changes included the following:

- An increase in the annual retainer to $285,000 with one half of the retainer paid in cash and one half paid in RSUs;
- An increase in the Compensation Committee Chair Cash Retainer to $20,000;
- An increase in the cash retainers for the Corporate Governance and Nominating Chair and the Finance Committee Chair to $15,000;
- Elimination of tax equalization payments on retainers beginning with the retainers earned for the 2014 fiscal year; and
- Updating our director share ownership requirement as described below effective as of January 1, 2014.

Share Ownership Requirement

To align the interests of directors with shareholders, the Board of Directors has adopted a share ownership requirement of four times the annual cash retainer paid to the directors. Directors must achieve the share ownership minimum within five years of joining the Board of Directors. Once attaining the minimum level of Company stock ownership, a director must retain this minimum level of Company stock ownership until their resignation or retirement from the Board. In setting the share ownership requirement, the Board of Directors considered the input of the independent compensation consultant, the Company's current stock price and the period of time it would take a director to reach the required ownership level.

2013 Director Compensation

The compensation paid or credited to our non-employee directors for the year ended December 31, 2013, is summarized in the table below.

Name	Fees earned or paid in cash ($)(a)	All Other Compensation ($)(b)	Total ($)
A. C. Berzin	265,000	110,572	375,572
J. Bruton	247,500	–	247,500
J. L. Cohon	247,500	173	247,673
G. D. Forsee	272,500	33,733	306,233
P. C. Godsoe (c)	133,750	–	133,750
E. E. Hagenlocker	255,000	30,990	285,990
C. J. Horner	247,500	48,881	296,381
T. E. Martin	255,000	–	255,000
N. Peltz (d)	252,500	–	252,500
J. P. Surma	250,000	–	250,000
R. J. Swift	335,000	–	335,000
T. L. White	262,500	–	262,500

(a) The amounts in this column represent the following annual cash retainer, the Committee Chair retainers, the Audit Committee member retainer, the Lead Director retainer, and the Board, Committee and other meeting or session fees:

Name	Cash Retainer ($)	Committee Chair Retainer ($)	Audit Committee Member Retainer ($)	Lead Director Retainer Fees ($)	Board, Committee and Other Meeting or Session Fees ($)
A. C. Berzin	240,000	5,000	7,500	–	12,500
J. Bruton	240,000	–	–	–	7,500
J. L. Cohon	240,000	–	–	–	7,500
G. D. Forsee	240,000	10,000	–	–	22,500
P. C. Godsoe	120,000	5,000	3,750	–	5,000
E. E. Hagenlocker	240,000	–	7,500	–	7,500
C. J. Horner	240,000	–	–	–	7,500
T. E. Martin	240,000	–	7,500	–	7,500
N. Peltz	240,000	–	–	–	12,500
J. P. Surma	240,000	–	7,500	–	2,500
R. J. Swift	240,000	30,000	–	50,000	15,000
T. L. White	240,000	15,000	–	–	7,500

(b) Represents tax equalization payments made in 2013.

(c) Peter C. Godsoe retired effective June 6, 2013.

(d) Fees earned by Mr. Peltz are paid to Trian Fund Management, L.P. (“Trian”).

For each non-employee director at December 31, 2013, the following table reflects unexercised stock options, all of which are vested:

Name	Number of stock options
A. C. Berzin	–
J. Bruton	–
J. L. Cohon	30,240
G. D. Forsee	–
P. C. Godsoe	–
E. E. Hagenlocker	–
C. J. Horner	–
T. E. Martin	–
N. Peltz	–
J. P. Surma	–
R. J. Swift	–
T. L. White	–

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis ("CD&A") set forth below provides an overview of our executive compensation programs, including the philosophy and objectives of such programs, as well as a discussion of how awards are determined for our Named Executive Officers ("NEOs"). These NEOs include our Chairman and Chief Executive Officer ("CEO"), our Chief Financial Officer ("CFO"), and our three most highly compensated executive officers from the 2013 fiscal year. In addition, two other individuals are included as NEOs in 2013; however, they were no longer serving as executive officers at the end of 2013. The current executive officers serving as NEOs included are:

- Mr. Michael W. Lamach, our Chairman and Chief Executive Officer;
- Ms. Susan K. Carter, our Senior Vice President and Chief Financial Officer;
- Mr. Gary S. Michel, our Senior Vice President and President, Residential HVAC North America;
- Mr. Didier P. M. Teirlinck, Ph.D., our Executive Vice President, Climate segment; and
- Mr. Robert G. Zafari, our Executive Vice President, Industrial segment.

The former executive officers serving as NEOs included are:

- Mr. Steven R. Shawley, our former Senior Vice President and Chief Financial Officer; and
- Mr. John W. Conover IV, our former Senior Vice President and President, Security Technologies.

This discussion and analysis is divided into the following sections:

I. Executive Summary.
II. Compensation Philosophy and Design Principles.
III. Factors Considered in the Determination of Target Total Direct Compensation.
IV. Role of the Compensation Committee, Independent Advisor, and Committee Actions.
V. Compensation Program Descriptions and Compensation Decisions.
VI. Other Compensation and Tax Matters.

I. Executive Summary

Effective December 1, 2013, we successfully completed the spin-off of our commercial and residential security businesses (the "Spin-off") into an independent, publicly traded company, Allegion plc ("Allegion"). In conjunction with the Spin-off, we reorganized our structure from four business sectors into two business segments, Climate and Industrial. This new structure allows the Company to provide greater focus on growth, continue implementation of our business operating system, build on our successful operational excellence philosophy, and reduce complexity and costs.

The Spin-off and our reorganization did not impact the basic design of our executive compensation programs. Consistent with our historical intent, the design of these programs allows Ingersoll Rand to attract, retain and focus the talents and energies of executives who are capable of meeting the Company's current and future goals, most notably, the creation of sustainable shareholder value. However, to offset an unintended impact of the Spin-off, payouts under our 2013 Annual Incentive Matrix ("AIM") program and our Performance Share Program ("PSP") for the 2011- 2013 performance period were determined based on full year 2013 results inclusive of Allegion. In addition, the compensation level of several NEOs was increased to reflect material changes in position accountability and greater scope of responsibilities as a result of the reorganization.

Overall, our executive compensation programs were designed by incorporating the following principles:

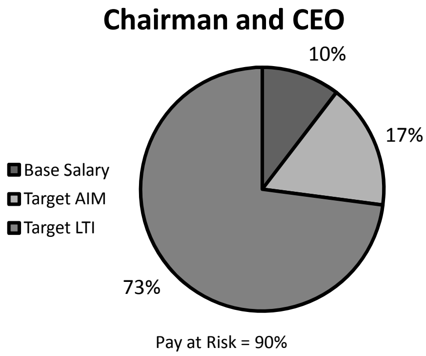
(i) program competitiveness,
(ii) pay for performance,
(iii) mix of short and long-term incentives,
(iv) internal parity,
(v) shareholder alignment, and
(vi) business strategy alignment.

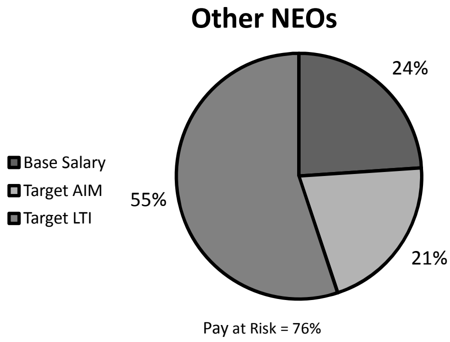
Consistent with these principles, the Compensation Committee has adopted executive compensation programs with a strong link between pay and the achievement of short and long-term Company goals. The primary elements of the executive compensation programs are:

Total Direct Compensation	
Element[1]	*Objective of Element*
Base Salary	Fixed cash compensation.
Annual Incentive *(the Annual Incentive Matrix or "AIM")*	Variable cash incentive compensation where any award earned is based on performance against pre-defined annual revenue ("Revenue"), Operating Income ("OI"), cash flow ("Cash Flow") and OI margin percent objectives, as well as individual performance.
Long-Term Incentives *("LTI")*	Variable long-term incentive compensation where performance is aligned with the Company's stock price and is awarded in the form of stock options, Restricted Stock Units ("RSUs") and Performance Share Units ("PSUs"). PSUs are only payable if the Company's Earnings Per Share ("EPS") and Total Shareholder Return ("TSR") relative to companies in the S&P 500 Industrials Index exceed threshold performance against pre-defined objectives.

[1] See Section V, "Compensation Program Descriptions and Compensation Decisions", for additional discussion on these elements of compensation.

As illustrated in the charts below, the Compensation Committee places significant emphasis on variable compensation (AIM and LTI) so that a substantial percentage of each NEO's total direct compensation is contingent on the successful achievement of the Company's short-term and long-term goals.





2013 Results

In a year where we successfully implemented extensive organizational change with the successful Spin-off and the reorganization of our Company, we also achieved strong financial performance. Specifically, the following results, (inclusive of the Allegion business for the full year), were realized in 2013:

- Adjusted annual Revenue of $14.509 billion, an increase of 3% over 2012;
- Adjusted OI of $1.639 billion, an increase of 8% over 2012;
- Adjusted OI margin of 11.3%, an increase of 0.5 percentage points from 10.8% in 2012;
- Adjusted Cash Flow of $1.153 billion an increase of 14% over 2012;
- Adjusted EPS of $3.63 excluding one-time spin related expense, an increase of 10% over 2012; and
- 3-year EPS growth (2011 - 2013) of 68.1%, which ranks at approximately the 75th percentile of the companies in the S&P 500 Industrials Index.

The Spin-off and the reorganization were completed late in the fourth quarter of 2013. As a result, adjustments to include full year 2013 results inclusive of Allegion were necessary to ensure that performance under the 2013 AIM and the 2011 – 2013 PSP programs was measured on a basis consistent with how performance goals were established.

For the 2013 AIM program, performance was measured using full year financial results adjusted to reflect the organizational structure in place at the time that performance objectives were approved by the Compensation Committee in February 2013 and to exclude one-time costs associated with the Spin-off and our reorganization. Based on our adjusted 2013 results for Revenue, OI, Cash

Flow and OI margin, we achieved an AIM financial score of 124.6 % of target for the enterprise. Our other sector presidents who were NEOs in 2013 achieved AIM financial scores of 187.5% (Climate), 63.7% (Industrial), 200.0% (Residential) and 143.7% (Security) of target, based on achievement of sector and enterprise objectives.

For the 2011 – 2013 PSP program, 2013 EPS was measured based on the combined 2013 EPS of both Ingersoll Rand and Allegion to ensure a consistent basis for determining EPS growth. Based on our achievement of an EPS growth rate of 68.1% during the 2011 to 2013 performance period, PSUs under our Performance Share Program ("PSP") paid out at 199% of target.

To recognize individuals whose contributions were critical to the success of the Spin-off, a special one-time bonus was approved for certain employees, including Messrs. Lamach and Shawley. For additional details related to these awards, refer to Section V, Compensation Program Descriptions and Compensation Decisions.

2013 Compensation Committee Actions

The Compensation Committee took the following actions in 2013:

- Reviewed and approved adjustments to the 2013 AIM design to better reward balanced growth and profitability as well as to improve the alignment of payouts with performance. The 2013 AIM program is designed to reward performance for the achievement of pre-defined goals related to the metrics of Revenue, OI and Cash Flow (weighted equally and modified by OI Margin) as opposed to Revenue Growth and OI Margin in prior years (which were incorporated into a matrix modified by Cash Flow performance). The 2013 design provided participants greater clarity as to how performance results impacted their incentive opportunity;
- As approved by shareholders, implemented a new Incentive Stock Plan for Ingersoll Rand equity-based awards;
- In support of the Spin-off, adopted conversion formulas to adjust executive compensation and benefit programs with an equity-based component;
- Reviewed and approved new compensation and benefit programs for Allegion at inception including:
  - (i) The Allegion Incentive Stock Plan,
  - (ii) The Allegion Spin-off Protection Plan,
  - (iii) The Allegion Senior Executive Performance Plan (162m Plan),
  - (iv) Allegion Stock Ownership Guidelines, and
  - (v) Compensation packages for Allegion executive officers; and
- Reviewed and approved compensation and benefit disclosures in Form 10 filings for Allegion.

Consideration of 2013 Advisory Vote on Executive Compensation

The Compensation Committee regularly reviews the philosophy, objectives and elements of our executive compensation programs in relation to our short and long-term business objectives. In undertaking this review, the Compensation Committee considers the views of shareholders as reflected in their annual advisory vote on our executive compensation proposal. At our 2013 annual general meeting, shareholders approved our executive compensation proposal by an overwhelming majority (over 96%). Based on the Compensation Committee's review and the support our executive compensation programs received from shareholders, the Compensation Committee maintained the core elements of our executive compensation programs.

II. Compensation Philosophy and Design Principles

The objective of our executive compensation programs is to enable us to attract, retain and focus the talents and energies of executives who are capable of meeting the Company's current and future goals, most notably the creation of sustainable shareholder value. Our compensation programs and decisions are driven by these objectives. As we operate in an ever-changing environment that is impacted by economic, technological, regulatory and competitive factors, our Compensation Committee considers these and other factors in its process of determining the type of compensation and benefit programs to offer, as well as setting specific performance targets for incentive awards.

The design principles that govern our executive compensation programs are:

1. Program competitiveness

Total executive compensation opportunities must serve to attract and retain high performing executives. All of our executive compensation program targets are established using relevant market data to ensure their competitiveness. In aggregate, we structure our executive compensation to provide target Total Direct Compensation ("TDC") at the 50th percentile of the markets in which we compete for talent. However, each NEO's target TDC may be above or below the 50th percentile based on his or her experience and proficiency in performing the duties of his or her position.

2. Pay for performance

A substantial percentage of each NEO's TDC opportunity is contingent on, and variable with, performance. Performance is measured against and contingent on:

(a) Multiple metrics that measure actual annual Sector (Segment, beginning in 2014) and/or Enterprise financial performance against pre-established objectives (through our AIM program);

(b) EPS growth and TSR over a three-year period relative to companies in the S&P 500 Industrials Index (through our PSP program);

(c) Stock price appreciation through stock options, RSUs and PSUs awarded under our LTI program; and

(d) Each NEO's demonstrated ability to achieve Company financial objectives, develop and carry out strategic initiatives, contribute to both the growth and operational excellence of the Company and lead in a way that is consistent with our core competencies: modeling our values, inspiring our people, focusing on our customers, creating long-term value for our shareholders and delivering premier performance.

Actual TDC can exceed the targeted level if performance exceeds the goals and objectives. Conversely, if performance falls short of the goals and objectives, actual TDC can be below the target award level.

3. Mix of short and long-term incentives

We believe that an appropriate mix between short and long-term incentives is important to encourage our NEOs to engage in strategies and make decisions that balance the need to meet our Annual Operating Plan ("AOP") objectives while taking into account the long-term interests of the Company and its shareholders. The mix of pay, including short and long-term incentives, is determined by considering the Company's pay for performance compensation philosophy and strategic objectives in addition to competitive market practice.

4. Internal parity

Each NEO's target TDC opportunity is proportionate with the responsibility, scope and complexity of his or her role within the Company. Thus, similar jobs are assigned similar target compensation opportunities.

5. Shareholder alignment

We have designed our executive compensation programs to align the interests of our NEOs with the interests of our shareholders by rewarding the achievement of Revenue, EPS, TSR, Cash Flow, OI margin and other financial targets, as well as operational excellence and sustained individual performance. The value of the variable compensation components (*i.e.*, AIM plus LTI awards) is directly linked to our financial performance and to the value created for our shareholders. Thus, we believe these incentive compensation programs provide clear alignment between the interests of our shareholders and our NEOs.

6. Business strategy alignment

Our executive compensation programs are structured to be flexible in recognizing that individuals within the company's businesses must focus on specific financial measures to meet the short and long-term plans of the business for which they are accountable. This principle, in conjunction with the design principles described above, directly influences compensation levels for leaders. It is not only possible but also desirable for certain leaders to earn substantial awards in years when their business outperforms the Company as a whole. Conversely, if a business fails to meet its performance goals, that business' leader may earn a lesser award in that year than his or her peers in a business that met or exceeded its goals.

III. Factors Considered in the Determination of Target Total Direct Compensation or TDC

Our Compensation Committee reviews and evaluates the executive compensation levels and practices against those companies with which we compete for executive talent. These reviews are conducted throughout the year using a variety of methods such as:

- the direct analysis of the proxy statements of other diversified industrial companies (refer to peer group below),
- a review of compensation survey data of other industrial companies of similar size published by independent consulting firms,
- a review of customized compensation survey data provided by independent consulting firms, and
- feedback received from external constituencies.

The Compensation Committee does not rely on a single source of information when making executive compensation decisions. Many of the companies included in these compensation surveys are also included in the S&P 500 Industrials Index referred to in our 2013 Form 10-K under the caption "Performance Graph."

The Compensation Committee, with the assistance of its independent advisor, develops a peer group that it uses to evaluate executive compensation programs and levels. The peer group is comprised of global diversified companies that have comparable revenue and/or industry fit with our lines of business and which are companies with which we compete for both business and talent. The following peer group was adopted in August 2012 and used for benchmarking with respect to the 2013 performance period:

3M	Eaton Corp	Johnson Controls Inc.	Pentair
Cummins, Inc.	Emerson Electric	Paccar Inc.	Stanley Black & Decker
Danaher Corp	Honeywell International	Parker Hannifin Corp	Textron
Dover	Illinois Tool Works	PPG Industries	Tyco International

As a result of the Spin-off and our reorganization, our Compensation Committee will review the compensation peer group in 2014 to ensure that it continues to be appropriate based on our size (revenue) and the industries in which we compete for both business and executive talent.

In addition, the Compensation Committee annually reviews tally sheets on the NEOs in order to understand fully all elements of current and potential future compensation when making compensation decisions. These tally sheets contain the following items: base salary, current short and long-term incentive award opportunities, and benefits that would be payable under various types of separation from service, such as in the context of a change in control, termination without cause or retirement.

IV. Role of the Compensation Committee, Independent Advisor and Committee Actions

Our Compensation Committee, which is composed solely of independent directors, oversees our compensation plans and policies, administers our equity-based programs and reviews and approves all forms of compensation relating to our executive officers, including the NEOs.

The Compensation Committee exclusively decides which compensation elements and the amounts to be awarded to our CEO. Our CEO does not make any recommendations regarding his own compensation and is not informed of these awards until the decisions have been finalized. Our CEO makes compensation recommendations related to our other NEOs. The Compensation Committee considers these recommendations when approving the compensation elements and amounts to be awarded to our other NEOs.

Our Compensation Committee is responsible for reviewing and approving amendments to our executive compensation and benefit plans. In addition, our Compensation Committee is responsible for reviewing our broad-based employee benefit plans and making recommendations to our Board of Directors for significant amendments to, or termination of, such plans. The Compensation Committee's duties are described in the Compensation Committee Charter, which is available on our website at *www.ingersollrand.com*.

Our Compensation Committee has the authority to retain an independent advisor for the purpose of reviewing and providing guidance related to our executive compensation and benefit programs. The Compensation Committee is directly responsible for the compensation and oversight of the independent advisor. For 2013, the Compensation Committee continued to engage Hay Group, Inc. ("Hay Group") to serve as its independent advisor. Hay Group also provided the Corporate Governance and Nominating Committee advice on director compensation matters. The Compensation Committee has determined that the Hay Group is independent and does not have a conflict of interest because (a) Hay Group did not perform any other services for the Company, (b) the fees received by Hay Group for its services for the Compensation and Corporate Governance and Nominating Committees were nominal as a percentage of Hay Group's total revenues, (c) Hay Group has adopted policies and procedures that are designed to prevent conflicts of interest, (d) neither any member of the Compensation Committee nor any executive officer has a business or personal relationship with Hay Group, and (e) neither Hay Group nor its consultants that work with the Company directly own stock in the Company.

In addition to the actions taken in 2013, which are described in the Executive Summary, our Compensation Committee has adopted a number of changes over the past few years, including:

- Diversified and expanded the metrics associated with our AIM and PSP programs to better align with business strategies and shareholder interests;
- Adopted a claw-back/recoupment policy. Our current policy will be revised, if necessary, to comply with the requirements of the Dodd-Frank Act when the final regulations are issued;
- Incorporated provisions in the 2007 and 2013 Incentive Stock Plans to replace full payout at target of outstanding PSP awards in the event of a Change in Control of the Company with prorated PSP payout at target based on the point in the performance period when the Change in Control occurs; and
- Closed the Elected Officer Supplemental Program ("EOSP") to new participants effective April 30, 2011.

V. Compensation Program Descriptions and Compensation Decisions

The following table is intended to be a helpful summary of the elements, objectives, risk mitigation factors and other key features of our total direct compensation program. Each of these elements is described in greater detail below

Element	***Objective of Element including Risk Mitigation Factors***	***Key Features Relative to NEOs***
Base Salary	To provide a sufficient and stable source of cash compensation. To avoid encouraging excessive risk-taking, it is important that an appropriate level of cash compensation is not variable.	Targeted, on average, at the 50th percentile of our peer group. Adjustments are determined by the Compensation Committee based on an evaluation of the NEO's proficiency in fulfilling his or her responsibilities, as well as performance against key objectives and behaviors. Only 10% of the CEO's target total direct compensation and only 24% on average for the other NEOs is comprised of base salary.
Annual Incentive Matrix ("AIM") Program	To serve as an annual cash award based on the achievement of pre-established performance objectives. Structured to take into consideration the unique needs of the various businesses. Amount of compensation earned cannot exceed a maximum payout of 200% of individual target levels and is also subject to a claw-back in the event of a financial restatement.	Each NEO has an AIM target expressed as a percentage of base salary. Targets are set based on the compensation levels of similar jobs in comparable companies, as well as on the NEO's experience and proficiency level in performing the duties of the role. Actual AIM payouts are dependent on business and/or enterprise financial performance and individual performance. The financial metrics used to determine the awards for 2013 were Revenue, OI, and Cash Flow, modified up or down based on OI Margin performance. 17% of the CEO's target total direct compensation is comprised of AIM and 21%, on average, for the other NEOs.
Performance Share Program ("PSP")	To serve as a long-term incentive based on the achievement of pre-established performance objectives relative to companies in the S&P 500 Industrials Index. To promote long-term strategic planning and discourage an overemphasis on attaining short-term goals. Amount earned cannot exceed a maximum payout of 200% of individual target levels and is also subject to a claw-back in the event of a financial restatement.	Earned over a 3-year performance period. The number of PSUs earned is based on our EPS growth (from continuing operations) relative to the companies in the S&P 500 Industrials Index for awards granted through 2011. Beginning in 2012, the number of PSUs earned is based on relative TSR and relative EPS growth compared to companies within the S&P 500 Industrials Index (with equal weight given to each metric). Actual value of the PSUs earned depends on our share price at the time of payment. 36.5% of the CEO's target total direct compensation is comprised of PSP and 27.5%, on average, for the other NEOs.
Stock Options/Restricted Stock Units	Aligns the interests of the NEOs and shareholders. Awards provide a balanced approach between risk and retention. Awards are subject to a claw-back in the event of a financial restatement.	Stock options and RSUs are granted annually, with stock options having an exercise price equal to the fair market value of ordinary shares on the date of grant. Both stock options and RSUs typically vest ratably over three years, one third per year. Stock options expire on the 10th anniversary (less one day) of the grant date (unless employment terminates sooner). 36.5% of the CEO's target total direct compensation is comprised of a mix of stock options and RSUs and 27.5%, on average, for the other NEOs.

Base Salary

Our Compensation Committee generally targets base salaries for the NEOs around the median for executives in our peer group who have similar roles and responsibilities. However, the Committee will also consider each NEO's experience, proficiency, performance and potential to impact future business results, as well as behavior against competencies and key enterprise values when making base salary decisions.

The table below reflects the base salary adjustments for the NEOs for the 2013 performance period. When determining base salary adjustments, each NEO is evaluated on the results achieved and the behaviors used to generate these results, as well as on demonstrated leadership and the upholding of Company values. Based on the outcome of the evaluation, each NEO is assigned one of five ratings. The ratings, which range from "meets some" to "substantially exceeds expectations," each have a percent range that determines the actual merit increase. In addition to merit increases, in cases in which the NEO's salary is below the competitive market median, a market adjustment may also be applied. In 2013:

- Mr. Lamach received a 4.2% combined merit and market adjustment to continue to align his pay with his role and responsibilities as CEO;
- Mr. Michel received a merit increase of 3.0%;
- Mr. Teirlinck received a 3.4% merit increase in April 2013 and an 8.3% market adjustment in December in conjunction with his promotion to Executive Vice President, Climate;
- Mr. Zafari received a 3.5% merit increase in April 2013 and an 11.9% market adjustment in December in conjunction with his promotion to Executive Vice President, Industrial;
- Mr. Shawley received a merit increase of 2.9%; and
- Mr. Conover received a merit increase of 3.2%.

(dollar amounts annualized)

Name	2012	2013
M. W. Lamach	$ 1,200,000	$ 1,250,000
S. K. Carter[1]	$ n/a	$ 635,000
G. S. Michel	$ 443,000	$ 456,500
D. P. M. Teirlinck	$ 585,000	$ 655,000
R. G. Zafari	$ 475,000	$ 550,000
S. R. Shawley	$ 618,000	$ 636,000
J. Conover	$ 470,000	$ 485,000

(1) Ms. Carter was first employed on September 27, 2013.

Annual Incentives

The AIM program is an annual cash incentive program designed to reward NEOs for Revenue growth, increases in OI, the delivery of strong Cash Flow and individual contributions to the Company. The Compensation Committee establishes a target award opportunity for each NEO that is expressed as a percentage of base salary. Individual AIM payouts are calculated as the product of a financial performance score and an individual performance score, both of which are based on achievement relative to pre-established performance objectives adopted by the Compensation Committee.

For 2013, the AIM program was redesigned to balance emphasis on growth and profitability as well as to improve the alignment of payouts with performance. This change replaced the 2012 "matrix" approach which was based on the relationship between Revenue and OI percent modified by Cash Flow performance. The new design utilizes the same core performance metrics of Revenue, OI and Cash Flow, with each metric equally weighted. OI margin remains a focus, acting as a modifier to the funded portion of awards. We believe that the 2013 AIM design provides participants with greater clarity on how they can generate incentive opportunity based on strong performance relative to each metric. The Compensation Committee designed the 2013 AIM program to avoid excessive risk taking by limiting incentive opportunity if performance results are not balanced relative to the other two metrics.

Financial performance: AIM incentive opportunity is tied to established goals for three performance metrics ("Core Financial Metrics"): Revenue, OI, and Cash Flow. Each of these Core Financial Metrics are equally weighted (33.33%) with incentives independently calculated, as a percent of target, for each metric based on performance results relative to pre-established threshold, target, and maximum performance levels. Threshold performance for each metric must be achieved in order for any incentive to be payable for that metric. The financial AIM payout is the sum of the calculated payout percentage for each metric, adjusted by an OI margin percentage multiplier ("Multiplier"), which can range from 85% to 115%.

The Compensation Committee retains the authority to adjust the Company's reported financial results for the impact of changes in accounting principles, extraordinary items and unusual or non-recurring gains or losses, including significant differences from the assumptions contained in the financial plan upon which the incentive targets were established. Adjustments to reported financial results are intended to better reflect executives' line of sight and ability to affect performance results, align award payments with decisions which support the AOP, avoid artificial inflation or deflation of awards due to unusual or non-recurring items in the applicable period and emphasize the Company's preference for long-term and sustainable growth.

	Pre-Established Financial Targets *($ million)**			Payout as % of Target**	OI Margin	OI Margin Multiplier**
	Revenue	OI	Cash Flow			
Enterprise						
Threshold	$13,680.0	$1,485.0	$990.0	30%	10.9%	85%
Target	$14,400.0	$1,650.0	$1,100.0	100%	11.5%	100%
Maximum	$14,760.0	$1,794.0	$1,200.0	200%	12.2%	115%
Residential Solutions						
Threshold	$2,124.0	$139.5	$207.0	30%	6.6%	85%
Target	$2,236.0	$155.0	$230.0	100%	6.9%	100%
Maximum	$2,291.9	$178.3	$264.5	200%	7.8%	115%
Climate Solutions						
Threshold	$7,182.0	$759.6	$735.3	30%	10.6%	85%
Target	$7,560.0	$844.0	$817.0	100%	11.2%	100%
Maximum	$7,749.0	$928.4	$899.0	200%	12.0%	115%
Industrial Technologies						
Threshold	$2,866.2	$446.4	$446.4	30%	15.6%	85%
Target	$3,017.0	$496.0	$496.0	100%	16.4%	100%
Maximum	$3,092.4	$545.6	$545.6	200%	17.6%	115%
Security Technologies						
Threshold	$1,508.6	$292.5	$281.7	30%	19.4%	85%
Target	$1,588.0	$325.0	$313.0	100%	20.5%	100%
Maximum	$1,627.7	$354.0	$341.0	200%	21.7%	115%

* Reflects the financial goals for the Enterprise and sectors to which incentive opportunity for our 2013 named executive officers was tied.
** Results are interpolated between performance levels.

For 2013 AIM purposes, the CEO and the CFOs were measured on the basis of the enterprise financial metrics. The other NEOs were measured based on a combination of enterprise financial objectives (50% weighting) and their respective 2013 sector financial objectives (50% weighting). We believe this weighting focuses sector Presidents on achieving the pre-established objectives for their sector as well as aligning their interests with enterprise goals to help create sustainable shareholder value.

Individual Performance: Individual objectives are established annually and include strategic initiatives with both financial and non-financial metrics. Each NEO is evaluated based upon non-financial metrics including our core competencies. At the end of the fiscal year the CEO evaluates each of the other NEO's performance against the pre-established individual objectives and submits a recommendation to the Compensation Committee. The Compensation Committee evaluates the CEO's performance against his/her pre-established individual objectives. Based on its evaluation of the CEO and the CEO's recommendation for other NEOs, the Compensation Committee determines the individual performance score for each NEO, which can range from 0% to 150%.

Determination of Payout: The actual AIM payout is determined by multiplying the NEO's target award by the financial performance score and multiplying that result by the individual performance score. AIM payouts cannot exceed 200% of the target award. If the overall AIM payout score is less than 30%, no award is payable. In that event, the CEO and the Compensation Committee may establish a discretionary pool (equal to 30% of the target payout levels) for top performers and/or other deserving employees in an amount determined to be appropriate based on their performance against objectives.

The tables below show the pre-established financial performance targets for the 2013 AIM program compared to actual performance. The pre-established financial targets and actual financial results are shown for enterprise and the four sectors. Detail on the weighting between enterprise and sector financials is shown below, following the table outlining the actual AIM awards.

	Financial Targets	Adjusted Financial Performance	Payout as a % of Target	Aggregate Payout as % of Target	OI Margin Multiplier	AIM Financial Payout
Enterprise						
Revenue	$14,400	$14,509	141.5%	130.0%	95.9%	124.6%
OI	$1,650	$1,639	95.2%			
Cash Flow	$1,100	$1,153	153.2%			
OI Margin	11.5%	11.3%	N/A			
Residential Solutions						
Revenue	$2,236	$2,264	165.4%	188.5%	115.0%	200.0%
OI	$155	$178	200.0%			
Cash Flow	$230	$294	200.0%			
OI Margin	6.9%	7.9%	N/A			
Climate Solutions						
Revenue	$7,560	$7,729	190.6%	179.5%	104.5%	187.5%
OI	$844	$881	147.8%			
Cash Flow	$817	$914	200.0%			
OI Margin	11.2%	11.4%	N/A			
Industrial Technologies						
Revenue	$3,017	$2,939	63.8%	66.7%	95.6%	63.7%
OI	$496	$476	71.2%			
Cash Flow	$496	$471	65.0%			
OI Margin	16.4%	16.2%	N/A			
Security Technologies						
Revenue	$1,588	$1,575	88.5%	136.7%	105.1%	143.7%
OI	$325	$329	121.5%			
Cash Flow	$313	$399	200%			
OI Margin	20.5%	20.9%	N/A			

To ensure that performance under the 2013 AIM was measured on a full year basis consistent with how 2013 performance goals were established, 2013 performance for AIM payout determinations was calculated based on full year 2013 financial results to reflect the organizational structure in place at the time that performance objectives were approved by the Committee in February 2013, prior to the Spin-off. Therefore, for purposes of measuring 2013 performance, full year financial results for the Enterprise include full year financial results of the Security Technologies Sector and the Residential Solutions Security businesses which were spun off. One-time expenses associated with the spin-off were excluded.

In addition, in determining the achievement of the 2013 AIM financial goals for the enterprise, the Compensation Committee (a) adjusted OI downward to reflect only the net after tax benefit excluding the non-controlling interest from the sale of the Fu Hsing facilities in China, (b) adjusted Revenue upward to reflect revenue not recognized for customer orders placed directly with the Taiwan Fu Hsing manufacturing entities following dissolution of the joint venture, (c) adjusted Revenue upward to offset the detrimental impact of a change in the accounting approach for jobs sold through independent offices, and (d) adjusted Revenue, OI and Cash Flow upward to offset the impact of flood damage to facilities in Shanghai, China. These adjustments were made to align 2013 AIM incentive awards and performance for the year taking into consideration the impact of certain events not contemplated when 2013 AIM performance objectives were established. Prior to the Compensation Committee making these adjustments, they were also reviewed with the Audit Committee.

In determining the individual factor for each NEO's AIM award, the Committee considered pre-established individual performance objectives, including the following:

- Mr. Lamach: Leadership of the successful Spin-off; operational excellence measured by a growth in operating margin, deployment of core systems and the improvement of functional excellence; implement a capital allocation strategy to effectively balance shareholder distributions with strategic growth; and, improve leadership effectiveness, succession bench strength and employee engagement.
- Ms. Carter: Efficient transition in the Chief Financial Officer role; effective oversight of the 2014 financial planning process; leadership of the financial restructuring of the company; and development of relationships with analysts and investors.
- Mr. Michel: Increase customer satisfaction ratings; grow the business; leadership of the successful spin-off of the residential security businesses including cost management of the conversion and retention of key talent; increase

operating leverage, and improve employee engagement through a progressive, diverse and inclusive plan and by focusing on manager development and accountability.

- Mr. Teirlinck: Deliver organic growth through the implementation of portfolio management and growth programs; develop and deploy a product management excellence program; implement technology improvements and support trading hubs, and improve employee engagement.
- Mr. Zafari: Enhance global integrated supply chain footprint and processes to deliver sustainable cash flow and customer satisfaction improvements; deliver organic growth through implementation of portfolio/channel management; develop and deploy product management excellence program with greater emphasis on the innovation of both products and services; pursue acquisition and divestiture strategy to accelerate growth in focused areas; foster margin expansion in Latin America, and deliver greater capability and decision making by focusing on the customer and standard work, delivered at lower cost.
- Mr. Shawley: Financial leadership in the successful Spin-off; execution of tax planning strategies and the share repurchase program; improve employee engagement and retain key leadership talent; and lead the function toward a progressive, diverse and inclusive culture.
- Mr. Conover: Leadership of the successful spin-off of the security businesses including cost management of the conversion; flow improvements through a focus on innovation revenue and emerging markets; and continued progress on operational excellence path.

The Compensation Committee approved the following AIM awards for all NEOs based on achieving both the 2013 financial and individual objectives:

Name	AIM Target				AIM Payout Percent for 2013	AIM Award for 2013	
M. W. Lamach	160%	of	$1,250,000		132.50%	$2,650,000	(1)
S. K. Carter			$175,000	(2)	124.60%	$218,050	(1)(2)
G. S. Michel	80%	of	$456,500		162.30%	$592,720	(3)
D. P. M. Teirlinck	90%	of	$609,247		156.03%	$855,547	(4)
R. G. Zafari	85%	of	$496,468		94.16%	$397,354	(5)
S. R. Shawley	100%	of	$636,000		114.02%	$725,151	(1)
J. Conover	80%	of	$485,000		113.55%	$440,578	(6)

(1) Reflects an individual performance score of 106.34% for Mr. Lamach; 100% for Ms. Carter, and 100 % for Mr. Shawley. In addition, Mr. Shawley's award was prorated to take into consideration his retirement date of November 30, 2013.

(2) Ms. Carter's 2013 target AIM was set at $175,000 to reflect her September 27, 2013 start date. In addition to this AIM award, Ms. Carter's offer letter provides for March 2014 cash payments of $375,000 to offset forfeited 2013 annual incentive from her prior employer and $585,000 to offset the forfeited value of performance shares from her prior employer which were scheduled to be earned and delivered in 2014.

(3) Mr. Michel's financial score is 50% weighted on achievement of Residential Solutions metrics and 50% weighted on achievement of enterprise-wide metrics. Mr. Michel's individual performance score was 100%.

(4) Mr. Teirlinck's financial score is 50% weighted on achievement of Climate Solutions metrics and 50% weighted on achievement of enterprise-wide metrics. Mr. Teirlinck's individual performance score was 100%. Mr. Teirlinck's target was prorated to reflect a base salary of $605,000 through November 30, 2013 and a base salary of $655,000 from December 1, 2013 through December 31, 2013.

(5) Mr. Zafari's financial score is 50% weighted on achievement of Industrial Technologies metrics and 50% weighted on achievement of enterprise-wide metrics. Mr. Zafari's individual performance score was 100%. Mr. Zafari's target was prorated to reflect a base salary of $491,500 through November 30, 2013 and a base salary of $550,000 from December 1, 2013 through December 31, 2013.

(6) Mr. Conover's financial score is 50% weighted on achievement of Security Technologies metrics and 50% weighted on achievement of enterprise-wide metrics. Mr. Conover's individual performance score was 100%. In addition, Mr. Conover's award was prorated to take into consideration his retirement date of November 5, 2013. This AIM amount was paid as part of Mr. Conover's severance in accordance with the terms of the Major Restructuring Severance Plan.

In addition to AIM awards, special completion recognition bonuses were awarded in December 2013 to recognize certain individuals whose contributions were critical to the successful completion of the Spin-off. The Committee approved the payment of $250,000 to Mr. Lamach and $100,000 to Mr. Shawley based on its evaluation of their contributions with respect to the Spin-off.

Long-Term Incentive Program

Our long-term incentive program is comprised of PSUs, stock options and RSUs. It is designed to further align the executives' interests with the interests of our shareholders. This approach enables us to develop and implement long-term strategies that we believe are in the best interest of shareholders.

Performance Share Program: Our PSP is an equity-based incentive compensation program that provides our NEOs with an opportunity to earn PSUs based on the Company's performance relative to other companies in the S&P 500 Industrials Index. For PSUs granted prior to 2012, PSUs are earned based on our relative EPS growth (from continuing operations) as compared to the companies within the S&P 500 Industrials Index over a 3-year performance period. For PSUs granted in 2012 and later, PSUs are earned based equally on our relative EPS growth (from continuing operations) and TSR as compared to the companies within the S&P 500 Industrials Index over a 3-year performance period. The actual number of PSUs earned for grants made in 2013 (which can range from 0% to 200% of target) is based on the following thresholds:

Ingersoll Rand's Performance Relative to the Companies within the S&P 500 Industrials Index	% of Target PSUs Earned*
< 25th Percentile	0%
25th Percentile	25%
50th Percentile	100%
≥ 75th Percentile	200%

* Results are interpolated between percentiles achieved.

The NEOs' PSP target awards are set by assessing competitive market values for executives in our peer group with similar roles and responsibilities and are expressed as a dollar amount. The dollar target is converted to share equivalent PSUs based on the fair market value of the Company's shares on the date that the award is granted. Our Compensation Committee retains the authority and discretion to make downward adjustments to the calculated PSP award payouts, either as a percentage or a dollar amount, or not to grant any award payout regardless of actual performance against pre-established goals. EPS is calculated in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), subject to adjustments for extraordinary, unusual or infrequent items; the impact of any change in accounting principles; goodwill and other intangible asset impairments; and gains or charges associated with discontinued operations or with obtaining or losing control of a business. As a result, expense for outstanding PSP awards is recorded using fixed accounting.

Dividend equivalents are accrued on outstanding PSU awards at the same time and at the same rate as dividends are paid to shareholders, but are only paid on the number of PSUs actually earned and vested. Dividend equivalents are payable in cash at the time the associated PSUs are distributed unless the NEO elected to defer the PSUs into our executive deferred compensation plan, in which case the dividends are also deferred.

Stock Options/Restricted Stock Units: We grant our NEOs an equal mix of stock options and RSUs. Our Compensation Committee believes that this mix provides an effective balance between risk and retention for our NEOs and conserves share usage under our incentive stock plan. Stock options are considered "at risk" since there is no value unless the stock price appreciates during the term of the option period. RSUs, on the other hand, provide strong retentive value because they have value even if our stock price does not grow during the restricted period. Our Compensation Committee annually reviews our equity mix and grant policies to ensure they are aligned with our pay for performance philosophy, our executive compensation objectives and the interests of our shareholders.

Stock option and RSU targets are expressed in dollars. The dollar target is converted to a number of shares based on the fair market value of the Company's shares on the date that the award is granted. In order to determine the target stock option and RSU awards for our NEOs, the Compensation Committee considers factors such as market competitiveness with our peer group, demonstrated potential to drive future business results and sustained individual performance.

Both stock options and RSUs generally vest ratably, one third per year, over a three year period following the grant. Dividend equivalents are accrued on outstanding RSU awards at the same time and at the same rate as dividends are paid to shareholders. Dividend equivalents on RSUs are only payable if the underlying RSU award vests. At the time of vesting, one ordinary share is issued for each RSU and any accrued dividend equivalents are paid in cash.

2013 Equity Awards

In 2013, the Compensation Committee approved the PSU, stock option and RSU awards below based on its evaluation of market competitiveness and each NEO's demonstrated potential to drive future business results and sustained individual performance. The values in the table reflect equity-based award values approved by the Compensation Committee. These values differ from the corresponding values reported in the Summary Compensation Table and the Grants of Plan-Based Awards Table due to different methodologies used in assigning the economic value of equity-based awards required for accounting and proxy statement reporting purposes. The Compensation Committee makes its determination based on values as of January 1 while the accounting and proxy statement values are determined as of the grant date. The difference is most significant for the PSU awards which are earned, in part, based on TSR relative to the S&P 500 Industrials Index over a three-year performance period. The accounting and proxy report values are greater because the Company's stock price increased by a greater percentage relative to other companies in the S&P 500 Industrials Index for the period from January 1, 2013 through February 22, 2013, the grant date.

Name	Target 2013-15 PSU award ($)(a)	Stock Option Award ($)	RSU Award ($)
M. W. Lamach	4,375,000	2,187,500	2,187,500
S. K. Carter (a)	0	0	0
G. S. Michel	400,000	200,000	200,000
D. P. M. Teirlinck	725,000	362,500	362,500
R. G. Zafari	550,000	275,000	275,000
S. R. Shawley (b)	1,000,000	500,000	500,000
J. W. Conover IV (b)	400,000	200,000	200,000

(a) Ms. Carter joined Ingersoll Rand on September 27, 2013 and did not receive an annual equity award. In conjunction with her offer, on October 1, 2013, she was granted equity awards to partially offset the value of forfeited equity awards from her prior employer. These replacement awards include stock options with a value of $65,000, RSUs with a value of $960,000 and prorated PSU grants with a grant date target value of $410,000 for the 2012-2014 performance period and a grant date target value of $725,000 for the 2013-2015 performance period.

(b) With their retirements in 2013, both Messrs. Shawley and Conover will be eligible to receive a pro-rated portion of the PSU awards based on time worked prior to their retirement date.

In addition to the above equity awards, Messrs. Michel, Teirlinck and Zafari were granted special RSU awards on December 6, 2013 in connection with the reorganization of the company or their respective promotions. The dollar values of the awards were $1,000,000 for Mr. Michel, $750,000 for Mr. Teirlinck and $750,000 for Mr. Zafari.

Equity Conversion for the Spin-off

In conjunction with the Spin-off, all outstanding equity awards were adjusted in the manner described in the narrative disclosure preceding the "Outstanding Equity Awards at December 31, 2013" to preserve the economic value of the awards immediately following the Spin-off.

Performance Share Units Payout

As discussed above, PSUs for the 2011 - 2013 performance period were earned based on the Company's EPS growth (from continuing operations) performance relative to all of the companies in the S&P 500 Industrials Index. The Company achieved an adjusted EPS from continuing operations of $3.63 in 2013 and achieved an adjusted EPS from continuing operations of $2.16 in 2010. This represents an EPS growth rate of 68.1%, which ranks at approximately the 75th percentile of the companies in the S&P 500 Industrials Index. As a result of this level of performance, the payout was 199% of target. For purposes of measuring EPS growth, 2013 EPS was measured based on the combined 2013 EPS of both Ingersoll Rand and Allegion to ensure a consistent basis for determining EPS growth. In addition, consistent with the terms of the award agreements, one-time costs associated with the Spin-off as well as debt restructuring costs incurred in consideration of the Spin-off were excluded from the 2013 EPS calculations in determining the PSU payout level for the 2011-2013 performance period.

2014 Compensation Decisions

The Compensation Committee annually reviews the total direct compensation for each NEO and, using its discretion based on its compensation philosophy and design principles, may revise such compensation. For 2014, the Compensation Committee has set the base salary and target AIM award for each active NEO as follows:

Name	Base Salary ($)(a)	Target AIM Award (%)
M. W. Lamach	$1,250,000	160%
S. K. Carter	$654,000	100%
G. S. Michel	$475,000	80%
D. P. M. Teirlinck	$655,000	90%
R. G. Zafari	$550,000	85%

(a) Messrs. Shawley and Conover retired prior to 2014, therefore there are no salary adjustments shown for them. Messrs. Teirlinck and Zafari received a market adjustment as well as a merit increase in December 2013 to take into consideration their promotions to Executive Vice Presidents under the new reorganized structure.

The Compensation Committee established the following target PSU awards for the 2014 - 2016 performance period to each active NEO:

Name	Target 2014-16 PSU award ($)	Target 2014-16 PSU shares (#)
M. W. Lamach	4,625,000	77,309
S. K. Carter	950,000	15,880
G. S. Michel	400,000	6,687
D. P. M. Teirlinck	825,000	13,791
R. G. Zafari	600,000	10,030

Messrs. Shawley and Conover retired prior to 2014, and therefore did not receive a PSU award.

The Compensation Committee granted the following stock option and RSU awards in 2014 to each active NEO:

	Stock Option Awards		RSU Award	
Name	Stock Option Value ($)	Shares Underlying Stock Option (#)	RSU Award Value ($)	RSU Shares (#)
M. W. Lamach	2,312,500	146,733	2,312,500	38,655
S. K. Carter	475,000	30,140	475,000	7,940
G. S. Michel	200,000	12,691	200,000	3,344
D. P. M. Teirlinck	412,500	26,174	412,500	6,896
R. G. Zafari	300,000	19,036	300,000	5,015

Messrs. Shawley and Conover retired prior to 2014 and therefore did not receive an option or RSU award.

The number of stock options was determined based on the Black-Scholes ratio on December 31, 2013 and the fair market value of our ordinary shares on the date of the grant. The number of RSUs was determined using the fair market value of our ordinary shares on the date of grant.

VI. Other Compensation and Tax Matters

Retirement Programs and Other Benefits

We maintain qualified and nonqualified defined benefit pension plans for our employees, including the NEOs, to provide for fixed benefits upon retirement based on the individual's age and number of years of service. Refer to the Pension Benefits table for additional details on these programs.

We offer a qualified, defined contribution (401(k)) plan called the Ingersoll-Rand Company Employee Savings Plan (the "ESP") to our salaried and hourly U.S. workforce, including the NEOs. The ESP is a plan that provides a dollar-for-dollar Company match on the first six percent of the employee's eligible contributions to the ESP. The ESP has a number of investment options and is an important component of our retirement program.

We also have a nonqualified, defined contribution plan. The Ingersoll-Rand Company Supplemental Employee Savings Plan (the "Supplemental ESP") is an unfunded plan that makes up matching contributions that cannot be made to the ESP due to Internal Revenue Service ("IRS") or plan limitations. The Supplemental ESP is deemed to be invested in the funds selected by the NEOs, which are the same funds available in the ESP except for a self-directed brokerage account, which is not available in the Supplemental ESP.

In June 2012, our Board of Directors approved significant changes to our broad-based, qualified retirement programs with the intent to move from a combined defined benefit/defined contribution approach to a fully defined contribution plan approach over time. Employees active prior to July 1, 2012 were given a choice between continuing to participate in the defined benefit plan until December 31, 2022 or moving to an enhanced version of the ESP effective January 1, 2013. Employees hired on or after July 1, 2012 were automatically covered under the enhanced version of the ESP. Under the enhanced version of the ESP, employees will receive a basic employer contribution equal to two percent of eligible compensation in addition to the Company's matching contribution while ceasing to accrue benefits under the defined benefit plan. Effective as of December 31, 2022, accruals in the defined benefit plan will cease for all employees. The Compensation Committee approved corresponding changes to the nonqualified defined benefit and contribution pension plans. Additional details on the changes can be found following the Pension Benefits table.

Our Ingersoll Rand Executive Deferred Compensation Plan (the "EDCP Plan I") and the Ingersoll Rand Executive Deferred Compensation Plan II (the "EDCP Plan II" and, together with the EDCP Plan I, the "EDCP Plans") allow eligible employees to defer receipt of a part of their annual salary, AIM award and/or PSP award in exchange for investments in ordinary shares or mutual fund investment equivalents. Refer to the Nonqualified Deferred Compensation table for additional details on the EDCP Plans.

In conjunction with the Spin-off, the Committee approved an adjustment to the number of notional Ingersoll Rand shares held by Ingersoll Rand participants in the Supplemental ESP and EDCP Plans, including the NEOs, based on the ratio of the closing price of Ingersoll Rand shares immediately before the Spin-off to the opening price of Ingersoll Rand shares immediately following the Spin-off.

We provide an enhanced, long-term disability plan to certain executives. The plan provides for a higher monthly maximum than the standard group plan and a more favorable definition of disability and has an underlying individual policy that is portable when the executive terminates.

In light of the American Jobs Creation Act of 2004 governing Section 409A of the Code, "mirror plans" for several of our nonqualified plans, including the Ingersoll-Rand Supplemental Pension Plan ("Supplemental Pension Plan I") and the EDCP I, were created. The mirror plans are the Ingersoll-Rand Supplemental Pension Plan II ("Supplemental Pension Plan II" and, together with the Supplemental Pension Plan I, the "Supplemental Pension Plans") and the EDCP II. The purpose of these mirror plans is not to provide additional benefits to participants, but merely to preserve the tax treatment of the plans that were in place prior to December 31, 2004. In the case of the Supplemental Plans, the mirror plan benefits are calculated by subtracting the original benefit value to avoid double-counting the benefit. For the EDCP Plans, balances accrued through December 31, 2004 are maintained separately from balances accrued after that date.

We provide our NEOs with other benefits that we believe are consistent with prevailing market practice and those of our peer companies. These other benefits and their incremental cost to the Company are reported in "All Other Compensation" shown in the Summary Compensation Table.

Severance Arrangements

In connection with external recruiting of certain officers, we generally enter into employment arrangements that provide for severance payments upon certain termination events, other than in the event of a change in control (which is covered by separate agreements with the officers). Mr. Lamach and Ms. Carter have such arrangements, which are described in the Post-Employment Benefits section of this proxy statement. We adopted a Severance Plan, amended outstanding award agreements and adopted new equity award agreements to provide certain employees, including our NEOs, with certain benefits in the event of a termination of employment without cause or for good reason between December 10, 2012 and the first anniversary of a Major Restructuring (as defined in the Post-Employment Section below). In addition, although we do not have a formal severance policy for our executives (other than in the event of a Major Restructuring), we do have guidelines that in most cases would provide for severance in the event of termination without cause. The benefits available in connection with a Major Restructuring and under these guidelines are also described in the Post-Employment Benefits section of the proxy statement.

Change-In-Control Provisions

We have entered into change-in-control agreements with our officers. Payments are subject to a double trigger, meaning that payments would only be received if an officer is terminated without cause or resigns for "good reason" within two years following a change in control. We provide change-in-control agreements to our officers to focus them on the best interests of shareholders and assure continuity of management in circumstances that reduce or eliminate job security and might otherwise lead to accelerated departures. Our incentive stock plans provide for the accelerated vesting of outstanding stock awards in the event of a change in control of the Company. Refer to the Post-Employment Benefits section of this proxy statement for a more detailed description of the change-in-control provisions.

Tax and Accounting Considerations

Section 162(m) of the Code imposes a limit of $1,000,000 on the amount that we may deduct for federal income tax purposes in any one year for compensation paid to our CEO and any of our three other highest-paid NEOs, other than our CFO, who are employed as of the end of the year. However, to the extent compensation is "performance-based" within the meaning of Section 162 (m), the Section's limitations will not apply. We intend most of the variable compensation (*i.e.*, AIM, PSP and stock options) paid to NEOs to qualify as performance-based within the meaning of Section 162(m) so as to be tax deductible by us, which benefits our shareholders. In order to qualify as performance based, the compensation must, among other things, be paid pursuant to a shareholder approved plan upon the attainment of objective performance criteria. Our Compensation Committee believes that tax deductibility of compensation is an important factor, but not the sole factor, in setting executive compensation policies and in rewarding superior executive performance. Accordingly, although our Compensation Committee generally intends to avoid the loss of a tax deduction due to Section 162(m), it reserves the right, in appropriate circumstances, to pay amounts that are not deductible. In determining variable compensation programs, we consider other tax and accounting implications of particular forms of compensation, such as the implications of Section 409A of the Code governing deferred compensation arrangements and favorable accounting treatment afforded certain equity based plans that are settled in shares. However, the forms of variable compensation we utilize are determined primarily by their effectiveness in creating maximum alignment between our key strategic objectives and the interests of our shareholders.

Senior Executive Performance Plan ("SEPP")

The SEPP is a shareholder approved plan that funds the annual cash incentive awards that may be granted to each of the NEOs under AIM. Under the SEPP, the maximum amount of cash incentive that can be paid to the CEO is 0.6% of Consolidated OI from Continuing Operations (as defined in the SEPP) and the maximum amount of cash incentive that can be paid to any other covered executive is 0.3% of Consolidated OI from Continuing Operations. Our Compensation Committee generally exercises its discretion to pay less than the maximum amount to the NEOs, after considering the factors described in the AIM Program.

Timing of Awards

Our regular annual equity grants are made by our Compensation Committee at a meeting held after the annual earnings release. The timing of this meeting allows management to review the prior year's performance and assemble all of the necessary information for our Compensation Committee's consideration. The date is never selected or changed to increase the value of equity awards for executives.

Claw-back /Recoupment Policy

To align further the interests of our employees and our shareholders, we have a claw-back /recoupment policy to ensure that any fraud or intentional misconduct leading to a restatement of our financial statements would be properly addressed. The policy provides that if it is found that an employee committed fraud or engaged in intentional misconduct that resulted, directly or indirectly, in a need to restate our financial statements, then our Compensation Committee has the discretion to direct the Company to recover all or a portion of any cash or equity incentive compensation paid or value realized, and/or to cancel any stock-based awards or AIM award granted to an employee on or after the effective date of the policy. Our Compensation Committee may also request that the Company seek to recover any gains realized on or after the effective date of the policy for equity or cash awards made prior to that date (including AIM, stock options, PSUs and RSUs). Application of the claw-back /recoupment policy is subject to a determination by our Compensation Committee that: (i) the cash incentive or equity compensation to be recouped was calculated on, or its realized value affected by, the financial results that were subsequently restated; (ii) the cash incentive or equity award would have been less valuable than what was actually awarded or paid based on the application of the correct financial results; and (iii) the employee to whom the policy applied engaged in fraud or intentional misconduct. This policy will be revised if required under the Dodd-Frank Act once the regulations implementing the claw-back policy requirements of that law have been issued.

Share-Ownership Guidelines

We impose share ownership requirements on each of our officers. These share ownership requirements are designed to emphasize share ownership by our officers and to further align their interests with our shareholders. Each officer must achieve and maintain ownership of ordinary shares or ordinary share equivalents at or above a prescribed level. The requirements are as follows:

Position	Number of Active Participants as of the Record Date	Individual Ownership Requirement (Shares and Equivalents)
Chief Executive Officer	1	150,000
Executive Vice Presidents	2	75,000
Senior Vice Presidents	6	40,000
Corporate Vice Presidents	8	15,000

This equates to ownership of seven times base salary for the Chief Executive Officer, in excess of seven times base salary for the Executive Vice Presidents and in excess of four times base salary for the Senior Vice Presidents.

Our share-ownership program requires the accumulation of ordinary shares (or ordinary share equivalents) over a five-year period following the date the person becomes subject to share-ownership requirements at the rate of 20% of the required level each year. Executives who are promoted, and who have their ownership requirement increased, have three years to achieve the new level from the date of promotion. However, given the significant increase in the ownership requirement for an individual who is promoted to CEO, that individual has five years from the date of the promotion to achieve the new level. Ownership credit is given for actual ordinary shares owned, deferred compensation that is invested in ordinary shares within our EDCP Plans, ordinary share equivalents accumulated in our qualified and nonqualified employee savings plans as well as RSUs. Stock options, SARs and unvested PSUs do not count toward meeting the share-ownership target. If executives fall behind their scheduled accumulation level during their applicable accumulation period, or if they fail to maintain their required level of ownership after their applicable accumulation period, their right to exercise stock options will be limited to "buy and hold" transactions and any shares received upon the vesting of RSU and PSU awards must be held until the required ownership level is achieved. As of the Record Date, all of our executives subject to the share-ownership guidelines were in compliance with these requirements.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement. Based on our review and discussion, we recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

COMPENSATION COMMITTEE
Tony L. White (Chair)
John Bruton
Jared L. Cohon
Gary D. Forsee
Constance J. Horner

SUMMARY OF REALIZED COMPENSATION

The table below is a summary of the compensation actually realized by our CEO for 2013, 2012 and 2011. This information is intended as a supplement to and not as a substitute for the information shown on the Summary Compensation Table. The information required to be shown on the Summary Compensation Table includes elements of compensation that may or may not actually be realized by the NEOs at a future date. We believe this table enhances our shareholders' understanding of our CEO's compensation.

Year	Salary ($)	Performance-based Cash Compensation (1)($)	Equity Compensation (2)($)	Other Compensation (3)($)	Total Realized Compensation ($)
2013 Chairman and Chief Executive Officer	$1,237,500	$1,821,270	$19,720,521	$149,659	$22,928,950
2012 Chairman and Chief Executive Officer	$1,175,000	$1,522,950	$171,246	$311,363	$3,180,559
2011 Chairman and Chief Executive Officer	$1,075,000	$1,552,350	$2,223,605	$310,833	$5,161,788

(1) Represents the AIM award paid in the applicable year and earned in the immediately previous year and the special completion recognition bonus made in December 2013.

(2) Represents amount realized upon the exercise of stock options and the vesting of RSUs and PSUs, before payment of applicable withholding taxes and brokerage commissions, and includes the value of dividend equivalents paid on such awards. For 2013, this includes the following amounts:

	Value Realized	Total Shareholder Return ("TSR") Over the Period Outstanding
Stock Options Exercise:		
February 17, 2004 Grant	$1,906,928	TSR for 2004 – 2013 was 168%
February 2, 2005 Grant	$2,381,500	TSR for 2005 – 2013 was 121%
February 12, 2009 Grant	$5,301,687	TSR for 2009 – 2013 was 126%
	$9,590,114	
Restricted Stock Units Vesting:		
February 24, 2012 Grant	$784,864	TSR for 2012 was 56%
Performance Stock Units Earned:		
2010 – 2012 Performance Period	$9,345,543	TSR for 2010 – 2012 was 36%

(3) Represents the amounts imputed as income under applicable IRS rules and regulations.

Proxy Statement

EXECUTIVE COMPENSATION

The following table provides summary information concerning compensation paid by the Company or accrued on behalf of our NEOs for services rendered during the years ended December 31, 2013, 2012 and 2011.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)(a)	Bonus ($)(b)	Stock Awards ($)(c)	Option Awards ($)(d)	Non-Equity Incentive Plan Compensation ($)(e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(f)	All Other Compensation ($)(g)	Total ($)
M. W. Lamach	2013	1,237,500	250,000	7,176,489	2,265,976	2,650,000	917,847	490,026	14,987,838
Chairman, President and Chief Executive Officer	2012	1,175,000		6,288,586	1,697,045	1,571,270	4,920,650	483,868	16,136,419
	2011	1,075,000		2,750,022	3,077,905	1,522,950	3,867,063	517,947	12,810,887
S.K. Carter	2013	163,790	960,000	2,302,436	65,408	218,050	29,347	364,657	4,103,688
Senior Vice President and Chief Financial Officer									
G. S. Michel	2013	453,125		1,656,333	204,868	592,720	94,442	76,132	3,077,620
Senior Vice President, Residential HVAC North America	2012	439,750		855,617	164,994	373,715	610,208	205,456	2,649,740
D. P. M. Teirlinck	2013	604,167		1,939,504	362,505	855,547	356,770	186,124	4,304,617
Executive Vice President, Climate segment	2012	580,000		1,179,131	318,197	225,695	750,764	117,538	3,171,325
	2011	561,250		900,028	307,795	547,705	513,189	120,299	2,950,266
R. G. Zafari	2013	492,250		1,652,530	284,102	397,354	392,678	88,626	3,307,540
Executive Vice President, Industrial segment	2012	470,000		873,473	235,706	319,679	844,683	91,083	2,834,624
	2011	451,250		600,066	205,206	460,100	606,315	159,602	2,482,539
S. R. Shawley	2013	578,500	100,000	1,640,605	525,618	725,151	–	93,363	3,663,237
Former Senior Vice President and Chief Financial Officer	2012	613,500		1,746,896	471,399	529,836	2,532,907	98,549	5,993,087
	2011	593,750		1,387,531	474,521	553,800	2,723,841	110,520	5,843,963
J. Conover, IV	2013	406,191		656,415	207,307	(h)	318,750	2,310,032	3,898,695
Former Senior Vice President and President, Security Technologies									

(a) Pursuant to the EDCP Plans, a portion of a participant's annual salary may be deferred into a number of investment options. In 2013 there were no salary deferrals by any NEO into the EDCP Plans.

(b) Completion recognition bonuses were awarded in December, 2013 to certain individuals, including Messrs. Lamach and Shawley, whose contributions were critical to the successful completion of the Spin-off. Ms. Carter, as part of her employment offer, received a cash payment of $960,000 for the bonus and performance share plan payments forfeited at her prior employer. In the event Ms. Carter voluntarily leaves the company within two years of her hire date, she would have to repay this amount to the Company.

(c) The amounts in this column reflect the aggregate grant date fair value of PSU awards and any RSU awards granted for the year under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 and do not reflect amounts paid to or realized by the NEOs. In determining the aggregate grant date fair value of the PSU awards, the awards are valued assuming target level performance achievement. If the maximum level performance achievement is assumed, the aggregate grant date fair value of the PSU awards would be as follows:

Name	Maximum Grant Date Value Of 2013-15 PSU Awards ($)	Maximum Grant Date Value Of Special PSU Awards ($)
M. W. Lamach	9,977,673	
S. K. Carter	1,653,379	1,022,356
G. S. Michel	912,296	
D. P. M. Teirlinck	1,653,529	
R. G. Zafari	1,254,422	
S. R. Shawley	2,280,680	
J. Conover	912,296	

For a discussion of the assumptions made in determining the ASC 718 values, see Note 12, "Share-Based Compensation," to the Company's consolidated financial statements contained in the 2013 Form 10-K. The ASC 718 grant date fair value of the PSU award is spread over the number of months of service required for the grant to become non-forfeitable, disregarding any adjustments for potential forfeitures.

Amounts in this column also include the incremental fair value of certain modifications made to outstanding stock awards in connection with the Spin-off.

Please see "2013 Grants of Plan-Based Awards" and "Outstanding Equity Awards at December 31, 2013" for additional detail.

(d) The amounts in this column reflect the aggregate grant date fair value of stock option grants for financial reporting purposes for the year under ASC 718 and do not reflect amounts paid to or realized by the NEOs. For a discussion of the assumptions made in determining the ASC 718 values see Note 12, "Share-Based Compensation," to the Company's consolidated financial statements contained in its 2013 Form 10-K.

Amounts in this column also include the incremental fair value of certain modifications made to outstanding stock options in connection with the Spin-off.

Please see "2013 Grants of Plan-Based Awards" and "Outstanding Equity Awards at December 31, 2013" for additional detail.

(e) This column reflects the amounts earned as annual awards under the AIM program. Unless deferred into the EDCP Plans, AIM program payments are made in cash. In 2013, there were no AIM deferrals by any NEO into the EDCP Plans**.** Amounts shown in this column are not reduced to reflect deferrals of AIM awards into the EDCP Plans.

(f) Amounts reported in this column reflect the aggregate increase in the actuarial present value of the benefits under the qualified Ingersoll Rand Pension Plan Number One (the "Pension Plan"), Supplemental Pension Plans, Key Management Supplemental Pension Plan (the "KMP") and EOSP, as applicable. The change in pension benefits value is attributable to the additional year of service and age, the annual AIM award and any annual salary increase. Amounts are higher for those NEOs who are older and closer to retirement than for those who are younger and further from retirement since the period over which the benefit is discounted to determine its present value is shorter and the impact of discounting is therefore reduced.

Mr. Shawley shows no increase in pension value since the benefits payable to him due to his retirement are slightly less than the values shown in the pension benefits table as of December 31, 2012. This is primarily driven by the calculation methodologies and by the rise in interest rates.

The change in pension value for Mr. Lamach for all three years shown was attributable to these factors but the change was more significant due to his promotion to CEO and his adjusted salary and bonus target. For all the NEOs, amounts in this column for 2011 and 2012 were also impacted by decreasing interest rates, which cause the value of the lump sum under the EOSP and the KMP to increase and in 2013 by rising interest rates which cause the value of the lump sum under the EOSP and the KMP to decrease. There was no above market interest earned by the NEOs during 2013.

(g) The following table summarizes the components of this column for fiscal year 2013:

Name	Company Contributions ($)(1)	Company Cost for Life Insurance ($)	Company Cost for Long Term Disability ($)	Retiree Medical Plan ($)(2)	Tax Assistance ($)(3)	Other Benefits ($)(4)	Severance ($)(5)	Total ($)
M. W. Lamach	168,526	3,174	1,285	—	100,314	216,727	—	490,026
S. K. Carter	12,801	755	—	—	11,956	339,145	—	364,657
G. S. Michel	49,610	1,085	2,077	1,600	—	21,760	—	76,132
D. P. M. Teirlinck	49,792	2,761	2,528	—	89,148	41,895	—	186,124
R. G. Zafari	48,716	2,193	2,029	—	874	34,814	—	88,626
S. R. Shawley	66,500	4,124	1,937	2,600	—	18,202	—	93,363
J. Conover	44,084	1,987	2,668	1,396	—	73,319	2,186,578	2,310,032

(1) Represents Company contributions under the Company's ESP and Supplemental ESP plans.

(2) For Messrs. Michel and Shawley, represents the estimated year-over-year increase in the value of the retiree medical plan, calculated based on the methods used for financial statement reporting purposes. For Mr. Conover, represents the value allocated by the company in 2013 to a retiree medical subsidy account available to certain former employees of Trane.

(3) The amount for Mr. Lamach represents tax equalization payments related to Irish taxes owed on $270,000, which is the portion of his income that is allocated to his role as a director of the Company. Without these payments, Mr. Lamach would be subject to double taxation on this amount since he is already paying U.S. taxes on this income. The amount for (i) Ms. Carter represents payments made on her behalf for taxes related to relocation costs; (ii) Mr. Zafari represent payments of taxes on his behalf related to Company contributions made to the Belgium social scheme and (iii) Mr. Teirlinck represent payments of taxes on his behalf related to Company contributions made to the Belgium social scheme and an additional payment in the amount of $86,343 to compensate him for U.S. income tax and applicable gross-up relative to stock options exercised in 2013 for which Mr. Teirlinck had previously paid taxes in Belgium upon the grant of those stock options in 2008. Without this payment Mr. Teirlinck would be subject to double taxation.

(4) Represents: (i) the incremental cost to the Company of personal use of the Company aircraft by the CEO. For security and safety reasons and to maximize his availability for Company business, the Board of Directors requires the CEO to travel on Company-provided aircraft for business and personal purposes, unless commercial travel is deemed a minimal security risk by the Company. The incremental cost to the Company of personal use of the Company aircraft is calculated based on the hourly average variable operating costs to the Company. Variable operating costs include fuel, maintenance, on-board catering and landing fees. The hourly average variable cost is multiplied by the amount of time flown for personal use to derive the incremental cost. The methodology excludes fixed costs that do not change based on usage, such as pilots' and other employees' salaries, management fees and training, hangar and insurance expenses. We impose an annual limit of $150,000 on the CEO's non-business use of Company-provided aircraft. For 2013, the amount for Mr. Lamach includes $150,000 for personal use of Company-provided aircraft; (ii) the following cost for relocation costs, including costs related to the sale of a prior residence, for Ms. Carter, $337,072; (iii) the following incremental cost of the Company-leased cars, calculated based on the lease, insurance, fuel and maintenance costs to the Company: Mr. Lamach, $9,915; Mr. Michel, $15,812; Mr. Teirlinck, $14,448; Mr. Zafari, $16,835; Mr. Shawley, $7,790; and Mr. Conover, $65,646 (includes the resale value of Mr. Conover's company vehicle ($46,315) which was given to him upon his retirement); (iv) additional incremental costs associated with the use of the Company aircraft. Under the Company's aircraft use policy, the Compensation Committee has determined that business use includes travel that is related to the Company's business or benefits the Company, such as travel to meetings of other boards on which the CEO sits. For 2013, the amount for Mr. Lamach includes $48,180 for such business-related travel; (v) the following costs for financial counseling services, which may include tax preparation and estate planning services: Mr. Lamach, $7,032; Mr. Michel, $2,839; Mr. Teirlinck, $9,981; Mr. Zafari, $10,620; Mr. Shawley, $9,000; and Mr. Conover, $3,686; (vi) the following costs for medical services provided through an on-site physician under the Executive Health Program: Mr. Lamach, $1,600; Ms. Carter, $2,073; Mr. Michel, $3,109; Mr. Teirlinck, $1,813; Mr. Zafari, $3,446; Mr. Shawley, $1,412; and Mr. Conover, $3,987; (vii) the payments of $15,653 and $3,913 to permit Messrs. Teirlinck and Zafari to remain covered under the Belgium social scheme and have access to the country's health plan should they return to Europe.

(5) Represents payments made or accrued to Mr. Conover in connection with his leaving the Company. For further information, see "Post-Employment Benefits" below.

(h) Mr. Conover received the equivalent of his pro-rated AIM award as part of his severance. For further information, see "Post-Employment Benefits" below.

2013 Grants of Plan-Based Awards

The following table shows all plan-based awards granted to the NEOs during fiscal 2013 and awards that were modified in connection with the Spin-off which resulted in incremental fair value as described in the footnotes to the table. This table is supplemental to the Summary Compensation Table and is intended to complement the disclosure of equity awards and grants made under non-equity incentive plans in the Summary Compensation Table. Share information for awards made prior to the Spin-off reflects the number of shares initially granted on a pre-spin basis. Share information for awards made after the Spin-off reflects the number of shares granted on a post spin basis. For additional information regarding outstanding awards and the impact of modifications made in connection with the Spin-off, please see the "Outstanding Equity Awards at December 31, 2013" table.

		Estimated Future Payouts Under Non-Equity Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
		Threshold	Target	Maximum	Threshold	Target	Maximum				
Name	Grant Date	($)(a)	($)(a)	($)(a)	(#)(b)	(#)(b)	(#)(b)	(#)(c)	(#)(c)	($/Sh)(d)	($)(e)(f)
M. W. Lamach											
<u>*2013 Awards*</u>											
AIM	2/22/2013	600,000	2,000,000	4,000,000							
PSUs (2013-15)	2/22/2013				20,794	83,175	166,350				4,988,839
Options	2/22/2013								132,576	52.6000	2,187,504
RSUs	2/22/2013							41,588			2,187,551
<u>*Awards prior to 2013*</u>											
PSUs (2011-13)	2/14/2011				29,049	58,097	116,194				31
PSUs (2012-14)	2/24/2012				22,114	88,453	176,906				18
Options	2/1/2006								52,740	39.4250	3,790
Options	2/7/2007								43,790	43.1250	5,921
Options	2/15/2008								48,510	39.0000	6,281
Options	6/6/2008								100,000	43.4550	7,444
Options	2/16/2010								250,000	31.5916	37,721
Options	2/14/2011								210,527	47.3350	11,186
Options	2/24/2012								124,053	40.7000	6,129
RSUs	2/24/2012							44,227			50
S. K. Carter											
<u>*2013 Awards*</u>											
AIM	9/28/2013	52,500	175,000	350,000							
PSUs (2012-14)	10/1/2013				1,573	6,292	12,584				511,221
PSUs (2013-15)	10/1/2013				2,782	11,126	22,252				826,758
Options	10/1/2013								3,200	65.1650	65,408
RSUs	10/1/2013							14,800			964,457
G. S. Michel											
<u>*2013 Awards*</u>											
AIM	2/22/2013	109,560	365,200	730,400							
PSUs (2013-15)	2/22/2013				1,902	7,605	15,210				456,175
Options	2/22/2013								12,122	52.6000	200,013
RSUs	2/22/2013							3,803			200,068
RSUs	12/6/2013							17,640			1,000,012
<u>*Awards prior to 2013*</u>											
PSUs (2011-13)	2/14/2011				1,321	2,641	5,282				3
PSUs (2012-14)	2/24/2012				2,150	8,600	17,200				47
Options	2/7/2007								16,450	43.1250	1,111
Options	2/15/2008								20,264	39.0000	2,623
Options	2/14/2011								9,869	47.3350	525
Options	2/24/2012								12,061	40.7000	596
RSUs	2/14/2011							2,971			6
RSUs	2/24/2012							4,300			22

Name	Grant Date	Estimated Future Payouts Under Non-Equity Plan Awards Threshold ($)(a)	Estimated Future Payouts Under Non-Equity Plan Awards Target ($)(a)	Estimated Future Payouts Under Non-Equity Plan Awards Maximum ($)(a)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)(b)	Estimated Future Payouts Under Equity Incentive Plan Awards Target (#)(b)	Estimated Future Payouts Under Equity Incentive Plan Awards Maximum (#)(b)	All Other Stock Awards: Number of Shares of Stock or Units (#)(c)	All Other Option Awards: Number of Securities Underlying Options (#)(c)	Exercise or Base Price of Option Awards ($/Sh)(d)	Grant Date Fair Value of Stock and Option Awards ($)(e)(f)
D. P. M. Teirlinck											
2013 Awards											
AIM	2/22/2013	164,497	548,322	1,096,644							
PSUs (2013-15)	2/22/2013				3,446	13,784	27,568				826,809
Options	2/22/2013								21,970	52.6000	362,505
RSUs	2/22/2013							6,892			362,534
RSUs	12/6/2013							13,230			750,009
Awards prior to 2013											
PSUs (2011-13)	2/14/2011				6,338	12,676	25,352				16
PSUs (2012-14)	2/24/2012				4,147	16,585	33,170				86
RSUs	2/14/2011							6,338			45
RSUs	2/24/2012							8,293			5
R. G. Zafari											
2013 Awards											
AIM	2/22/2013	126,599	421,998	843,996							
PSUs (2013-15)	2/22/2013				2,615	10,457	20,914				627,255
Options	2/22/2013								16,667	52.6000	275,006
RSUs	2/22/2013							5,229			275,082
RSUs	12/6/2013							13,230			750,009
Awards prior to 2013											
PSUs (2011-13)	2/14/2011				4,226	8,451	16,902				25
PSUs (2012-14)	2/24/2012				3,072	12,286	24,572				91
SAR	2/1/2006								7,500	39.4250	539
Option	2/7/2007								13,910	43.1250	1,880
Option	2/15/2008								18,471	39.0000	2,392
Option	2/12/2009								19,730	16.8450	1,070
Option	2/16/2010								10,744	31.5916	1,621
Option	2/14/2011								14,036	47.3350	746
Option	2/24/2012								17,230	40.7000	850
RSUs	2/14/2011							4,226			25
RSUs	2/24/2012							6,143			43
S. R. Shawley											
2013 Awards											
AIM	2/22/2013	190,800	636,000	1,272,000							
PSUs (2013-15)	2/22/2013				4,753	19,012	38,024				1,140,376
Options	2/22/2013								30,304	52.6000	500,016
RSUs	2/22/2013							9,506			500,028
Awards prior to 2013											
PSUs (2011-13)	2/14/2011				9,771	19,542	39,084				10
PSUs (2012-14)	2/24/2012				6,143	24,571	49,142				97
Option	2/7/2007								43,790	43.1250	5,921
Option	2/15/2008								48,510	39.0000	6,281
Option	6/4/2008								100,000	43.4050	3,732
Option	2/16/2010								41,406	31.5916	6,248
Option	2/14/2011								32,457	47.3350	1,721
Option	2/24/2012								34,459	40.7000	1,699
RSUs	2/14/2011							9,771			49
RSUs	2/24/2012							12,286			45

Name	Grant Date	Estimated Future Payouts Under Non-Equity Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
		Threshold	Target	Maximum	Threshold	Target	Maximum				
		($)(a)	($)(a)	($)(a)	(#)(b)	(#)(b)	(#)(b)	(#)(c)	(#)(c)	($/Sh)(d)	($)(e)(f)
J. Conover											
2013 Awards											
AIM	2/22/2013	116,400	388,000	776,000							
PSUs (2013-15)	2/22/2013				1,902	7,605	15,210				456.223
Options	2/22/2013								12,122	52.6000	200,013
RSUs	2/22/2013							3,803			
Awards prior to 2013											
PSUs (2011-13)	2/14/2011				4,226	8,451	16,902				
PSUs (2012-14)	2/24/2012				16,902	16,902	19,658				
Option	2/5/2007								13,440	34.2100	1,457
Option	6/6/2008								15,000	43.4550	1,117
Option	6/6/2008								100,000	43.4550	1,861
Option	2/16/2010								17,905	31.5916	2,099
Option	2/14/2011								14,036	47.3350	54
Option	2/24/2012								12,406	40.7000	706
RSUs	2/14/2011							4,226			
RSUs	2/24/2012							4,423			

(a) The target award levels established for the AIM program are established annually in February and are expressed as a percentage of the NEO's base salary. Refer to Compensation Discussion and Analysis under the heading "Annual Incentive Matrix Program" for a description of the Compensation Committee's process for establishing AIM program target award levels. The amounts reflected in the "Estimated Future Payouts Under Non-Equity Incentive Plan Awards" columns represent the threshold, target and maximum amounts for awards under the AIM program that were paid in March 2014, based on performance in 2013. Thus, the amounts shown in the "threshold, target and maximum" columns reflect the range of potential payouts when the target award levels were established in February 2013 for all NEOs other than Ms. Carter (Ms. Carter's target award was established upon her hire in September 2013). The AIM program pays $0 for performance below threshold. The actual amounts paid pursuant to those awards are reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

(b) The amounts reflected in the "Estimated Future Payouts Under Equity Incentive Plan Awards" columns represent the threshold, target and maximum amounts for PSU awards. The PSP pays $0 for performance below threshold. For a description of the Compensation Committee's process for establishing PSP target award levels and the terms of PSU awards, please refer to Compensation Discussion and Analysis under the heading "Long-Term Incentive Program" and the "Post-Employment Benefits" section below. Awards made prior to 2013 are included to the extent that there was incremental value adjustments in 2013 as a result of the Spin-off as further discussed in footnote (f) below.

(c) The amounts in these columns reflect the stock option and RSU awards. Awards in 2013 were granted in February 2013, except for awards to Ms. Carter which were made in October 2013, and RSU awards granted to Mr. Michel, Mr. Teirlinck and Mr. Zafari in December 2013. For a description of the Compensation Committee's process for determining stock option and RSU awards and the terms of such awards, see Compensation Discussion and Analysis under the heading "Long-Term Incentive Program" and the "Post-Employment Benefits" section below. Awards made prior to 2013 are included to the extent that there was incremental value adjustments in 2013 as a result of the Spin-off as further discussed in footnote (f) below.

(d) Stock options were granted under the Company's Incentive Stock Plan of 2007 (the "2007 Plan") or its Incentive Stock Plan of 2013 (the "2013 Plan"), which requires options to be granted at an exercise price equal to the fair market value of the Company's ordinary shares on the date of grant. The fair market value is defined in the 2007 Plan and the 2013 Plan as the average of the high and low trading price of the Company's ordinary shares listed on the NYSE on the grant date. The closing price on the NYSE of the Company's ordinary shares was $52.61 on the February 2013 grant date. The closing price for Ms. Carter's awards was $65.17 on the October 2013 grant date.

(e) Amounts in this column include the grant date fair value of the equity awards, as well as the incremental fair value for awards that were modified during fiscal 2013 (see footnote (f)), calculated in accordance with ASC 718. The Company cautions that the actual amount ultimately realized by each NEO from the stock option awards will likely vary based on a number of factors, including stock price fluctuations, differences from the valuation assumptions used and timing of exercise or applicable vesting.

For a description of the assumptions made in valuing the equity awards see Note 12, "Share-Based Compensation" to the Company's consolidated financial statements contained in its 2013 Form 10-K. For PSUs, the grant date fair value has been determined based on achievement of target level performance, which is the performance threshold the Company believes is the most likely to be achieved under the grants.

(f) In connection with the Spin-off, certain adjustments were made to outstanding equity awards held by our employees, including the NEOs as described in the narrative disclosure preceding the "Outstanding Equity Awards at December 31, 2013" table. The adjustments were designed to preserve the intrinsic value of each form of equity award. Although these adjustments were intended to preserve the intrinsic value of each type of award, in some cases, they constituted a modification under ASC Topic 718, which requires a comparison of fair values immediately before and after the Spin-off. In certain instances, the fair value of the equity awards calculated in accordance with ASC 718 immediately after the Spin-off was higher. As a result, the adjustment resulted in incremental compensation costs for these awards which are reported in this column.

Outstanding Equity Awards at December 31, 2013

In connection the Spin-off, certain adjustments were made to outstanding equity awards held by our employees, including the NEOs, as described below:

- Vested and exercisable stock options and SARs were adjusted such that the holder of such awards was also afforded the right to options in the number of shares of Allegion that he or she would have received had the ordinary shares of the Company subject to the vested and exercisable stock options and SARs been outstanding shares as of the record date for the Spin-off. The aggregate exercise price of the stock options and SARs was allocated between the adjusted awards in shares of the Company and Allegion in order to preserve the intrinsic value of the awards immediately before and after the Spin-off.
- Unvested stock options were adjusted wholly into stock options in the ordinary shares of the Company such that the number of shares and the exercise price of the options were adjusted to preserve their intrinsic value based on the value of the shares immediately before and after the Spin-off.
- PSUs and RSUs were adjusted such that the number of ordinary shares of the Company subject to the PSU and RSU awards was adjusted based on the value of the shares immediately before and after the Spin-off to preserve their intrinsic value. In addition, with respect to the PSU performance metrics, for purposes of calculating EPS growth, 2013 EPS was calculated as the combined 2013 full year reported EPS for the Company and Allegion; for purposes of calculating TSR in the outstanding award cycles, the stock price of Allegion immediately after the Spin-off, adjusted for the distribution ratio of 1 share of Allegion for every 3 shares of the Company, will be treated as a dividend.

		Option Awards				Stock Awards			
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable (a)**	**Number of Securities Underlying Unexercised Options (#) Unexercisable (a)**	**Option Exercise Price ($)**	**Option Expiration Date (c)**	**Number of Shares or Units of Stock that have Not Vested (#) (d)**	**Market Value of Shares or Units of Stock that have Not Vested ($) (e)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested (#) (f)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have Not Vested ($) (e)**
M. W. Lamach	2/1/2006	52,740		31.4502	1/31/2016				
	2/7/2007	43,790		34.3933	2/6/2017				
	2/15/2008	48,510		31.1121	2/14/2018				
	6/6/2008	100,000		34.6558	6/5/2018				
	2/16/2010	250,000		25.2192	2/15/2020				
	2/14/2011	140,351		37.7420	2/13/2021				
	2/14/2011		88,083	37.7116	2/13/2021			72,923	4,492,057
	2/24/2012	41,351		32.4643	2/23/2022				
	2/24/2012		103,806	32.4256	2/23/2022	37,010	2,279,816	111,025	6,839,140
	2/22/2013		166,407	41.9062	2/21/2023	52,201	3,215,582	104,400	6,431,040
S. K. Carter	10/1/2013 (b)		4,016	51.9167	9/30/2023	18,577	1,144,343	7,898	486,517
	10/1/2013							13,966	860,306
G. S. Michel	2/15/2008	20,264		31.1121	2/14/2018				
	2/14/2011	6,579		37.7420	2/13/2021				
	2/14/2011		4,129	37.7116	2/13/2021	1,244	76,630	3,315	204,204
	2/24/2012	4,020		32.4643	2/23/2022				
	2/24/2012		10,092	32.4256	2/23/2022	3,599	221,698	10,795	664,972
	2/22/2013		15,215	41.9062	2/21/2023	4,774	294,078	9,546	588,034
	12/6/2013					17,640	1,086,624		
D. P. M. Teirlinck	2/14/2011		8,808	37.7116	2/13/2021	2,653	163,425	15,911	980,118
	2/24/2012		19,464	32.4256	2/23/2022	6,940	427,504	20,818	1,282,389
	2/22/2013		27,576	41.9062	2/21/2023	8,651	532,902	17,302	1,065,803
	12/6/2013					13,230	814,968		

		Option Awards				Stock Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable (a)	Number of Securities Underlying Unexercised Options (#) Unexercisable (a)	Option Exercise Price ($)	Option Expiration Date (c)	Number of Shares or Units of Stock that have Not Vested (#) (d)	Market Value of Shares or Units of Stock that have Not Vested ($) (e)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested (#) (f)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have Not Vested ($) (e)
R. G. Zafari	2/1/2006	7,500		31.4502	1/31/2016				
	2/7/2007	13,910		34.3933	2/6/2017				
	2/15/2008	18,471		31.1121	2/14/2018				
	2/12/2009	6,577		13.4893	2/11/2019				
	2/16/2010	10,744		25.2192	2/15/2020				
	2/14/2011	9,357		37.7420	2/13/2021				
	2/14/2011	0	5,873	37.7116	2/13/2021	1,769	108,970	10,608	653,453
	2/24/2012	5,743		32.4643	2/23/2022				
	2/24/2012	0	14,418	32.4256	2/23/2022	5,142	316,747	15,422	949,995
	2/22/2013	0	20,920	41.9062	2/21/2023	6,564	404,342	13,126	808,562
	12/6/2013					13,230	814,968		
J. Conover	2/5/2007	13,440		27.3020	2/5/2017				
	6/6/2008	15,000		34.6558	6/5/2018				
	6/6/2008	25,000		34.6558	6/5/2018				
	2/16/2010	17,905		25.2192	11/5/2018				
	2/14/2011	14,036		37.7420	11/5/2018	1,769	108,970	10,057	619,511
	2/24/2012	12,406		32.4643	11/5/2018	3,702	228,043	7,588	467,421
	2/22/2013	12,122		41.9300	11/5/2018	4,774	294,078	2,687	165,519
S. R. Shawley	2/7/2007	43,790		34.3933	2/6/2017				
	2/15/2008	48,510		31.1121	2/14/2018				
	6/4/2008 (b)	50,000		34.6160	6/3/2018				
	6/4/2008		62,759	34.5806	6/3/2018				
	2/16/2010	41,406		25.2192	11/30/2018				
	2/14/2011	21,638		37.7420	11/30/2018				
	2/14/2011		13,579	37.7116	11/30/2018	4,089	251,882	23,836	1,468,298
	2/24/2012	11,486		32.4643	11/30/2018				
	2/24/2012		28,835	32.4256	11/30/2018	10,282	633,371	19,699	1,213,458
	2/22/2013		38,037	41.9062	11/30/2018	11,932	735,011	7,280	448,448

(a) These columns represent stock option and SARs awards. Except as noted in (b) below, these awards generally become exercisable in three equal installments beginning on the first anniversary after the date of grant, subject to continued employment or retirement.

(b) Mr. Shawley's grant dated June 4, 2008 vests and becomes exercisable 50% on each of the fourth and sixth anniversaries of February 15, 2008. Ms. Carter's option grant dated October 1, 2013, vests and becomes exercisable on the 3rd anniversary of the grant date.

(c) All of the options granted to the NEOs expire on the tenth anniversary (less one day) of the grant date other than the February 5, 2007 grant to Mr. Conover which expires on the tenth anniversary of the grant date.

(d) This column represents unvested RSUs. Except as described in the following sentence, RSUs generally become exercisable in three equal installments beginning on the first anniversary after the date of grant, subject to continued employment or retirement. In the case of Ms. Carter's grant dated October 1, 2013 and Messrs. Zafari and Teirlinck's grants dated December 6, 2013, 100% of the grant vests on the third anniversary of the grant date.

(e) The market value was computed based on $61.60, the closing market price of the Company's ordinary shares on the NYSE at December 31, 2013.

(f) This column represents unvested and unearned PSUs. PSUs vest upon the completion of a three-year performance period. The actual number of shares an NEO will receive, if any, is subject to achievement of the performance goals as certified by the Compensation Committee, and continued employment.

As described in connection with the "2013 Grants of Plan-Based Awards" table, equity awards held by certain employees as of December 1, 2013 were adjusted so that immediately after the Spin-off, the employees held equity awards of the Company and of Allegion. As a result, each of the NEOs holds stock options in shares of Allegion that are not included in the table above.

- Mr. Lamach received 225,578 options to purchase Allegion common stock with exercise prices ranging from $19.4573 to $29.1189, all of which were vested as of December 1, 2013;
- Mr. Shawley received 72,274 options to purchase Allegion common stock with exercise prices ranging from $19.4574 to $29.1177, all of which were vested as of December 1, 2013;
- Mr. Conover received 36,634 options to purchase Allegion common stock with exercise prices ranging from $19.4560 to $32.3483, all of which were vested as of December 1, 2013;
- Mr. Michel received 10,287 options to purchase Allegion common stock with exercise prices ranging from $24.0019 to $29.1191, all of which were vested as of December 1, 2013; and
- Mr. Zafari received 24,099 options to purchase Allegion common stock with exercise prices ranging from $10.4023 to $29.1191, all of which were vested as of December 1, 2013.

2013 Option Exercises and Stock Vested

The following table provides information regarding the amounts received by each NEO upon exercise of stock options and SARS, the vesting of RSUs or the vesting of PSUs during the fiscal year ended December 31, 2013:

	Option Awards		Stock Awards		
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($) (a)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)	
M. W. Lamach	316,125	9,590,114	187,968	9,887,117	(b)
S. K. Carter	–	–	–	–	
G. S. Michel	54,180	1,146,181	21,426	1,224,060	(c)
D. P. M. Teirlinck	134,759	3,925,044	8,043	426,256	(d)(e)
R. G. Zafari	–	-	17,322	912,807	(d)
S. R. Shawley	144,890	4,276,751	12,232	648,326	(d)(e)
J. Conover	75,000	1,233,375	25,152	1,325,125	(d)(e)

(a) This column reflects the aggregate dollar amount realized by the NEO upon the exercise of the stock options and SARs by determining the difference between (i) for stock options, the market price of the Company's ordinary shares at exercise and the exercise price of the stock options or (ii) for SARs, the opening price of the Company's ordinary shares on the date of exercise and the exercise price of the SARs.

(b) Reflects the value of the RSUs that vested on February 24, 2013 and PSUs that vested on February 22, 2013, based on the average of the high and low stock price of the Company's ordinary shares on the vesting date.

(c) Reflects the value of the RSUs that vested on February 14, 2013, February 16, 2013, February 24, 2013 and August 5, 2013 and PSUs that vested on February 22, 2013 based on the average of the high and low stock price of the Company's ordinary shares on the vesting date.

(d) Reflects the value of the RSUs that vested on February 14, 2013, February 16, 2013 and February 24, 2013 and PSUs that vested on February 22, 2013 (other than with respect to shares that were deferred as described in footnote (e) below), based on the average of the high and low stock price of the Company's ordinary shares on the vesting date.

(e) Messrs. Teirlinck, Shawley and Conover elected to defer all or a portion of the shares acquired upon the vesting of their PSU awards on February 22, 2013 into the Company's EDCP II. Mr. Teirlinck deferred 37,795 shares having a value of $1,988,017, Mr. Shawley deferred 58,268 shares having a value of $3,064,897, and Mr. Conover deferred 5,040 shares having a value of $265,104. Messrs. Teirlinck, Shawley and Conover's cash dividends of $51,023, $78,662 and $6,804, respectively, that had accrued on the PSU awards were also deferred under the EDCP II. Please see "2013 Nonqualified Deferred Compensation" for more information about the terms of the Company's EDCP Plans.

2013 Pension Benefits

The NEOs participate in one or more of the following defined benefit plans, but not in all of the following defined benefit plans:

- the Pension Plan;
- the Trane Pension Plan;
- the Supplemental Pension Plans; and
- the EOSP or the KMP.

The Pension Plan is a funded, tax qualified, non-contributory (for all but a small subset of participants) defined benefit plan that covers the majority of the Company's salaried U.S. employees who were hired or re-hired prior to June 30, 2012. The Pension Plan provides for normal retirement at age 65. The Pension Plan was amended in 2012, to be effective January 1, 2013, to provide that vesting occurs: (i) after five years of service, or (ii) while employed, the participant (a) attains age 65, (b) dies or (c) becomes disabled. The formula to determine the lump sum benefit under the Pension Plan is: 5% of final average pay (the five highest consecutive years out of the last ten years of eligible compensation) for each year of credited service. A choice for distribution between an annuity and a lump sum option is available. The Pension Plan was closed to new participants after June 30, 2012 and no further benefits will accrue to any Pension Plan participant for service performed after December 31, 2022. In addition, any employee who was a Pension Plan participant on June 30, 2012 was provided the option to waive participation in the Pension Plan effective January 1, 2013, and, in lieu of participation, receive a non-elective employer contribution equal to 2% of eligible compensation in the ESP.

The Supplemental Pension Plans are unfunded, nonqualified, non-contributory defined benefit restoration plans. Since the Code limits the annual compensation recognized when calculating benefits under the qualified Pension Plan, the Supplemental Plans restore what is lost in the Pension Plan due to these limits. The Supplemental Pension Plans cover all employees of the Company who participate in the Pension Plan and who are impacted by the Code compensation limits. A participant must meet the vesting requirements of the qualified Pension Plan to vest for benefits under the Supplemental Pension Plans. Benefits under the Supplemental Pension Plans are available only as a lump sum distribution after termination and paid in accordance with Section 409A of the Code. As a result of the 2012 changes to the Pension Plan, the Supplemental Pension Plans were closed to employees hired on or after June 30, 2012, and no further benefits will accrue to any Supplemental Plan participant for service performed after December 31, 2022.

The Trane Pension Plan (applicable only to Mr. Conover) is a tax-qualified defined benefit cash balance pension plan that was generally available to all non- collectively bargained and some collectively bargained Trane employees. Participants received a credit each pay period equal to 3 percent of eligible compensation. The plan was frozen as of December 31, 2009 for non-collectively bargained participants.

NEOs participate in either the EOSP or the KMP. The EOSP, which was closed to new participants effective April 2011, is an unfunded, nonqualified, non-contributory defined benefit plan, designed to replace a percentage of an officer's final average pay based on his or her age and years of service at the time of retirement. Final average pay is defined as the sum of the officer's current annual salary plus the average of his or her three highest AIM awards during the most recent six years. No other elements of compensation (other than salary and AIM awards) are included in final average pay. The EOSP provides a benefit pursuant to a formula in which 1.9% of an officer's final average pay is multiplied by the officer's years of service (up to a maximum of 35 years) and then reduced by the value of other retirement benefits the officer will receive that are provided by the Company under certain qualified and nonqualified retirement plans as well as Social Security. If additional years of service were granted to an officer as part of his or her employment agreement, those additional years of service are reflected in the Pension Benefits table below. Vesting occurs, while the officer is employed by the Company, at the earlier of the attainment of age 55 and the completion of 5 years of service or age 62. Unreduced benefits under the EOSP are available at age 62 and benefits are only available as a lump sum after termination and paid in accordance with Section 409A of the Code. Each NEO, other than Mr. Michel and Ms. Carter, participates in the EOSP.

The KMP is an unfunded, nonqualified, non-contributory defined benefit plan available to certain key employees. The KMP is designed to replace a percentage of a key employee's final average pay based on his or her age and years of service at the time of retirement. Final average pay is defined as the sum of the key employee's current annual salary plus the average of the employee's three highest AIM awards during the most recent six years. No other elements of compensation (other than salary and AIM awards) are included in final average pay. The KMP provides a benefit pursuant to a formula in which 1.7% of a key employee's final average pay is multiplied by years of service (up to a maximum of 30 years) and then reduced by the value of other retirement benefits the key employee will receive that are provided by the Company under certain qualified and nonqualified retirement plans as well as Social Security. Vesting occurs at the earlier of the attainment of age 55 and the completion of 5 years of service or age 65. Benefits are only available as a lump sum after termination and paid in accordance with Section 409A of the Code. Mr. Michel and Ms. Carter are the only NEOs who participate in the KMP.

The table below represents the estimated present value of defined benefits for the plans in which each NEO participates.

Name	Plan Name	Number of Years Credited Service (#) (a)		Present Value of Accumulated Benefit ($) (b)		Payments During Last Fiscal Year ($)(c)
M.W. Lamach	Pension Plan	9.917		78,371		
	Supplemental Pension Plan II	9.917		603,756		
	EOSP	27	(d)	14,340,039		
S.K. Carter	KMP	.333		29,347		
G.S. Michel	Pension Plan	28.58		236,598		
	Supplemental Pension Plan I	19.58		8,718		
	Supplemental Pension Plan II	28.58		289,776		
	KMP	29		2,537,693		
D.P.M. Teirlinck	Pension Plan	5.33	(e)	58,103		
	Supplemental Pension Plan II	5.33	(e)	154,101		
	EOSP	9	(f)	2,387,164		
R. G. Zafari	Pension Plan	3.42	(e)	34,332		
	Supplemental Pension Plan II	3.42	(e)	84,707		
	EOSP	13.75	(f)	3,086,022		
S. R. Shawley	Pension Plan	39.47		180,012		722,692
	Supplemental Pension Plan I	6	(g)	194,352	(i)	
	Supplemental Pension Plan II	14.92	(g)	490,356	(i)	
	EOSP	35	(h)	13,430,997	(i)(j)	
J. Conover	Pension Plan	3.97	(e)			50,945
	Trane Pension Plan	n/a		48,401		
	Supplemental Pension Plan II	3.97	(e)	84,155	(i)	
	EOSP	5.50	(h)	1,273,475	(i)	

(a) Under the EOSP or the KMP, for officers covered prior to May 19, 2009, a full year of service is credited for any year in which they work at least one day. In the Pension Plan, the Supplemental Pension Plans, the EOSP and the KMP for officers covered on or after May 19, 2009, the number of years of credited service is based on elapsed time (*i.e.* , credit is given for each month in which a participant works at least one day). Years of credited service is not used in the determination of the present value of benefits for the Trane Pension Plan. The Supplemental Pension Plan II was established as a mirror plan of the Supplemental Pension Plan, except for provisions required by Section 409A of the Code, effective January 1, 2005. The years of credited service used for calculating benefits under (i) the Supplemental Pension Plan I are the years of credited service through December 31, 2004, and (ii) the Pension Plan, EOSP, KMP and Supplemental Pension Plan II are the years of credited service through December 31, 2013. The benefits earned under the Supplemental Pension Plan I serve as offsets to the benefits earned under the Supplemental Pension Plan II.

(b) The amounts in this column reflect the estimated present value of each NEO's accumulated benefit under the plans indicated. The calculations reflect the value of the benefits assuming that each NEO was fully vested under each plan. The benefits were computed as of December 31, 2013, consistent with the assumptions described in Note10, "Pensions and Postretirement Benefits Other than Pensions," to the consolidated financial statements in the 2013 Form 10-K.

A present value of benefits for the Supplemental Pension Plan I is reported for those NEOs who were vested in that plan at December 31, 2004, the date on which that plan was frozen. If an NEO was not vested in the Supplemental Pension Plan I at December 31, 2004, that NEO is not entitled to any benefit under that plan.

(c) The amounts shown represent the actual distributions that were made to Messrs. Shawley and Conover in December 2013. For Mr. Shawley, there is also an annuity component of the Pension Plan and the amount he received in annuity payments during 2013 is also included in this value.

(d) Mr. Lamach's credited years of service exceed his actual years of service by 17 years pursuant to the provisions of his employment arrangement. The increase in present value of benefits due to those additional years of credited service is $9,599,502. Mr. Lamach's benefit is reduced by the pension benefit he received from his former employer in July 2013, updated with interest.

(e) Service in the Pension Plan and the Supplemental Pension Plan II for Messrs. Teirlinck and Zafari began in September 2008 and August 2010, respectively, when they transferred to the United States. Service in the Pension Plan and the Supplemental Pension Plan II for Mr. Conover began in January 2010, when former Trane employees became eligible to participate in these plans.

(f) Benefits for Messrs. Teirlinck and Zafari under the EOSP use all their service with the Company, not just the service in the United States. The benefit will be reduced by any and all benefits accrued or accumulated while covered under any non-U.S. plan in respect to any period of service that is counted as a year of service in this plan. The value of these non-U.S. benefits is not readily accessible until retirement, and therefore the amount shown for EOSP reflects the value of this benefit prior to these reductions.

(g) Mr. Shawley's service in the Supplemental Plans began in January 1999 when he transferred from Thermo King.

(h) Under the provisions of the EOSP, Mr. Shawley's service is capped at 35 years. Mr. Conover's service in the EOSP began in June 2008, the date of the Trane acquisition.

(i) These amounts represent the actual distributions that will be made to Messrs. Shawley and Conover in June 2014, including the interest that will accrue on the benefits between their dates of retirement and their dates of payment.

(j) On June 4, 2008, the Compensation Committee of the Board of Directors agreed that if Mr. Shawley remains with the Company until age 60, any reduction for early retirement will be waived. The increase in present value of benefits resulting from this provision is $907,649.

2013 Nonqualified Deferred Compensation

The Company's EDCP Plans are unfunded, nonqualified plans that permit certain employees, including the NEOs, to defer receipt of up to 50% of their annual salary and up to 100% of their AIM awards, PSP awards and RSUs received upon commencement of employment. Elections to defer must be made prior to the beginning of the performance period. The Company has established a nonqualified grantor trust with a bank as the trustee to hold certain assets as a funding vehicle for the Company's obligations under the EDCP Plans. These assets are considered general assets of the Company and are available to its creditors in the event of the Company's insolvency. Amounts held in the trust are invested by the trustee using various investment vehicles.

Participants are offered certain investment options (approximately 60 mutual fund investments and ordinary share equivalents), and can choose how they wish to allocate their cash deferrals among those investment options. Participants are 100% vested in all amounts deferred, and bear the risk of any earnings and losses on such deferred amounts.

Generally, deferred amounts may be distributed following termination of employment or at the time of a scheduled in-service distribution date chosen by the participant. If a participant has completed five or more years of service at the time of termination, or is terminated due to long-term disability, death or retirement, the distribution is paid in accordance with the participant's election. If a participant terminates without meeting these requirements, the account balance for all plan years will be paid in a lump sum in the year following the year of termination. A participant can elect to receive distributions at termination over a period of five, 10, or 15 annual installments, or in a single lump sum. A participant can elect to receive scheduled in-service distributions in future years that are at least two years after the end of the plan year for which they are deferring. In-service distributions can be received in two to five annual installments, or if no election is made, in a lump sum. For those participants who have investments in ordinary shares, the distribution of these assets will be in the form of ordinary shares, not cash.

The stock grant plan is a frozen long-term incentive plan pursuant to which participants received performance-based stock awards. Stock awards pursuant to this plan have not been awarded since fiscal year 2001. Participants had the option of deferring those awards until retirement. Mr. Shawley deferred receipt of substantially all his stock awards. Until the time of distribution, the stock awards accrue dividends equivalents in the form of notional ordinary shares. These dividend equivalents are also deferred and are paid out in ordinary shares following retirement. Please refer to Compensation Discussion and Analysis for a description of the Supplemental ESP.

The Trane Inc. Deferred Compensation Plan (the "Trane DCP"), which is only applicable to Mr. Conover, permitted certain Trane executives to defer receipt of all or part of their long-term and annual incentive awards, and portions of base salary into either an interest account or an account invested in notional shares of company stock, as elected by the participant at the time he or she made the election to defer the compensation. For those participants who have investments in shares of company stock, the distribution of these assets will be in the form of ordinary shares, not cash. The plan was frozen as of December 31, 2009.

The Trane Inc. Supplemental Savings Plan (the "Trane SSP"), which is only applicable to Mr. Conover, is a defined contribution excess plan designed to compensate participants for IRS limits on the amount of compensation eligible for employer contributions under the Trane tax qualified retirement plans. Employer contributions were made in the form of notional shares of company stock or cash and were limited to compensation between the IRS limits on eligible compensation and $250,000 ($235,000 prior to 2006). Payouts from the plan are made in cash. The plan was frozen as of December 31, 2009.

The following table provides information regarding contributions, distributions, earnings and balances for each NEO under our nonqualified deferred compensation plans. In 2013 Ms. Carter did not participate in any nonqualified deferred compensation plans and therefore she is not shown in the table below.

Name	Executive Contributions in Last Fiscal Year ($) (a)	Registrant Contributions in Last Fiscal Year ($) (b)	Aggregate Earnings in Last Fiscal Year ($) (c)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($) (d)
M. W. Lamach					
EDCP II			1,388,283		3,575,635
Supplemental ESP		153,226	476,364		1,494,245
G. S. Michel					
ECDP I			19,648		118,877
Supplemental ESP		34,310	91,316		296,105
D. P. M. Teirlinck					
EDCP II	2,039,418		1,810,155		5,126,467
Supplemental ESP		34,492	97,270		373,906
R. G. Zafari					
EDCP II			32,665		137,026
Supplemental ESP		33,416	50,947		181,154
S. R. Shawley					
EDCP I			954,306		2,457,893
EDCP II	3,144,141		2,699,001		7,667,248
Supplemental ESP		51,200	332,342		1,026,334
Stock Grant Plan			546,237		1,376,874
J. Conover					
EDCP II	271,958		132,943		487,758
Supplemental ESP		28,784	63,574		212,526
Trane DCP			97,863		991,265
Trane SSP			61,647		466,463

(a) The annual deferrals (salary, AIM & PSP) are all reflected in the Salary column, the Non-Equity Incentive Plan column and the Stock Awards column, respectively of the Summary Compensation Table.

(b) All of the amounts reflected in this column are included in the All Other Compensation column of the Summary Compensation Table.

(c) Amounts in this column include gains and losses on investments, as well as dividends on ordinary shares or ordinary share equivalents. None of the earnings or losses reported in this column are included in the Summary Compensation Table.

(d) The following table reflects the amounts reported in this column previously reported as compensation to the NEOs in the Company's Summary Compensation Table in proxy statements for prior years. Each of Messrs. Lamach, Michel, Teirlinck, Zafari and Shawley first became NEOs and therefore had their compensation reported in the Company's proxy statements for fiscal years 2005 (Lamach), 2007 (Shawley), 2010 (Teirlinck) and 2013 (Michel), 2012 (Zafari). Mr. Conover and Ms. Carter first became NEOs in 2013 and therefore no previous compensation was reported in the Company's prior proxy statements.

Name	EDCP Plans ($)	Supplemental ESP ($)
M. W. Lamach	1,529,086	617,807
G. S. Michel	—	21,831
D. P. M. Teirlinck	3,213,525	136,665
R. G. Zafari	—	39,644
S. R. Shawley	4,912,935	276,775

Post-Employment Benefits

The following discussion describes the compensation to which each active NEO would be entitled in the event of termination of such executive's employment, including termination following a change in control.

Employment Arrangements and Severance. All of the NEOs are entitled to certain benefits upon termination of their employment following a change in control. Mr. Lamach and Ms. Carter are entitled to severance in the event of their involuntary termination without cause pursuant to the terms of their employment agreements. Under the terms of his employment agreement, Mr. Lamach is eligible for 24 months of base annual salary plus a prorated AIM award earned for the year of termination as determined and paid at the conclusion of the full performance year in accordance with the terms of the plan. In addition, any unvested PSP awards from completed performance periods would vest and Mr. Lamach would also receive prorated PSP awards (not to exceed target) for the open performance periods at the end of the respective performance periods. These awards would be based on actual performance in accordance with the terms of the plan. Under the terms of her employment agreement, Ms. Carter is eligible for 12 months of base salary plus a prorated AIM award (not to exceed target) earned for the year of termination as determined and paid at the conclusion of the full performance year in accordance with the terms of the plan. In the event of a change in control or termination due to a Major Restructuring, severance for Mr. Lamach and Ms. Carter would be determined pursuant to the terms of the change-in-control agreements or the Major Restructuring Severance Plan described below in lieu of severance under the terms of the employment agreements. Although the Company does not have a formal severance policy for officers, NEOs who are terminated by the Company other than for cause will generally be entitled to received up to 12 months' base salary as severance and, depending on the circumstances and timing of the termination, a pro-rated portion of their AIM award, not to exceed target. In addition, the Company's equity award agreements provide that upon termination for:

- retirement, RSUs and stock options continue to vest on the same basis as active employees and the stock options remain exercisable for a period of three years (or five years in the case of retirement for awards granted in 2007 and after) following termination;
- group termination, RSUs and stock options immediately vest in the portion of the awards that would have vested within twelve months of termination and all vested stock options remain exercisable for a period of three years following termination;
- death or disability, RSUs and stock options either vest or continue to vest on the same basis as active employees and the stock options remain exercisable for a period of three years following termination and PSUs vest pro-rata based on the time worked during the performance period and the achievement of performance goals from the beginning of the performance period through the end of the calendar quarter in which employment terminated; and
- retirement, group termination or job elimination, PSUs vest pro-rata based on the time worked during the performance period and the achievement of performance goals through the end of the performance period.

Change in Control. The Company has entered into a change-in-control agreement with each NEO. The change-in-control agreement provides for certain payments if the employment is terminated by the Company without "cause" (as defined in the change-in-control agreements) or by the NEO for "good reason" (as defined in the change-in-control agreements), in each case, within two years following a change in control of the Company. For officers who first became eligible for a change-in-control agreement on or after May 19, 2009, including Messrs. Michel and Zafari and Ms. Carter, the Company eliminated a severance payment based on outstanding PSP awards and eliminated a payment to cover the impact to the executive of certain incremental taxes incurred in connection with the payments made following a change in control.

Following a change in control, each NEO is entitled to continue receiving his or her current base salary and is entitled to an annual bonus in an amount not less than the highest annual bonus paid during the prior three years.

If an NEO's employment is terminated "without cause" or by the NEO for "good reason" following a change in control, the NEO is entitled to the following:

- any base salary and annual bonus for a completed fiscal year that had not been paid;
- an amount equal to the NEO's annual bonus for the last completed fiscal year pro-rated for the number of full months employed in the current fiscal year;
- an amount equal to the NEO's base salary pro-rated for any unused vacation days;
- a lump sum severance payment from the Company equal to the three times (for the CEO) or two and one-half times (for other NEOs) the sum of:
- the NEO's annual salary in effect on the termination date, or, if higher, the annual salary in effect immediately prior to the reduction of the NEO's annual salary after the change in control; and
- the NEO's target AIM award for the year of termination or, if higher, the average of the AIM award amounts beginning three years immediately preceding the change in control and ending on the termination date; and

- for Messrs. Lamach and Teirlinck, a lump sum payment equal to three times for Mr. Lamach and two and one-half times for Mr. Teirlinck of: (a) the cash value of the target amount of the most recent PSU award; or (b) if higher, the average amounts of the last three PSU awards granted and paid to the NEO immediately preceding termination. This payment is in lieu of any rights the individual might have with respect to unvested PSU awards.

In addition to the foregoing, the NEOs would also be eligible to participate in the Company's welfare employee benefit programs for the severance period (three years for the CEO and two and one-half years for the other NEOs). The Company would also provide each NEO up to $100,000 of outplacement services. For purposes of calculating the NEO's nonqualified pension benefits, three years would be added to both age and service with the Company under the EOSP or KMP. In addition, the "final average pay" under the EOSP or KMP would be calculated as 33.33% of his severance benefit under his change-in-control agreement in the case of Mr. Lamach and 40% of the severance benefit under the applicable change-in-control agreement in the case of the other NEOs. For purposes of determining eligibility for applicable post-retirement welfare benefits, the NEO would be credited with any combination of additional years of service and age, not exceeding 10 years, to the extent necessary to qualify for such benefits.

Under the Company's incentive plans, outstanding unvested stock options, SARs and RSUs immediately vest and become exercisable or payable, as applicable, following a change in control. PSUs will be deemed to have earned a pro-rata award based on the target award opportunity and total number of months worked in the applicable performance period.

A "change in control" is defined as the occurrence of any of the following events: (i) any person unrelated to the Company becomes the beneficial owner of 30% or more of the combined voting power of the Company's voting stock; (ii) the directors serving at the time the change-in-control agreements were executed (or the directors subsequently elected by the shareholders of the Company whose election or nomination was duly approved by at least two-thirds of the then serving directors) fail to constitute a majority of the Board of Directors; (iii) the consummation of a merger or consolidation of the Company with any other corporation in which the Company's voting securities outstanding immediately prior to such merger or consolidation represent 50% or less of the combined voting securities of the Company immediately after such merger or consolidation; (iv) any sale or transfer of all or substantially all of the Company's assets, other than a sale or transfer with a corporation where the Company owns at least 80% of the combined voting power of such corporation or its parent after such transfer; or (v) any other event that the continuing directors determine to be a change in control; provided however, with respect to (i), (iii) and (iv) above, there shall be no change in control if shareholders of the Company own more than 50% of the combined voting power of the voting securities of the Company or the surviving entity or any parent immediately following such transaction in substantially the same proportion to each other as prior to such transaction.

Enhanced Retirement Benefits. An officer is vested in the EOSP or KMP upon the earlier of: (i) the attainment of age 55 and the completion of 5 years of service; (ii) attainment of age 62 for the EOSP and age 65 for the KMP; (iii) death; or (iv) change in control. A termination within two years following a change in control also triggers the payment of an enhanced benefit (as described above). Benefits under the EOSP or KMP are forfeited in the event of termination for cause. In order to be eligible for an EOSP or KMP benefit in the event of disability, a participant must remain disabled until age 65. An officer becomes vested in both the Pension Plan and the Supplemental Pension Plans upon the completion of 5 years of service. As of December 31, 2013, Mr. Lamach was not vested in the EOSP and Mr. Michel and Ms. Carter were not vested in the KMP.

Health Benefits. In the event of a change in control, health benefits are provided, which include the Company cost of both active health and welfare benefits for the severance period (three years for Mr. Lamach and two and one-half years for the other NEOs), as well as retiree medical, if applicable. Mr. Michel is the only active NEO eligible for retiree medical benefits due to his age and service as of January 1, 2003, when eligibility for the retiree medical benefit was frozen. Mr. Michel has not reached the retirement threshold but would receive retiree medical health benefits in the event of a change in control.

Major Restructuring. The Company has adopted a Severance Plan that provides a cash severance payment in the event a participant's employment is terminated due to an involuntary loss of job without Cause (as defined in the Severance Plan) or a Good Reason (as defined in the Severance Plan) between December 10, 2012 and the first anniversary of the completion of a Major Restructuring (as defined below), unless the termination is substantially unrelated to or not a result of the Major Restructuring. The cash severance payment would be equal to two and one-half times (for the CEO) or two times (for other NEOs) (a) current base salary, and (b) current target AIM award. In addition, the participants would receive a pro-rated portion of their target AIM award, based on actual Company and individual performance during the fiscal year in which termination of employment occurred. Participants in the EOSP or KMP who are not vested in such plans would also receive a cash payment equal to the amount of the benefit to which they would have been entitled if they were vested. As of December 31, 2013, the value of cash severance for the active NEOs was: Mr. Lamach, $8,125,000; Ms. Carter, $2,540,000; Mr. Michel, $1,643,400; Mr. Teirlinck, $2,489,000; and Mr. Zafari, $2,035,000.

In addition the Company's equity awards provide that employees who terminate employment due to an involuntary loss of job without Cause (as defined in the applicable award agreement) or for Good Reason (as defined in the applicable award agreement) between December 10, 2012 and the first anniversary of the completion of a Major Restructuring will, unless the termination is substantially unrelated to the Major Restructuring, (i) immediately vest in all unvested stock options and may exercise all vested stock options at any time within the following three-year period (five years if retirement eligible) or the remaining term of the stock option, if shorter, (ii) immediately vest in all RSUs, except that retirement eligible participants with at least five years of service would continue their existing vesting schedule, (iii) receive a prorated payout of outstanding PSUs based on actual performance at the end of performance period , and (iv) have the right to exercise all vested SARs at any time within the following three-year period (five years if retirement eligible) or the remaining term of the SAR, if shorter. As of December 31, 2013, the value of unvested equity awards was: Mr. Lamach, $25,102,502; Ms. Carter, $1,794,550; Mr. Michel, $3,215,471; Mr. Teirlinck, $5,450,877; and Mr. Zafari, $4,174,649.

A "Major Restructuring" is defined as a reorganization, recapitalization, extraordinary stock dividend, merger, sale, spin-off or other similar transaction or series of transactions, which individually or in the aggregate, has the effect of resulting in the elimination of all, or the majority of, any one or more of the Company's four business sectors (*i.e.* , Climate Solutions, Residential Solutions, Industrial Technologies and Security Technologies), so long as such transaction or transactions do not constitute a Change in Control (as defined in the applicable plan).

Post-Employment Benefits Table

The following table describes the compensation to which each of the active NEOs would be entitled in the event of termination of such executive's employment on December 31, 2013, including termination following a change in control. The potential payments were determined under the terms of our plans and arrangements in effect on December 31, 2013. The table does not include the pension benefits or nonqualified deferred compensation amounts that would be paid to an NEO, which are set forth in the Pension Benefits table and the Nonqualified Deferred Compensation table above, except to the extent that the NEO is entitled to an additional benefit as a result of the termination.

Name	Retirement ($)	Involuntary without Cause ($)	Involuntary with Cause ($)	Change in Control ($)	Disability ($)	Death ($)
M. W. Lamach						
Severance (a)	–	2,500,000	–	9,750,000	–	–
2013 Earned but Unpaid AIM Award(s) (b)	–	2,650,000	–	2,650,000	–	–
PSP Award Payout (c)	–	11,197,278	–	13,125,000	11,197,278	11,197,278
Value of Unvested Equity Awards (d)	–	–	–	14,847,356	13,905,223	13,905,223
Enhanced Retirement Benefits (e)	–	–	–	9,092,684	–	–
Outplacement (f)	–	13,400	–	100,000	–	–
Tax Assistance (g)	–	–	–	27,808,817	–	–
Health Benefits (h)	–	–	–	27,047	–	–
Total	–	16,360,678	–	77,400,904	25,102,501	25,102,501
S. K. Carter						
Severance (a)	–	635,000	–	3,175,000	–	–
2013 Earned but Unpaid AIM Award(s) (b)	–	175,000	–	218,050	–	–
PSP Award Payout (c)	–	–	–	611,195	611,318	611,318
Value of Unvested Equity Awards (d)	–	–	–	1,183,231	1,183,231	1,183,231
Enhanced Retirement Benefits (e)	–	–	–	1,098,641	–	–
Outplacement (f)	–	13,400	–	100,000	–	–
Tax Assistance (g)	–	–	–	–	–	–
Health Benefits (h)	–	–	–	22,560	–	–
Total	–	823,400	–	6,408,677	1,794,549	1,794,549
G. S. Michel						
Severance (a)	–	456,500	–	2,054,250	–	–
2013 Earned but Unpaid AIM Award(s) (b)	–	365,200	–	592,720	–	–
PSP Award Payout (c)	–	–	–	843,550	843,735	843,735
Value of Unvested Equity Awards (d)	–	–	–	2,371,736	2,371,736	2,371,736
Enhanced Retirement Benefits (e)	–	–	–	1,975,974	–	–
Outplacement (f)	–	13,400	–	100,000	–	–
Tax Assistance (g)	–	–	–	–	–	–
Health Benefits (h)	–	–	–	127,560	–	–
Total	–	835,100	–	8,065,790	3,215,471	3,215,471

Name	Retirement ($)	Involuntary without Cause ($)	Involuntary with Cause ($)	Change in Control ($)	Disability ($)	Death ($)
D. P. M. Teirlinck						
Severance (a)	–	655,000	–	3,111,250	–	–
2013 Earned but Unpaid AIM Award(s) (b)	–	589,500	–	855,547	–	–
PSP Award Payout (c)	2,190,742	2,190,742	–	2,761,569	2,190,742	2,190,742
Value of Unvested Equity Awards (d)	3,260,134	3,260,134	–	3,260,134	3,260,134	3,260,134
Enhanced Retirement Benefits (e)	–	–	–	2,250,749	–	–
Outplacement (f)	–	13,400	–	100,000	–	–
Tax Assistance (g)	–	–	–	5,019,526	–	–
Health Benefits (h)	–	–	–	22,560	–	–
	5,450,876	6,708,776	–	17,381,335	5,450,876	5,450,876
R. G. Zafari						
Severance (a)	–	550,000	–	2,745,000	–	–
2013 Earned but Unpaid AIM Award(s) (b)	–	397,354	–	397,354	–	–
PSP Award Payout (c)	1,556,694	1,556,694	–	1,556,386	1,556,694	1,556,694
Value of Unvested Equity Awards (d)	2,617,955	2,617,955	–	2,826,917	2,617,955	2,617,955
Enhanced Retirement Benefits (e)	–	–	–	2,076,786	–	–
Outplacement (f)	–	13,400	–	100,000	–	–
Tax Assistance (g)	–	–	–	–	–	–
Health Benefits (h)	–	–	–	22,560	–	–
Total	4,174,649	5,135,403	–	9,455,003	4,174,649	4,174,649

(a) For the “Involuntary without Cause” column, for those NEOs who do not have a formal separation agreement, the current severance guidelines permit payment of up to one year’s base salary. For the amounts shown under the “Change in Control” columns, refer to the description of how severance is calculated in the section above, entitled Post-Employment Benefits.

(b) For the “Involuntary without Cause” column, these amounts represent the (i) AIM award earned by Mr. Lamach in 2013 and paid pursuant to the terms of his employment agreement and (ii) prorated AIM award (up to target) earned by Ms. Carter in 2013 and (iii) prorated AIM awards (up to target) that may be paid to the other NEOs depending on the circumstances and timing of the termination. For the amounts under “Change in Control,” these amounts represent the actual award earned for the 2013 performance period, which may be more or less than the target award.

(c) For the “Involuntary without Cause” column, these amounts represent the cash value of the prorated PSU award payout to (i) Mr. Lamach pursuant to the terms of his employment agreement and (ii) Messrs. Teirlinck and Zafari because they were retirement eligible at December 31, 2013. For the “Change in Control” column for Messrs. Lamach and Teirlinck, these amounts represent the cash value of the PSU award payout, based on the appropriate multiple. For the “Change in Control” column for Messrs. Michel and Zafari and Ms. Carter, these values represent what would be provided under the terms of the 2007 Plan and 2013 Plan, which provide a pro-rated payment for all outstanding awards at target. For the “Retirement,” “Disability” and “Death” columns, amounts represent the cash value of the prorated portion of their PSUs that vest upon such events assuming performance at target. Amounts for each column are based on the closing stock price of the ordinary shares on December 31, 2013 ($61.60).

(d) The amounts shown for “Retirement,” “Involuntary without Cause,” “Change in Control,” “Death” and “Disability” represent (i) the value of the unvested RSUs, which is calculated based on the number of unvested RSUs multiplied by the closing stock price of the ordinary shares on December 31, 2013 ($61.60), and (ii) the intrinsic value of the unvested stock options and SARs, which is calculated based on the difference between the closing stock price of the ordinary shares on December 31, 2013 ($61.60) and the relevant exercise price. However, only in the event of termination following a “Change in Control” or, beginning with the 2013 awards, termination due to death or disability is there accelerated vesting of unvested awards. In addition, in the event of a “Change in Control,” holders of outstanding stock options and SARs under the Stock Incentive Plan of 1998 may elect to receive a cash payment based on the difference between the highest fair market value of the shares during the 60 days prior to the event ($71.335) and the exercise price. For “Retirement,” “Disability” (before 2013 grant) and “Death” (before 2013 grant), the awards do not accelerate but continue to vest on the same basis as active employees. Because Messrs. Teirlinck and Zafari were retirement eligible, they would continue to vest in stock options and RSUs after termination of employment for any reason other than cause.

(e) In the event of a change in control of the Company and a termination of the NEOs, the present value of the pension benefits under the EOSP, KMP and Supplemental Pension Plans would be paid out as lump sums. While there is no additional benefit to the NEOs as a result of either voluntary retirement/resignation and/or involuntary resignation without cause, there are differences (based on the methodology mandated by the SEC) between the numbers that are shown in the Pension Benefits Table and those that would actually be payable to the NEO under these termination scenarios.

(f) For the "Involuntary without Cause" column, each NEO is eligible for outplacement services for a twelve month period, not to exceed $13,400. For the "Change in Control" column, the amount represents the maximum expenses the Company would reimburse the NEO for professional outplacement services.

(g) Pursuant to the change-in-control agreements for Messrs. Lamach and Teirlinck, if any payment or distribution by the Company to these NEOs creates certain incremental taxes, they would be entitled to receive from the Company a payment in an amount sufficient to place them in the same after-tax financial position as if such taxes had not been imposed.

(h) Represents the Company cost of health and welfare coverage. The cost for "Change in Control" represents continued active coverage for the severance period. For Mr. Michel, the value shown includes the cost for retiree coverage.

No values are shown in the table above for Mr. Shawley who retired prior to December 31, 2013 and whose retirement did not trigger any benefits other than those described in earlier sections of the proxy. With respect to Mr. Conover, the benefits he actually received or accrued (other than those already disclosed in the Pension Benefits table and the Nonqualified Compensation Table) upon his departure from the Company on November 5, 2013 under the Major Restructuring Severance Plan are as follows:

- $2,186,578 representing the sum of two times his base salary plus his AIM target as well as the value of his prorated AIM award for the 2013 performance cycle;
- $1,374,775 representing the cash value of his prorated PSU award payout because he was retirement eligible at the time of his termination date of November 5, 2013;
- $691,742 representing the value of his unvested RSUs as of November 5, 2013 which continue to vest due to his retirement; and
- $739,479 representing the value of the acceleration of his unvested stock options which became fully vested and exercisable at his termination date.

INFORMATION CONCERNING VOTING AND SOLICITATION

Why Did I Receive This Proxy Statement?

We sent you this Proxy Statement or a Notice of Internet Availability of Proxy Materials (”Notice”) because our Board of Directors is soliciting your proxy to vote at the Annual General Meeting. This Proxy Statement summarizes the information you need to know to vote on an informed basis.

Why Are There Two Sets Of Financial Statements Covering The Same Fiscal Period?

U.S. securities laws require us to send you our 2013 Form 10-K, which includes our financial statements prepared in accordance with U.S. GAAP. These financial statements are included in the mailing of this Proxy Statement. Irish law also requires us to provide you with our Irish Statutory Accounts for our 2013 fiscal year, including the reports of our Directors and auditors thereon, which accounts have been prepared in accordance with Irish law. The Irish Statutory Accounts are available on the Company’s website at *www.ingersollrand.com/irishstatutoryaccounts* and will be laid before the Annual General Meeting.

How Do I Attend The Annual General Meeting?

All shareholders are invited to attend the Annual General Meeting. **In order to be admitted, you must present a form of personal identification and evidence of share ownership.**

If you are a shareholder of record, evidence of share ownership will be either (1) an admission ticket, which is attached to the proxy card and must be separated from the proxy card and kept for presentation at the meeting if you vote your proxy by mail, or (2) a Notice.

If you own your shares through a bank, broker or other holder of record (“street name holders”), evidence of share ownership will be either (1) your most recent bank or brokerage account statement, or (2) a Notice. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, **along with proof of your ownership of the Company’s ordinary shares,** to:

Secretary
Ingersoll-Rand plc
170/175 Lakeview Dr.
Airside Business Park
Swords, Co. Dublin
Ireland

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted at the Annual General Meeting.

Who May Vote?

You are entitled to vote if you beneficially owned the Company’s ordinary shares at the close of business on April 8, 2014, the Record Date. At that time, there were 270,364,300 of the Company’s ordinary shares outstanding and entitled to vote. Each ordinary share that you own entitles you to one vote on all matters to be voted on a poll at the Annual General Meeting.

How Do I Vote?

Shareholders of record can cast their votes by proxy by:

- using the Internet and voting at www.proxyvote.com;
- calling 1-800-690-6903 and following the telephone prompts; or
- completing, signing and returning a proxy card by mail. If you received a Notice and did not receive a proxy card, you may request one at sendmaterial@proxyvote.com.

The Notice is not a proxy card and it cannot be used to vote your shares.

Shareholders of record may also vote their shares directly by attending the Annual General Meeting and casting their vote in person or appointing a proxy (who does not have to be a shareholder) to attend the Annual General Meeting and casting votes on their behalf in accordance with their instructions.

Street name holders must vote their shares in the manner prescribed by their bank, brokerage firm or nominee. Street name holders who wish to vote in person at the Annual General Meeting must obtain a legal proxy from their bank, brokerage firm or nominee. Street name holders will need to bring the legal proxy with them to the Annual General Meeting and hand it in with a signed ballot that is available upon request at the meeting. Street name holders will not be able to vote their shares at the Annual General Meeting without a legal proxy and a signed ballot.

Even if you plan to attend the Annual General Meeting, we recommend that you vote by proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

In order to be timely processed, your vote must be received by 5:00 p.m. Eastern Time on June 4, 2014 (or, if you are a street name holder, such earlier time as your bank, brokerage firm or nominee may require).

How May Employees Vote Under Our Employee Plans?

If you participate in the ESP, the Ingersoll-Rand Company Employee Savings Plan for Bargained Employees, the Ingersoll-Rand Retirement Savings Plan for Participating Affiliates in Puerto Rico or the Trane 401(k) and Thrift Plan, then you may be receiving these materials because of shares held for you in those plans. In that case, you may use the enclosed proxy card to instruct the plan trustees of those plans how to vote your shares, or give those instructions by telephone or over the Internet. They will vote these shares in accordance with your instructions and the terms of the plan.

To allow plan administrators to properly process your vote, your voting instructions must be received by 11:59 p.m. on June 2, 2014. If you do not provide voting instructions for shares held for you in any of these plans, the plan trustees will vote these shares in the same ratio as the shares for which voting instructions are provided.

May I Revoke My Proxy?

You may revoke your proxy at any time ***before it is voted at the Annual General Meeting*** in any of the following ways:

- by notifying the Company's Secretary in writing: c/o Ingersoll-Rand plc, 170/175 Lakeview Dr., Airside Business Park, Swords, Co. Dublin, Ireland;
- by submitting another properly signed proxy card with a later date or another Internet or telephone proxy at a later date but prior to the close of voting described above; or
- by voting in person at the Annual General Meeting.

Merely attending the Annual General Meeting does not revoke your proxy. To revoke a proxy, you must take one of the actions described above.

How Will My Proxy Get Voted?

If your proxy is properly submitted, your proxy holder (one of the individuals named on the proxy card) will vote your shares as you have directed. If you are a street name holder, the rules of the NYSE permit your bank, brokerage firm or nominee to vote your shares on Items 3, 4 and 6 (routine matter) if it does not receive instructions from you. However, your bank, brokerage firm or nominee may not vote your shares on Items 1, 2 and 5 (non-routine matters) if it does not receive instructions from you ("broker non-votes"). Broker non-votes will not be counted as votes for or against the non-routine matters, but rather will be regarded as votes withheld and will not be counted in the calculation of votes for or against the resolution.

If you are a shareholder of record and you do not specify on the proxy card you send to the Company (or when giving your proxy over the Internet or telephone) how you want to vote your shares, then the Company-designated proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion regarding any other matters properly presented for a vote at the meeting.

What Constitutes A Quorum?

The presence (in person or by proxy) of shareholders entitled to exercise a majority of the voting power of the Company on the Record Date is necessary to constitute a quorum for the conduct of business. Abstentions and broker non-votes are treated as "shares present" for the purposes of determining whether a quorum exists.

What Vote Is Required To Approve Each Proposal?

A majority of the votes cast at the Annual General Meeting is required to approve each of Items 1, 2, 3 and 4. A majority of the votes cast means that the number of votes cast "for" an Item must exceed the number of votes cast "against" that Item. Items 5 and 6 are considered special resolutions under Irish law and require 75% of the votes cast for approval.

Although abstentions and broker non-votes are counted as "shares present" at the Annual General Meeting for the purpose of determining whether a quorum exists, they are not counted as votes cast either "for" or "against" the resolution and, accordingly, will not affect the outcome of the vote.

Who Pays The Expenses Of This Proxy Statement?

We have hired Georgeson Inc. to assist in the distribution of proxy materials and the solicitation of proxies for a fee estimated at $17,500 plus out-of-pocket expenses. Proxies will be solicited on behalf of our Board of Directors by mail, in person, by telephone and through the Internet. We will bear the cost of soliciting proxies. We will also reimburse brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy materials to the persons for whom they hold shares.

How Will Voting On Any Other Matter Be Conducted?

Although we do not know of any matters to be presented or acted upon at the Annual General Meeting other than the items described in this Proxy Statement, if any other matter is proposed and properly presented at the Annual General Meeting, the proxy holders will vote on such matters in accordance with their best judgment.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of the Record Date, the beneficial ownership of our ordinary shares by (i) each director and director nominee of the Company, (ii) each executive officer of the Company named in the Summary Compensation Table below, and (iii) all directors and executive officers of the Company as a group:

Name	Ordinary Shares(a)	Notional Shares(b)	Options Exercisable Within 60 Days (c)
A. C. Berzin	22,645	31,590	–
J. Bruton	6,014	–	–
J. L. Cohon	25,283	–	30,240
G. D. Forsee	24,686	–	–
E. E. Hagenlocker	12,563	–	–
C. J. Horner	4,245	42,593	–
T. E. Martin	29,577	75,662	–
N. Peltz (d)	11,980,058	–	5,244,765
J. P. Surma	5,482	–	–
R. J. Swift	13,992	58,884	–
T. L. White	24,142	44,610	–
M.W. Lamach	128,266	58,300	819,457
S.K. Carter	265	–	–
G. S. Michel	28,408	–	45,108
D. P. M. Teirlinck	–	83,585	27,731
R. G. Zafari	41,900	5,565	7,500
S. R. Shawley	78,073	236,410	320,264
J. Conover, IV	–	9,921	96,469
All directors and executive officers as a group (23 persons)(e)	12,485,452	792,908	6,838,502

(a) Represents (i) ordinary shares held directly; (ii) ordinary shares held indirectly through a trust; (iii) unvested shares, including any RSUs or PSUs, and ordinary shares and ordinary share equivalents notionally held under the Trane Deferred Compensation Plan (the "TDCP") that may vest or are distributable within 60 days of the Record Date; and (iv) ordinary shares held by the trustee under the ESP for the benefit of executive officers. Other than Mr. Peltz, no director or executive officer of the Company beneficially owns 1% or more of the Company's ordinary shares. Mr. Peltz beneficially owns 6.37% of the Company's ordinary shares.

(b) Represents ordinary shares and ordinary share equivalents notionally held under the Ingersoll Rand Directors Deferred Compensation Plan (the "DDCP I") and the Ingersoll Rand Directors Deferred Compensation and Stock Award Plan II (the "DDCP II" and, together with the DDCP I, referred to as the "DDCP Plans"), the EDCP Plans, the TDCP and the Company's stock grant plan that are not distributable within 60 days of the Record Date.

(c) Represents ordinary shares as to which directors and executive officers had stock options or SARs exercisable within 60 days of the Record Date, under the Company's Incentive Stock Plans. For Mr. Peltz, represents ordinary shares that may be acquired pursuant to put-call options.

(d) Includes a director's grant of 2,382 RSUs to Mr. Peltz under the 2013 Plan and 11,977,676 ordinary shares beneficially owned by both Trian, 280 Park Avenue, 41st Floor, New York, NY 10017, in its capacity as the management company for certain funds and investment vehicles managed by it and Nelson Peltz. Trian Fund Management GP, LLC ("Trian GP"), which is controlled by Nelson Peltz, Peter W. May and Edward P. Garden, is the general partner of Trian. All of the shares are held with shared dispositive power and voting power by Trian, Trian GP, Mr. Peltz, Mr. May and Mr. Garden.

(e) The Company's ordinary shares beneficially owned by all directors and executive officers as a group (including shares issuable under exercisable options) aggregated approximately 7.11% of the total outstanding ordinary shares. Ordinary shares and ordinary share equivalents notionally held under the DDCP Plans, the EDCP Plans and the TDCP and ordinary share equivalents resulting from dividends on deferred stock awards are not counted as outstanding shares in calculating these percentages because they are not beneficially owned; the directors and executive officers have no voting or investment power with respect to these shares or share equivalents.

The following table sets forth each shareholder which is known by us to be the beneficial owner of more than 5% of the outstanding ordinary shares of the Company based solely on the information filed by such shareholder on Schedule 13D or filed by such shareholder in 2014 for the year ended December 31, 2013 on Schedule 13G under the Securities Exchange Act of 1934:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(a)
BlackRock, Inc.40 East 52nd Street New York, New York 10022	17,992,873	6.66%
Trian Fund Management, L.P. 280 Park Avenue, 41st Floor New York, New York 10017	17,224,823	6.37%

(a) The ownership percentages set forth in this column are based on the Company's outstanding ordinary shares on the Record Date and assumes that each of the beneficial owners continued to own the number of shares reflected in the table above on such date.

(b) Information regarding BlackRock, Inc. and its stockholdings was obtained from a Schedule 13G filed with the SEC on February 11, 2014. The filing indicated that, as of December 31, 2013, BlackRock, Inc. had sole voting power as to 13,535,853 of such shares and sole dispositive power as to 17,959,791 of such shares.

(c) Information regarding Trian and its stockholdings was obtained from the Schedule 13D (Amendment No. 4) filed with the SEC on November 18, 2013 and joint Form 4s filed by Nelson Peltz and Trian Fund Management, L.P. on November 20, 2013 and February 27, 2014. According to the Schedule 13D (Amendment No. 4), Trian Fund Management, L.P. shares voting and dispositive power over all or some of the shares with Trian Partners, L.P., Trian Partners Master Fund, L.P., Trian Partners Parallel Fund I, L.P., Trian Partners Strategic Investment Fund, L.P., Trian Partners Strategic Investment Fund-A, L.P., Trian Partners Strategic Co-Investment Fund-A, L.P., Trian Partners Master Fund (ERISA), L.P., Trian Fund Management GP, LLC, Trian SPV (SUB) VI, L.P., Trian SPV (SUB) VI-A, L.P., Trian IR Holdco Ltd., Nelson Peltz, Peter W. May and Edward P. Garden.

Equity Compensation Plan Information

The following table provides information as of December 31, 2013, with respect to the Company's ordinary shares that may be issued under equity compensation plans:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by security holders (1)	12,142,640	$31.85	19,532,4240
Equity compensation plans not approved by security holders (2)	1,462,171	0	0
Total	13,604,811	$31.85	19,532,424

(1) Consists of the Incentive Stock Plan of 1998, the 2007 Plan, the 2013 Plan and the Trane 2002 Omnibus Incentive Plan.

(2) Consists of EDCP Plans, DDCP Plans and the TDCP. Plan participants acquire Company shares under these plans as a result of the deferral of salary, AIM awards and PSUs.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The Company does not generally engage in transactions in which its executive officers, directors or nominees for directors, any of their immediate family members or any of its 5% shareholders have a material interest. Pursuant to the Company's written related person transaction policy, any such transaction must be reported to management, which will prepare a summary of the transaction and refer it to the Corporate Governance and Nominating Committee for consideration and approval by the disinterested directors. The Corporate Governance and Nominating Committee reviews the material terms of the related person transaction, including the dollar values involved, the relationships and interests of the parties to the transaction and the impact, if any, to a director's independence. The Corporate Governance and Nominating Committee only approves those transactions that are in the best interest of the Company. In addition, the Company's Code of Conduct, which sets forth standards applicable to all employees, officers and directors of the Company, generally proscribes transactions that could result in a conflict of interest for the Company. Any waiver of the Code of Conduct for any executive officer or director requires the approval of the Company's Board of Directors. Any such waiver will, to the extent required by law or the NYSE, be disclosed on the Company's website at *www.ingersollrand.com* or on a current report on Form 8-K. No such waivers were requested or granted in 2013.

We have not made payments to directors other than the fees to which they are entitled as directors (described under the heading "Compensation of Directors") and the reimbursement of expenses related to their services as directors. We have made no loans to any director or officer nor have we purchased any shares of the Company from any director or officer.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and officers, and persons who beneficially own more than ten percent of the Company's ordinary shares, to file reports of ownership and reports of changes in ownership with the SEC and the NYSE. To the Company's knowledge, based solely on its review of such forms received by the Company and written representations that no other reports were required, all Section 16(a) filing requirements were complied with for the year 2013 other than with respect to one Form 4 filing for Mr. Weller due to administrative error.

SHAREHOLDER PROPOSALS AND NOMINATIONS

Any proposal by a shareholder intended to be presented at the 2015 Annual General Meeting of shareholders of the Company must be received by the Company at its registered office at 170/175 Lakeview Drive, Airside Business Park, Swords, Co. Dublin, Ireland, Attn: Secretary, no later than December 26, 2014, for inclusion in the proxy materials relating to that meeting. Any such proposal must meet the requirements set forth in the rules and regulations of the SEC, including Rule 14a-8, in order for such proposals to be eligible for inclusion in our 2015 proxy statement.

The Company's Articles of Association set forth procedures to be followed by shareholders who wish to nominate candidates for election to the Board of Directors in connection with annual general meetings of shareholders or pursuant to written shareholder consents or who wish to bring other business before a shareholders' general meeting. All such nominations must be accompanied by certain background and other information specified in the Articles of Association. In connection with the 2015 annual general meeting, written notice of a shareholder's intention to make such nominations or bring business before the annual general meeting must be given to the Secretary of the Company not later than March 6, 2014. If the date of the 2015 annual general meeting occurs more than 30 days before, or 60 days after, the anniversary of the 2014 annual general meeting, then the written notice must be provided to the Secretary of the Company not later than the seventh day after the date on which notice of such annual general meeting is given.

The Corporate Governance and Nominating Committee will consider all shareholder recommendations for candidates for Board membership, which should be sent to the Committee, care of the Secretary of the Company, at the address set forth above. In addition to considering candidates recommended by shareholders, the Committee considers potential candidates recommended by current directors, Company officers, employees and others. As stated in the Company's Corporate Governance Guidelines, all candidates for Board membership are selected based upon their judgment, character, achievements and experience in matters affecting business and industry. Candidates recommended by shareholders are evaluated in the same manner as director candidates identified by any other means.

In order for you to bring other business before a shareholder general meeting, timely notice must be received by the Secretary of the Company within the time limits described above. The notice must include a description of the proposed item, the reasons you believe support your position concerning the item, and other specified matters. These requirements are separate from and in addition to the requirements you must meet to have a proposal included in our Proxy Statement. The foregoing time limits also apply in determining whether notice is timely for purposes of rules adopted by the SEC relating to the exercise of discretionary voting authority.

If a shareholder wishes to communicate with the Board of Directors for any other reason, all such communications should be sent in writing, care of the Secretary of the Company, or by email at *irboard@irco.com*.

HOUSEHOLDING

SEC rules permit a single set of annual reports and proxy statements to be sent to any household at which two or more shareholders reside if they appear to be members of the same family. Each shareholder continues to receive a separate proxy card. This procedure is referred to as householding. While the Company does not household in mailings to its shareholders of record, a number of brokerage firms with account holders who are Company shareholders have instituted householding. In these cases, a single proxy statement and annual report will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once a shareholder has received notice from his or her broker that the broker will be householding communications to the shareholder's address, householding will continue until the shareholder is notified otherwise or until the shareholder revokes his or her consent. If at any time a shareholder no longer wishes to participate in householding and would prefer to receive a separate proxy statement and annual report, he or she should notify his or her broker. Any shareholder can receive a copy of the Company's proxy statement and annual report by contacting the Company at its registered office at 170/175 Lakeview Drive, Airside Business Park, Swords, Co. Dublin, Ireland, Attention: Secretary or by accessing it on the Company's website at *www.ingersollrand.com* .

Shareholders who hold their shares through a broker or other nominee who currently receive multiple copies of the proxy statement and annual report at their address and would like to request householding of their communications should contact their broker.

Dated: April 24, 2014

Appendix A

Directions to the Annual General Meeting

Directions from Dublin to Adare Manor Hotel & Golf Resort (3 Hours)

- Take the N7 from Dublin to Nenagh (in Co. Tipperary).
- From Nenagh, continue along the N7 until you reach Limerick City.
- Once you reach Limerick City, look for the signs for the N21 (South Side of Limerick City), follow this road which runs through the village of Adare.
- Adare Manor Hotel & Golf Resort is on the left-hand side as you approach the village.

Directions from Shannon Airport to Adare Manor Hotel & Golf Resort (25 mins)

- Follow the N18 from Shannon Airport to Limerick City.
- Continue through the Limerick Tunnel, this is a Toll road, there is a charge of €1.80 for all cars.
- Leave the N18 at Junction 1 (signposted Cork)
- Continue on the N21(signposted Tralee) to the Village of Adare.
- Adare Manor Hotel & Golf Resort is on the left-hand side as you approach the village.

2013 Financials

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013
or

— TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____
Commission File No. 001-34400
INGERSOLL-RAND PUBLIC LIMITED COMPANY
(Exact name of registrant as specified in its charter)

Ireland	**98-0626632**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

170/175 Lakeview Dr.
Airside Business Park
Swords, Co. Dublin
Ireland
(Address of principal executive offices)
Registrant's telephone number, including area code: +(353) (0) 18707400
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Ordinary Shares, Par Value $1.00 per Share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES_X_ NO____

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES____ NO_X_

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES_X_ NO____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES_X_ NO____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer X	Accelerated filer _____
Non-accelerated filer ___ (Do not check if a smaller reporting company)	Smaller reporting company ______

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES____ NO_X_

The aggregate market value of ordinary shares held by nonaffiliates on June 28, 2013 was approximately $15.4 billion based on the closing price of such stock on the New York Stock Exchange.

The number of ordinary shares outstanding as of February 3, 2014 was 278,035,707.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed within 120 days of the close of the registrant's fiscal year in connection with the registrant's Annual General Meeting of Shareholders to be held June 5, 2014 are incorporated by reference into Part II and Part III of this Form 10-K.

INGERSOLL-RAND PLC

Form 10-K
For the Fiscal Year Ended December 31, 2013

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CAUTIONARY STATEMENT FOR FORWARD LOOKING STATEMENTS

Certain statements in this report, other than purely historical information, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "forecast," "outlook," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," or the negative thereof or variations thereon or similar terminology generally intended to identify forward-looking statements.

Forward-looking statements may relate to such matters as projections of revenue, margins, expenses, tax provisions, earnings, cash flows, benefit obligations, share or debt repurchases or other financial items; any statements of the plans, strategies and objectives of management for future operations, including those relating to any statements concerning expected development, performance or market share relating to our products and services; any statements regarding future economic conditions or our performance; any statements regarding pending investigations, claims or disputes, including those relating to the Internal Revenue Service audit of our consolidated subsidiaries' tax filings; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. These statements are based on currently available information and our current assumptions, expectations and projections about future events. While we believe that our assumptions, expectations and projections are reasonable in view of the currently available information, you are cautioned not to place undue reliance on our forward-looking statements. You are advised to review any further disclosures we make on related subjects in materials we file with or furnish to the SEC. Forward-looking statements speak only as of the date they are made and are not guarantees of future performance. They are subject to future events, risks and uncertainties - many of which are beyond our control - as well as potentially inaccurate assumptions, that could cause actual results to differ materially from our expectations and projections. We do not undertake to update any forward-looking statements.

Factors that might affect our forward-looking statements include, among other things:

- overall economic, political and business conditions in the markets in which we operate;
- the demand for our products and services;
- competitive factors in the industries in which we compete;
- changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations);
- the outcome of any litigation, governmental investigations or proceedings;
- the outcome of any income tax audits or settlements;
- interest rate fluctuations and other changes in borrowing costs;
- other capital market conditions, including availability of funding sources and currency exchange rate fluctuations;
- availability of and fluctuations in the prices of key commodities and the impact of higher energy prices;
- the ability to achieve cost savings in connection with our productivity programs;
- impairment of our goodwill, indefinite-lived intangible assets and/or our long-lived assets;
- the possible effects on us of future legislation in the U.S. that may limit or eliminate potential U.S. tax benefits resulting from our incorporation in a non-U.S. jurisdiction, such as Ireland, or deny U.S. government contracts to us based upon our incorporation in such non-U.S. jurisdiction; and
- our ability to fully realize the expected benefits of the spin-off of our commercial and residential security businesses.

Some of the significant risks and uncertainties that could cause actual results to differ materially from our expectations and projections are described more fully in Item 1A "Risk Factors." You should read that information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this report and our Consolidated Financial Statements and related notes in Item 8 of this report. We note such information for investors as permitted by the Private Securities Litigation Reform Act of 1995.

PART I

Item 1. **BUSINESS**

Overview

Ingersoll-Rand plc (IR-Ireland), a public limited company incorporated in Ireland in 2009, and its consolidated subsidiaries (collectively, we, our, the Company) is a diversified, global company that provides products, services and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, and increase industrial productivity and efficiency. Our business segments consist of Climate and Industrial, both with strong brands and leading positions within their respective markets. We generate revenue and cash primarily through the design, manufacture, sale and service of a diverse portfolio of industrial and commercial products that include well-recognized, premium brand names such as Trane®, Ingersoll-Rand®, Thermo King®, American Standard® and Club Car®.

To achieve our mission of being a world leader in creating comfortable and efficient environments, we continue to focus on increasing our recurring revenue stream from parts, service, used equipment and rentals; and to continuously improve the efficiencies and capabilities of the products and services of our businesses. We also continue to focus on operational excellence strategies as a central theme to improving our earnings and cash flows.

Recent Divestitures

Discontinued Operations

On December 1, 2013 (the Distribution Date), we completed the spin-off of our commercial and residential security businesses to our shareholders (the spin-off). On the Distribution Date, each of our shareholders of record as of the close of business on November 22, 2013 (the Record Date) received one ordinary share of Allegion, plc (Allegion) for every three Ingersoll-Rand plc ordinary shares held as of the Record Date. Allegion is now an independent public company trading under the symbol "ALLE" on the New York Stock Exchange.

After the Distribution Date, we do not beneficially own any Allegion ordinary shares (other than approximately 7,045 shares received in a deferred compensation trust upon the spin-off as a result of the trust holding ordinary shares of Ingersoll-Rand plc as of the Record Date) and will no longer consolidate Allegion into our financial results. Beginning in the fourth quarter of 2013, Allegion's historical financial results for periods prior to the Distribution Date are reflected in our Consolidated Financial Statements as a discontinued operation.

Divested Operations

On September 30, 2011 and November 30, 2011, we completed transactions to sell our Hussmann refrigerated display case business to a newly-formed affiliate (Hussmann Parent) of private equity firm Clayton Dubilier & Rice, LLC (CD&R). These transactions included the equipment business and certain of the service branches in the U.S. and Canada, and the equipment, service and installation businesses in Mexico, Chile, Australia, New Zealand, and Japan (Hussmann Business) and the remaining North American Hussmann service and installation branches (Hussmann Branches). We negotiated the final terms of the transaction to include our ownership of a portion of the common stock of Hussmann Parent, which represents significant continuing involvement. Therefore, the results of Hussmann are included in continuing operations for all periods presented, with our ownership interest reported using the equity method of accounting subsequent to September 30, 2011.

See "Discontinued Operations and Divestitures" within Management's Discussion and Analysis of Financial Condition and Results of Operations and also Note 16 to the Consolidated Financial Statements for a further discussion of our discontinued and divested operations.

Business Segments

Our business segments provide products, services and solutions used to increase the efficiency and productivity of both industrial and commercial operations and homes, as well as improve the health and comfort of people around the world.

In the fourth quarter of 2013, the Company realigned its organizational structure to provide a greater focus on growth, continue implementation of business operating systems, build on our successful operational excellence philosophy and reduce complexity and costs. The Company's new reporting structure includes the Climate and Industrial segments.

Our business segments are as follows:

Climate

Our Climate segment delivers energy-efficient solutions globally and includes Trane® and American Standard® Heating & Air Conditioning which provide heating, ventilation and air conditioning (HVAC) systems, and commercial and residential building services, parts, support and controls; and Thermo King® transport temperature control solutions. This segment had 2013 net revenues of $9.4 billion.

Industrial

Our Industrial segment delivers products and services that enhance energy efficiency, productivity and operations. It includes Ingersoll Rand® compressed air systems and services, power tools, material handling systems, ARO® fluid management equipment, as well as Club Car® golf, utility and rough terrain vehicles. This segment had 2013 net revenues of $2.9 billion.

Segment Revenue and profit information and additional financial data and commentary on recent financial results for operating segments are provided in the Review of Business Segments section in Part II, Item7. “Management's Discussion and Analysis of Financial Condition and Results of Operations” and in Note 19 to the Consolidated Financial Statements in Part II, Item 8. “Financial Statements and Supplementary Data” of this Form 10-K Report.

Products and Services

Our principal products and services by business segment include the following:

Climate	
Aftermarket parts and service	Energy management services
Air cleaners	Facility management services
Air conditioners	Furnaces
Air exchangers	Heat pumps
Air handlers	Humidifiers
Airside and terminal devices	Installation contracting
Auxiliary idle reduction	Package heating and cooling systems
Auxiliary temperature management	Performance contracting
Building management systems	Repair and maintenance services
Bus and rail HVAC systems	Service agreements
Chillers	Temporary heating and cooling systems
Coils and condensers	Thermostats/controls
Container refrigeration systems and gensets	Trailer refrigeration systems
Control systems	Unitary systems
Cryogenic refrigeration systems	Vehicle-powered truck refrigeration systems
Diesel-powered refrigeration systems	

Industrial	
Air compressors (centrifugal, reciprocating, and rotary)	Hoists (air, electric, and manual)
Aftermarket parts and accessories	Motion control components
Airends	Power tools (air, cordless, and electric)
Blowers	Precision fastening systems
Dryers	Pumps (diaphragm and piston)
Engine starting systems	Rough terrain (AWD) vehicles
Ergonomic material handling systems	Service contracts and programs
Filters	Utility and low-speed vehicles
Fluid handling systems	Visage® mobile golf information systems
Golf vehicles	Winches (air, electric, and hydraulic)

These products are sold primarily under our name and under other names including American Standard, ARO, Club Car, Thermo King and Trane.

Competitive Conditions

Our products and services are sold in highly competitive markets throughout the world. Due to the diversity of these products and services and the variety of markets served, we encounter a wide variety of competitors that vary by product line and services. They include well-established regional or specialized competitors, as well as larger U.S. and non-U.S. corporations or divisions of larger companies.

The principal methods of competition in these markets relate to price, quality, delivery, service and support, technology and innovation. We believe that we are one of the leading manufacturers in the world of HVAC systems and services, air compression systems, transport temperature control products, air tools, and golf and utility vehicles.

Distribution

Our products are distributed by a number of methods, which we believe are appropriate to the type of product. U.S. sales are made through branch sales offices, distributors and dealers across the country. Non-U.S. sales are made through numerous subsidiary sales and service companies with a supporting chain of distributors throughout the world.

Customers

We have no customer that accounted for more than 10% of our consolidated net revenues in 2013, 2012 or 2011. No material part of our business is dependent upon a single customer or a small group of customers; therefore, the loss of any one customer would not have a material adverse effect on our results of operations or cash flows.

Raw Materials

We manufacture many of the components included in our products, which requires us to employ a wide variety of commodities. Principal commodities, such as steel, copper and aluminum, are purchased from a large number of independent sources around the world. In the past, higher prices for some commodities, particularly steel and non-ferrous metals, have caused pricing pressures in some of our businesses; we have historically been able to pass certain of these cost increases on to customers in the form of price increases; however, we may not always be able to offset these cost increases with price increases.

We believe that available sources of supply will generally be sufficient for the foreseeable future. There have been no commodity shortages which have had a material adverse effect on our businesses. However, significant changes in certain material costs may have an adverse impact on our costs and operating margins. To mitigate this potential impact, we enter into long-term supply contracts in order to manage our exposure to potential supply disruptions.

Working Capital

We manufacture products that usually must be readily available to meet our customers' rapid delivery requirements. Therefore, we maintain an adequate level of working capital to support our business needs and our customers' requirements. Such working capital requirements are not, however, in the opinion of management, materially different from those experienced by our major competitors. We believe our sales and payment terms are competitive in and appropriate for the markets in which we compete.

Seasonality

Demand for certain of our products and services is influenced by weather conditions. For instance, Trane's sales have historically tended to be seasonally higher in the second and third quarters of the year because this represents summer in the U.S. and other northern hemisphere markets, which is the peak season for sales of air conditioning systems and services. Therefore, results of any quarterly period may not be indicative of expected results for a full year and unexpected cool trends or unseasonably warm trends during the summer season could negatively or positively affect certain segments of our business and impact overall results of operations.

Research and Development

We engage in research and development activities in an effort to introduce new products, enhance existing product effectiveness, improve ease of use and reliability as well as expand the various applications for which our products may be appropriate. In addition, we continually evaluate developing technologies in areas that we believe will enhance our business for possible investment or acquisition. We anticipate that we will continue to make significant expenditures for research and development activities as we look to maintain and improve our competitive position. Research and development expenditures were approximately $218.2 million in 2013, $235.4 million in 2012 and $218.4 million in 2011.

Patents and Licenses

We own numerous patents and patent applications, and are licensed under others. Although in aggregate we consider our patents and licenses to be valuable to our operations, we do not believe that our business is materially dependent on a single patent or license or any group of them. In our opinion, engineering, production skills and experience are more responsible for our market position than our patents and/or licenses.

Operations by Geographic Area

More than 40% of our 2013 net revenues were derived outside the U.S. and we sold products in more than 100 countries. Therefore, the attendant risks of manufacturing or selling in a particular country, such as nationalization and establishment of common markets, may have an adverse impact on our non-U.S. operations. For a discussion of risks associated with our non-U.S. operations, see

"Risk Factors – Our global operations subject us to economic risks," and "Risk Factors – Currency exchange rate fluctuations may adversely affect our results," in Item 1A and "Quantitative and Qualitative Disclosure about Market Risk" in Item 7A.

Backlog

Our approximate backlog of orders, believed to be firm, at December 31, was as follows:

In millions	2013	2012
Climate	$ 1,342.7	$ 1,460.2
Industrial	517.4	481.1
Total	$ 1,860.1	$ 1,941.3

These backlog figures are based on orders received. While the major portion of our products are built in advance of order and either shipped or assembled from stock, orders for specialized machinery or specific customer application are submitted with extensive lead times and are often subject to revision, deferral, cancellation or termination. We expect to ship substantially all the December 31, 2013 backlog during 2014.

Environmental Matters

We continue to be dedicated to an environmental program to reduce the utilization and generation of hazardous materials during the manufacturing process and to remediate identified environmental concerns. As to the latter, we are currently engaged in site investigations and remediation activities to address environmental cleanup from past operations at current and former manufacturing facilities.

We are sometimes a party to environmental lawsuits and claims and have received notices of potential violations of environmental laws and regulations from the Environmental Protection Agency and similar state authorities. We have also been identified as a potentially responsible party (PRP) for cleanup costs associated with off-site waste disposal at federal Superfund and state remediation sites. For all such sites, there are other PRPs and, in most instances, our involvement is minimal.

In estimating our liability, we have assumed that we will not bear the entire cost of remediation of any site to the exclusion of other PRPs who may be jointly and severally liable. The ability of other PRPs to participate has been taken into account, based on our understanding of the parties' financial condition and probable contributions on a per site basis. Additional lawsuits and claims involving environmental matters are likely to arise from time to time in the future.

We incurred $(0.5) million, $3.1 million, and $1.2 million of expenses during the years ended December 31, 2013, 2012, and 2011, respectively, for environmental remediation at sites presently or formerly owned or leased by us. As of December 31, 2013 and 2012, we have recorded reserves for environmental matters of $47.9 million and $55.6 million, respectively. Of these amounts $42.1 million and $41.2 million, respectively, relate to remediation of sites previously disposed by us. Our total current environmental reserve at December 31, 2013 and 2012 was $13.5 million and $18.0 million, respectively. Given the evolving nature of environmental laws, regulations and technology, the ultimate cost of future compliance is uncertain.

For a further discussion of our potential environmental liabilities, see also Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Environmental and Asbestos Matters as well as Note 18 to the Consolidated Financial Statements.

Asbestos Related Matters

Certain of our wholly-owned subsidiaries are named as defendants in asbestos-related lawsuits in state and federal courts. In virtually all of the suits, a large number of other companies have also been named as defendants. The vast majority of those claims have been filed against either Ingersoll-Rand Company (IR-New Jersey) or Trane U.S. Inc. (Trane) and generally allege injury caused by exposure to asbestos contained in certain historical products sold by IR-New Jersey or Trane, primarily pumps, boilers and railroad brake shoes. Neither IR-New Jersey nor Trane was a producer or manufacturer of asbestos, however, some formerly manufactured products utilized asbestos-containing components such as gaskets and packings purchased from third-party suppliers.

We incurred net costs after insurance recoveries of $56.2 million, $7.8 million, and $16.4 million during the years ended December 31, 2013, 2012, and 2011, respectively, related to the settlement and defense of asbestos-related claims. Of these amounts, $55.8 million, $17.9 million and $14.5 million for the years ended December 31, 2013, 2012, and 2011, respectively, relate to discontinued operations. Our total liability for asbestos-related matters and our total asset for probable asbestos-related insurance recoveries were $846.2 million and $321.8 million, respectively, as of December 31, 2013 and $879.5 million and $320.3 million, respectively, as of December 31, 2012. Our total current liability for asbestos-related matters and our total current asset for probable asbestos-related insurance recoveries was $69.1 million and $22.3 million, respectively, as of December 31, 2013 and $69.1 million and $22.5 million, respectively, as of December 31, 2012.

See also the discussion under Part I, Item 3, Legal Proceedings, and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Environmental and Asbestos Matters as well as further detail in Note 18 to the Consolidated Financial Statements.

Employees

As of December 31, 2013, we employed approximately 42,000 people throughout the world.

Available Information

We file annual, quarterly, and current reports, proxy statements, and other documents with the SEC under the Securities Exchange Act of 1934. The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The public can obtain any documents that are filed by us at http://www.sec.gov.

In addition, this Annual Report on Form 10-K, as well as our quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to all of the foregoing reports, are made available free of charge on our Internet website (http://www.ingersollrand.com) as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC. The Board of Directors of the Company has also adopted and posted in the Investor Relations section of the Company's website our Corporate Governance Guidelines and charters for each of the Board's standing committees. The contents of the Company's website are not incorporated by reference in this report.

Certifications

New York Stock Exchange Annual Chief Executive Officer Certification

The Company's Chief Executive Officer submitted to the New York Stock Exchange the Annual CEO Certification as the Company's compliance with the New York Stock Exchange's corporate governance listing standards required by Section 303A.12 of the New York Stock Exchange's listing standards.

Sarbanes-Oxley Act Section 302 Certification

The certifications of the Chief Executive Officer and Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to this Annual Report on Form 10-K.

Item 1A. **RISK FACTORS**

Our business, financial condition, results of operations, and cash flows are subject to a number of risks that could cause the actual results and conditions to differ materially from those projected in forward-looking statements contained in this Annual Report on Form 10-K. The risks set forth below are those we consider most significant. We face other risks, however, that we do not currently perceive to be material but could cause actual results and conditions to differ materially from our expectations. You should evaluate all risks before you invest in our securities. If any of the risks actually occur, our business, financial condition, results of operations or cash flows could be adversely impacted. In that case, the trading price of our ordinary shares could decline, and you may lose all or part of your investment.

Our global operations subject us to economic risks.

Our global operations are dependent upon products manufactured, purchased and sold in the U.S. and internationally, including Europe, China, Brazil, Venezuela, Africa, India, Argentina and Mexico. These activities are subject to risks that are inherent in operating globally, including:

- changes in local laws and regulations or imposition of currency restrictions and other restraints;
- limitation of ownership rights, including expropriation of assets by a local government, and limitation on the ability to repatriate earnings;
- sovereign debt crises and currency instability in developed and developing countries;
- imposition of burdensome tariffs and quotas;
- difficulty in staffing and managing global operations;
- difficulty of enforcing agreements, collecting receivables and protecting assets through non-U.S. legal systems;

- national and international conflict, including war, civil disturbances and terrorist acts; and
- economic downturns, slowing economic growth and social and political instability.

These risks could increase our cost of doing business internationally, increase our counterparty risk, disrupt our operations, disrupt the ability of suppliers and customers to fulfill their obligations, limit our ability to sell products in certain markets and have a material adverse impact on our results of operations, financial condition, and cash flows.

Our growth is dependent, in part, on the development, commercialization and acceptance of new products and services.

We must develop and commercialize new products and services in order to remain competitive in our current and future markets and in order to continue to grow our business. The development and commercialization of new products and services require a significant investment of resources. We cannot provide any assurance that any new product or service will be successfully commercialized in a timely manner, if ever, or, if commercialized, will result in returns greater than our investment. Investment in a product or service could divert our attention and resources from other projects that become more commercially viable in the market. We also cannot provide any assurance that any new product or service will be accepted by the market. Failure to develop new products and services that are accepted by the market could have a material adverse impact on our competitive position, results of operations, financial condition, and cash flows.

The capital and credit markets are important to our business.

Instability in U.S. and global capital and credit markets, including market disruptions, limited liquidity and interest rate volatility, or reductions in the credit ratings assigned to us by independent rating agencies could reduce our access to capital markets or increase the cost of funding our short and long term credit requirements. In particular, if we are unable to access capital and credit markets on terms that are acceptable to us, we may not be able to make certain investments or fully execute our business plans and strategies.

Our suppliers and customers are also dependent upon the capital and credit markets. Limitations on the ability of customers, suppliers or financial counterparties to access credit could lead to insolvencies of key suppliers and customers, limit or prevent customers from obtaining credit to finance purchases of our products and services and cause delays in the delivery of key products from suppliers.

Currency exchange rate fluctuations and other related risks may adversely affect our results.

We are exposed to a variety of market risks, including the effects of changes in currency exchange rates. See Part II Item 7A, Quantitative and Qualitative Disclosure About Market Risk.

More than 40% of our 2013 net revenues were derived outside the U.S., and we expect sales to non-U.S. customers to continue to represent a significant portion of our consolidated net revenues. Although we enter into currency exchange contracts to reduce our risk related to currency exchange fluctuations, changes in the relative values of currencies occur from time to time may, in some instances, have a material impact on our results of operations. Because we do not hedge against all of our currency exposure, our business will continue to be susceptible to currency fluctuations.

We also translate assets, liabilities, revenues and expenses denominated in non-U.S. dollar currencies into U.S. dollars for our Consolidated Financial Statements based on the applicable exchange rates. Consequently, fluctuations in the value of the U.S. dollar versus other currencies could have a material impact on the value of these items in our Consolidated Financial Statements, even if their value has not changed in their original currency.

We also face risks arising from the imposition of exchange controls and currency devaluations. Exchange controls may limit our ability to convert foreign currencies into U.S. dollars or to remit dividends and other payments by our foreign subsidiaries or businesses located in or conducted within a country imposing controls. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation.

Material adverse legal judgments, fines, penalties or settlements could adversely affect our results of operations or financial condition.

We are currently and may in the future become involved in legal proceedings and disputes incidental to the operation of our business or the business operations of previously-owned entities. Our business may be adversely affected by the outcome of these proceedings and other contingencies (including, without limitation, product liability and asbestos-related matters) that cannot be predicted with certainty. Moreover, any insurance or indemnification rights that we may have may be insufficient or unavailable to protect us against the total aggregate amount of losses sustained as a result of such proceedings and contingencies. As required by generally accepted accounting principles in the United States, we establish reserves based on our assessment of contingencies. Subsequent developments in legal proceedings and other events could affect our assessment and estimates of the loss contingency recorded as a reserve and we may be required to make additional material payments, which could have a material adverse impact on our liquidity, results of operations, financial condition, and cash flows.

Our reputation, ability to do business and results of operations could be impaired by improper conduct by any of our employees, agents or business partners.

We are subject to regulation under a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies, including laws related to anti-corruption, export and import compliance, anti-trust and money laundering, due to our global operations. We cannot provide assurance our internal controls will always protect us from the improper conduct of our employees, agents and business partners. Any violations of law or improper conduct could damage our reputation and, depending on the circumstances, subject us to, among other things, civil and criminal penalties, material fines, equitable remedies (including profit disgorgement and injunctions on future conduct), securities litigation and a general loss of investor confidence, any one of which could have a material adverse impact on our business prospects, financial condition, results of operations, cash flows, and the market value of our stock.

We may be subject to risks relating to our information technology systems.

We rely extensively on information technology systems, some of which are supported by third party vendors, to manage and operate our business. We are also investing in new information technology systems that are designed to continue improving our operations. If these systems cease to function properly or if these systems do not provide the anticipated benefits, our ability to manage our operations could be impaired which could have a material adverse impact on our results of operations, financial condition, and cash flows.

Security breaches or disruptions of our technology infrastructure or products could negatively impact our business and financial results.

Our information technology infrastructure and technology embedded in certain of our control products may be subject to cyber attacks and unauthorized security intrusions. Despite instituting security policies and business continuity plans, our systems, networks and certain of our control products may be vulnerable to system damage, malicious attacks from hackers, employee errors or misconduct, viruses, power and utility outages, and other catastrophic events that could cause significant harm to our business by negatively impacting our business operations, compromising the security of our proprietary information and exposing us to litigation that could adversely affect our reputation. Such events could have a material adverse impact on our results of operations, financial condition and cash flows.

Commodity shortages and price increases and higher energy prices could adversely affect our financial results.

We rely on suppliers to secure commodities, particularly steel and non-ferrous metals, required for the manufacture of our products. A disruption in deliveries from our suppliers or decreased availability of commodities could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. We believe that available sources of supply will generally be sufficient for our needs for the foreseeable future. Nonetheless, the unavailability of some commodities could have a material adverse impact on our results of operations and cash flows.

Volatility in the prices of these commodities could increase the costs of our products and services. We may not be able to pass on these costs to our customers and this could have a material adverse impact on our results of operations and cash flows. We do not currently use financial derivatives to hedge against this volatility. While we use fixed price contracts to mitigate this exposure, we expect any future hedging activity to seek to minimize near-term volatility of the commodity prices which would not protect us from long-term commodity price increases.

Additionally, we are exposed to large fluctuations in the price of petroleum-based fuel due to the instability of current market prices. Higher energy costs increase our operating costs and the cost of shipping our products, and supplying services, to customers around the world. Consequently, sharp price increases, the imposition of taxes or an interruption of supply, could cause us to lose the ability to effectively manage the risk of rising fuel prices and may have a material adverse impact on our results of operations and cash flows.

Our operational excellence efforts may not achieve the improvements we expect.

We utilize a number of tools, such as Lean Six Sigma, to improve operational efficiency and productivity. Implementation of new processes to our operations could cause disruptions and there is no assurance that all of our planned operational excellence projects will be fully implemented or, if implemented, will realize the expected improvements.

We may be required to recognize impairment charges for our goodwill and other indefinite-lived intangible assets.

At December 31, 2013, the net carrying value of our goodwill and other indefinite-lived intangible assets totaled $5.5 billion and $2.6 billion, respectively. In accordance with generally accepted accounting principles, we periodically assess these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, unexpected significant changes or planned changes in use of the assets, divestitures and market capitalization declines may result in recognition of impairments to goodwill or other indefinite-lived assets. Any charges relating to such impairments could have a material adverse impact on our results of operations in the periods recognized.

Changes in weather patterns and seasonal fluctuations may adversely affect certain segments of the Company's business and impact overall results of operations.

Demand for certain segments of the Company's products and services is influenced by weather conditions. For instance, Trane's sales have historically tended to be seasonally higher in the second and third quarters of the year because, in the U.S. and other northern hemisphere markets, summer is the peak season for sales of air conditioning systems and services. Therefore, results of any quarterly period may not be indicative of expected results for a full year and unexpected cool trends or unseasonably warm trends during the summer season could negatively or positively affect certain segments of the Company's business and impact overall results of operations.

Weakness in the commercial and residential construction markets may adversely impact our results of operations and cash flow.

Our commercial and residential HVAC businesses, which collectively represent 61% of our net revenues, provide products and services to a wide range of markets, including significant sales to the commercial and residential construction markets. Weakness in either or both of these construction markets may negatively impact the demand for our products and services. Decrease in the demand for our products and services could have a material adverse impact on our results of operations and cash flow.

Our operations are subject to regulatory risks.

Our U.S. and non-U.S. operations are subject to a number of laws and regulations, including among others, laws related to the environment and health and safety. We have made, and will be required to continue to make, significant expenditures to comply with these laws and regulations. Changes in current laws and regulations could require us to increase our compliance expenditures, cause us to significantly alter or discontinue offering existing products and services or cause us to develop new products and services. Altering current products and services or developing new products and services to comply with changes in the applicable laws and regulations could require significant research and development investments, increase the cost of providing the products and services and adversely affect the demand for our products and services. In addition, our failure to comply with applicable laws and regulations could lead to significant penalties, fines or other sanctions. If we are unable to effectively respond to changes to applicable laws and regulations or comply with existing and future laws and regulations, our competitive position, results of operations, financial condition and cash flows could be materially adversely impacted.

Risks Relating to our Spin-off of Allegion

We may be unable to achieve some or all of the benefits that we expect to achieve subsequent to the spin-off.

In connection with our spin-off in December 2013 of Allegion, which now owns our former commercial and residential security businesses, we anticipated certain financial, operational, managerial and other benefits to us and our shareholders. In particular, we commenced certain operational excellence and other productivity and strategic initiatives following the spin-off intended to provide a greater focus on growth, and to reduce complexity and overhead cost. We may not be able to achieve the anticipated results of these actions on the scale that we expected, and the anticipated benefits subsequent to the spin-off, and those operational excellence and other productivity and strategic initiatives, may not be fully realized.

If the distribution or certain internal transactions undertaken in anticipation of the spin-off are determined to be taxable for U.S. federal income tax purposes, we, our shareholders as of the time of the distribution that are subject to U.S. federal income tax and/or Allegion could incur significant U.S. federal income tax liabilities.

We have received a ruling from the U.S. Internal Revenue Service (the "IRS") substantially to the effect that, among other things, the distribution of Allegion plc's ordinary shares, together with certain related transactions, will qualify for tax-free treatment under Sections 355 and 368(a) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), with the result that we and our shareholders will not recognize any taxable income, gain or loss for U.S. federal income tax purposes as a result of the spin-off, except to the extent of cash received in lieu of fractional shares (the "IRS Ruling"). The IRS Ruling also provides that specified internal transactions undertaken in anticipation of the distribution will qualify for favorable treatment under the Code. In addition, we have received opinions from the law firm of Simpson Thacher & Bartlett LLP substantially to the effect that specified requirements, including certain requirements that the IRS will not rule on, necessary to obtain tax-free treatment have been satisfied, such that the distribution for U.S. federal income tax purposes and certain other matters relating to the distribution, including certain internal transactions undertaken in anticipation of the distribution, will receive tax-free treatment under Section 355 of the Code. The IRS Ruling and the opinions rely on certain facts and assumptions and certain representations and undertakings from us and Allegion regarding the past and future conduct of our respective businesses and other matters.

Notwithstanding the IRS Ruling and the opinions, the IRS could determine on audit that the distribution or the internal transactions should be treated as taxable transactions if it determines that any of these facts, assumptions, representations or undertakings is not correct or has been violated, or that the distribution or the internal transactions should be taxable for other reasons, including as a result of significant changes in shares or asset ownership after the distribution. A legal opinion represents the tax adviser's best legal judgment and is not binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion. In addition, the opinion is based on current law and cannot be relied upon if current law changes with retroactive effect. If the distribution, and/or internal transactions, ultimately is determined to be taxable, we or Allegion could incur significant U.S. federal income tax liabilities, which could cause a material adverse impact on our business, financial condition, results of operations and cash flows in future reporting periods.

Furthermore, if, notwithstanding receipt of the IRS Ruling and opinions, the spin-off were determined to be a taxable transaction, each shareholder subject to U.S. federal income tax who received shares of Allegion in the spin-off would generally be treated as receiving a taxable distribution of property in an amount equal to the fair market value of the Allegion shares received. That distribution would be taxable as a dividend to the extent of our then-current and accumulated earnings and profits. Any amount that exceeded our earnings and profits would be treated first as a non-taxable return of capital to the extent of the applicable shareholder's tax basis in our ordinary shares with any remaining amount being taxed as a capital gain.

Under the terms of the Tax Matters Agreement between us and Allegion executed in connection with the spin-off, in the event the distribution or the internal transactions were determined to be taxable as a result of actions taken after the distribution by us or Allegion, the party responsible for such failure would be responsible for all taxes imposed on us or Allegion as a result thereof. If such failure is not the result of actions taken after the distribution by us or Allegion, then Allegion would be responsible for any taxes imposed on us or Allegion as a result of such determination. Such tax amounts could be significant. If Allegion were to default in its obligation to us to pay such taxes, we could be legally liable under applicable tax law for such liabilities and required to make additional tax payments. Accordingly, under certain circumstances, we may be obligated to pay amounts in excess of our agreed-upon share of tax liabilities. To the extent we are responsible for any liability under the Tax Matters Agreement, there could be a material adverse impact on our business, financial condition, results of operations and cash flows in future reporting periods.

We might not be able to engage in desirable strategic transactions and equity issuances as a result of the distribution because of restrictions relating to U.S. federal income tax requirements for tax-free distributions.

We may be deterred from engaging in significant equity transactions in order to preserve, for U.S. federal income tax purposes, the tax-free nature of the distribution. Even if the distribution otherwise qualifies for tax-free treatment under Section 355 of the Code, it may result in corporate-level taxable gain to us and certain of our affiliates under Section 355(e) of the Code if 50% or more, by vote or value, of our shares or Allegion’s shares are acquired or issued as part of a plan or series of related transactions that includes the distribution. Any acquisitions or issuances of our shares or Allegion’s shares within two years after the distribution will generally be presumed to be part of such a plan, although we or Allegion may be able to rebut that presumption. As a result, we may not pursue strategic transactions or engage in new business or other transactions that would otherwise maximize the value of our business.

If the distribution is determined to be taxable for Irish tax purposes, significant Irish tax liabilities may arise.

We have received an opinion of the Irish Revenue regarding the Irish tax consequences of the distribution to the effect that certain reliefs and exemptions for corporate reorganizations apply. In addition to obtaining the opinion from Irish Revenue, we have also received opinions from the law firm of Arthur Cox confirming the applicability of the relevant exemptions and reliefs to the distribution as well as received opinions from other external advisers that certain internal transactions will not trigger Irish tax costs as well. These opinions rely on certain facts and assumptions and certain representations and undertakings from us and Allegion regarding the past and future conduct of our respective businesses and other matters. Notwithstanding the opinions, Irish Revenue could determine on audit that the distribution or the internal transactions do not qualify for the relevant exemptions or reliefs if it determines that any of these facts, assumptions, representations or undertakings is not correct or has been violated. A legal opinion represents the tax adviser’s best legal judgment and is not binding on Irish Revenue or the courts and Irish Revenue or the courts may not agree with the legal opinion. In addition, the legal opinion is based on current law and cannot be relied upon if current law changes with retroactive effect. If the distribution ultimately is determined not to fall within certain exemptions or reliefs, the distribution could result in certain of our shareholders having an Irish tax liability as a result of the distribution, or we or Allegion could incur Irish tax liabilities. To the extent we are responsible for any such liability under the Tax Matters Agreement, there could be a material adverse impact on our business, financial condition, results of operations and cash flows in future reporting periods.

Risks Relating to Our Past Reorganizations

We effected a corporate reorganization in December 2001 to become a Bermuda company (the Bermuda Reorganization) and a subsequent corporate reorganization in July 2009 to become an Irish public limited company. These reorganizations exposed us and our shareholders to the risks described below. In addition, we cannot be assured that all of the anticipated benefits of the reorganizations will be realized.

Changes in tax laws, regulations or treaties, changes in our status under U.S. or non-U.S. tax laws or adverse determinations by taxing authorities could increase our tax burden or otherwise affect our financial condition or operating results, as well as subject our shareholders to additional taxes.

The realization of any tax benefit related to our reorganizations could be impacted by changes in tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof by the U.S. tax authorities or non-U.S. tax authorities. From time to time, proposals have been made and/or legislation has been introduced to change the tax laws of various jurisdictions or limit tax treaty benefits that if enacted could materially increase our tax burden and/or effective tax rate and could have a material adverse impact on our financial condition and results of operations. For instance, recent U.S. legislative proposals would broaden the circumstances under which we would be considered a U.S. resident for U.S. tax purposes, which would significantly diminish the realization of any tax benefit related to our reorganizations. There are other recent U.S. legislative proposals that could modify or eliminate the tax deductibility of various currently deductible payments, which could materially and adversely affect our effective tax rate and cash tax position. Moreover, other U.S. legislative proposals could have a material adverse impact on us by overriding certain tax treaties and limiting the treaty benefits on certain payments by our U.S. subsidiaries to our non-U.S. affiliates, which could increase our tax liability. We cannot predict the outcome of any specific legislation in any jurisdiction.

While we monitor proposals that would materially impact our tax burden and/or effective tax rate and investigate our options, we could still be subject to increased taxation on a going forward basis no matter what action we undertake if certain legislative proposals are enacted, certain tax treaties are amended and/or our interpretation of applicable tax law is challenged and determined to be incorrect. In particular, any changes and/or differing interpretations of applicable tax law that have the effect of disregarding the Ireland Reorganization, limiting our ability to take advantage of tax treaties between jurisdictions, modifying or eliminating the deductibility of various currently deductible payments, or increasing the tax burden of operating or being resident in a particular country, could subject us to increased taxation.

While our U.S. operations are subject to U.S. tax, we believe that a significant portion of our non-U.S. operations are generally not subject to U.S. tax other than withholding taxes. The IRS or a court, however, may not concur with our conclusions including our determination that we, and a significant number of our foreign subsidiaries, are not controlled foreign corporations (CFC) within the meaning of the U.S. tax laws. A contrary determination, which could also arise through significant future acquisitions of our stock by U.S. persons, could also potentially cause U.S. holders (direct, indirect or constructive owners) of 10% or more of our stock (or the voting stock of our non-U.S. subsidiaries) to include in their gross income their pro rata share of certain of our and our non-U.S. subsidiary income for the period during which we (and our non-U.S. subsidiaries) were a CFC. In addition, gain (or a portion of such gain) realized on CFC shares sold by such shareholders may be treated as ordinary income depending on certain facts. Treatment of us or any of our non-U.S. subsidiaries as a CFC could have a material adverse impact on our results of operations, financial condition, and cash flows.

As described further in “Legal Proceedings,” we have received several notices from the IRS containing proposed adjustments to our tax filings in connection with audits of the 2001-2006 tax years. The IRS has not contested the validity of our reincorporation in Bermuda in any of these notices. We have and intend to continue to vigorously contest all of these proposed adjustments.

Although the outcome of these matters cannot be predicted with certainty, based upon an analysis of the merits of our position, we believe that we are adequately reserved for these matters and do not expect that the ultimate resolution will have a material adverse impact on our future results of operations, financial condition, or cash flows. As we move forward to resolve these matters with the IRS, the reserves established may be adjusted. Although we continue to contest the IRS's position, there can be no assurance that we will be successful. If the IRS's position with respect to 2002-2006 is ultimately sustained, we would be required to record additional charges and the resulting liability will have a material adverse impact on our future results of operations, financial condition and cash flows.

Although we expect them to do so, at this time the IRS has not yet proposed any similar adjustments for years subsequent to 2006 as the federal income tax audits for those years are still in process or have not yet begun. It is unclear how the IRS will apply its position to subsequent years or whether the IRS will take a similar position in future audits with respect to intercompany debt instruments not outstanding in prior years.

The inability to realize any anticipated tax benefits related to our reorganizations could have a material adverse impact on our results of operations, financial condition, and cash flows.

Legislative and regulatory action could materially and adversely affect us.

The U.S. federal government and various states and municipalities have enacted or may enact legislation intended to deny government contracts to U.S. companies that reincorporate outside of the U.S. or have reincorporated outside of the U.S.

For instance, the Homeland Security Act of 2002, as amended, includes a provision that prohibits “inverted domestic corporations” and their subsidiaries from entering into contracts with the Department of Homeland Security. In addition, the State of California adopted legislation intended to limit the eligibility of certain non-U.S. chartered companies to participate in certain state contracts. More recently, the 2008-2014 Consolidated Appropriations Acts prohibit any federal government agency from using funds appropriated by Congress for fiscal years 2008-2014 to pay an inverted domestic corporation or any of its subsidiaries for work performed or products provided under certain federal contracts (“Affected Contracts”). Although the amount of monies already paid to us or to be paid to us under the Affected Contracts is not material to the Company, we cannot provide any assurance that the impact of future actions taken by the government in this area will not be materially adverse to our operations.

In addition, there continues to be negative publicity regarding, and criticism of, companies that conduct business in the United States and in other countries but have changed their place of incorporation to another country.

Irish law differs from the laws in effect in the United States and may afford less protection to holders of our securities.

The United States currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. As such, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on U.S. federal or state civil liability laws, including the civil liability provisions of the U.S. federal or state securities laws, or hear actions against us or those persons based on those laws.

As an Irish company, we are governed by the Irish Companies Act, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the United States.

In addition, Irish law allows shareholders to authorize share capital which then can be issued by a board of directors without shareholder approval. Also, subject to specified exceptions, Irish law grants statutory pre-emptive rights to existing shareholders to subscribe for new issuances of shares for cash, but allows shareholders to authorize the waiver of the statutory pre-emptive rights with respect to any particular allotment of shares. Under Irish law, these authorizations must be renewed by the shareholders every five years and we cannot guarantee that these authorizations will always be approved. Recently, certain proxy advisory firms are taking the position that Irish companies should limit these authorizations in terms of the number of authorized but unissued shares that can be issued without shareholder approval, the number of shares that can be issued without pre-emptive rights and the duration of the authorizations. If we are required to limit these authorizations in order to obtain shareholder approval, we will be limited in our ability to issue shares in ways that U.S. companies are not limited and will need to renew the authorizations even more frequently than the five-year period provided under Irish law.

Dividends received by our shareholders may be subject to Irish dividend withholding tax.

In certain circumstances, we are required to deduct Irish dividend withholding tax (currently at the rate of 20%) from dividends paid to our shareholders. In the majority of cases, shareholders resident in the United States will not be subject to Irish withholding tax, and shareholders resident in a number of other countries will not be subject to Irish withholding tax provided that they complete certain Irish dividend withholding tax forms. However, some shareholders may be subject to withholding tax, which could have an adverse impact on the price of our shares.

Dividends received by our shareholders could be subject to Irish income tax.

Dividends paid in respect of our shares will generally not be subject to Irish income tax where the beneficial owner of these dividends is exempt from dividend withholding tax, unless the beneficial owner of the dividend has some connection with Ireland other than his or her shareholding in IR-Ireland.

Our shareholders who receive their dividends subject to Irish dividend withholding tax will generally have no further liability to Irish income tax on the dividends unless the beneficial owner of the dividend has some connection with Ireland other than his or her shareholding in IR-Ireland.

Item 1B. **UNRESOLVED STAFF COMMENTS**

None.

Item 2. **PROPERTIES**

As of December 31, 2013, we owned or leased a total of approximately 13 million square feet of space worldwide. Manufacturing and assembly operations are conducted in 50 plants across the world. We also maintain various warehouses, offices and repair centers throughout the world.

The majority of our plant facilities are owned by us with the remainder under long-term lease arrangements. We believe that our plants have been well maintained, are generally in good condition and are suitable for the conduct of our business.

The locations by segment of our principal plant facilities at December 31, 2013 were as follows:

Climate		
Americas	Europe	Asia Pacific and India
Curitiba, Brazil	Kolin, Czech Republic	Zhong Shan, China
Monterrey, Mexico	Charmes, France	Taicang, China
Arecibo, Puerto Rico	Golbey, France	Chennai, India
Fort Smith, Arkansas	Galway, Ireland	Penang, Malaysia
Pueblo, Colorado	Barcelona, Spain	Samut Prakan, Thailand
Lynn Haven, Florida		
Macon, Georgia		
Vidalia, Georgia		
Rushville, Indiana		
Lexington, Kentucky		
St. Paul, Minnesota		
Hastings, Nebraska		
Trenton, New Jersey		
Columbia, South Carolina		
Clarksville, Tennessee		
Tyler, Texas		
Waco, Texas		
La Crosse, Wisconsin		

Industrial		
Americas	Europe	Asia Pacific and India
Dorval, Canada	Unicov, Czech Republic	Changzhou, China
Augusta, Georgia	Sin le Noble, France	Guilin, China
Campbellsville, Kentucky	Wasquehal, France	Nanjing, China
Madison Heights, Michigan	Oberhausen, Germany	Wujiang, China
Mocksville, North Carolina	Fogliano Redipuglia, Italy	Naroda, India
Southern Pines, North Carolina	Vignate, Italy	Sahibabad, India
West Chester, Pennsylvania	Logatec, Slovenia	
Kent, Washington		

Item 3. **LEGAL PROCEEDINGS**

In the normal course of business, we are involved in a variety of lawsuits, claims and legal proceedings, including commercial and contract disputes, employment matters, product liability claims, asbestos-related claims, environmental liabilities, intellectual property disputes, and tax-related matters. In our opinion, pending legal matters are not expected to have a material adverse impact on our results of operations, financial condition, liquidity or cash flows.

Tax Related Matters

In 2007, we received a notice from the IRS containing proposed adjustments to our tax filings in connection with an audit of the 2001 and 2002 tax years. The IRS did not contest the validity of our reincorporation in Bermuda. The IRS proposed to ignore the entities that hold the intercompany debt incurred in connection with our reincorporation in Bermuda (the “2001 Debt”) and to which the interest was paid and impose 30% withholding tax on a portion of the interest payments as if they were made directly to a company that was not eligible for reduced U.S. withholding tax under a U.S. income tax treaty. The IRS asserted that we owe additional taxes with respect to 2002 of approximately $84.0 million plus interest. We strongly disagreed with the view of the IRS and filed a protest. In 2010, we received an amended notice from the IRS assessing penalties of 30% on the asserted underpayment of tax described above.

We have so far been unsuccessful in resolving this dispute and recently received a Notice of Deficiency from the IRS for 2002. The Company filed a petition in the United States Tax Court in November 2013 contesting this deficiency. In its January 2014 answer to our petition, the IRS asserted that we also owe 30% withholding tax on the portion of 2002 interest payments made on the 2001 Debt upon which it did not previously assert withholding tax. A 30% withholding tax on this $85.0 million interest payment would increase the total tax liability proposed for 2002 to $109.0 million ($84.0 million referred to in the paragraph above plus this additional $25.0 million) plus 30% penalties and interest.

Recently we received notices from the IRS containing proposed adjustments to the Company's tax filings in connection with an audit of the 2003-2006 tax years. In these notices, the IRS asserts that we owe a total of approximately $665.0 million of additional taxes, as described more fully below, in connection with our interest payments on the 2001 Debt for the 2003-2006 period, plus penalties and interest on these unpaid taxes.

The IRS continues to take the position on the 2001 Debt, which was retired at the end of 2011, that it previously took for our 2002 tax year and which is described above. As a result of this recharacterization, the IRS asserts that we owe approximately $455.0 million of withholding tax for 2003-2006 plus 30% penalties.

The IRS also proposes to extend its position further and to treat all of the interest income from the 2001 Debt as creating earnings and profits at IR-Limited and, as a result, recharacterize the distributions made by IR-Limited during the 2002-2006 tax years as taxable dividends instead of as a return of capital. Consequently the IRS asserts that we owe approximately $210.0 million of income tax on these dividends plus penalties of 20%.

Although we expect it to do so, the IRS has not yet proposed any similar adjustments for years subsequent to 2006, as the federal income tax audits for those years are still in process or have not yet begun. In addition, we do not know how the IRS will apply its position to the different facts presented in those years or whether the IRS will take a similar position in future audits with respect to intercompany debt instruments not outstanding in prior years.

We have vigorously contested all of these proposed adjustments and intend to continue to do so. Although the outcome of these matters cannot be predicted with certainty, based upon an analysis of the merits of our position we believe that we are adequately reserved under the applicable accounting standards for these matters and do not expect that the ultimate resolution will have a material adverse impact on our future results of operations, financial condition, or cash flows. As we move forward to resolve these matters with the IRS, the reserves established may be adjusted. Although we continue to contest the IRS's position, there can be no assurance that we will be successful. If the IRS's position with respect to the 2002-2006 tax years is ultimately sustained we would be required to record additional charges and the resulting liability will have a material adverse impact on our future results of operations, financial condition and cash flows.

For a further discussion of tax matters, see Note 15 to the Consolidated Financial Statements.

Asbestos-Related Matters

Certain wholly-owned subsidiaries of the Company are named as defendants in asbestos-related lawsuits in state and federal courts. In virtually all of the suits, a large number of other companies have also been named as defendants. The vast majority of those claims have been filed against either IR-New Jersey or Trane and generally allege injury caused by exposure to asbestos contained in certain historical products sold by IR-New Jersey or Trane, primarily pumps, boilers and railroad brake shoes. Neither IR-New Jersey nor Trane was a producer or manufacturer of asbestos, however, some formerly manufactured products utilized asbestos-containing components such as gaskets and packings purchased from third-party suppliers.

See also the discussion under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Environmental and Asbestos Matters and also Note 18 to the Consolidated Financial Statements.

Executive Officers of the Registrant

The following is a list of executive officers of the Company as of February 14, 2014.

Name and Age	Date of Service as an Executive Officer	Principal Occupation and Other Information for Past Five Years
Michael W. Lamach (50)	2/16/2004	Chairman of the Board (since June 2010) and Chief Executive Officer and President (since February 2010); President and Chief Operating Officer (2009-2010); Senior Vice President and President, Trane Commercial Systems (2008-2009); Senior Vice President and President, Security Technologies (2004-2008)
Susan K. Carter (55)	10/2/2013	Senior Vice President and Chief Financial Officer (since October 2013); KBR Inc. (a global engineering, construction and services business), Executive Vice President and Chief Financial Officer (2009-2013); Lennox International Inc. (a heating, air conditioning and refirgeration company), Executive Vice President and Chief Financial Officer (2004 to 2009).
Marcia J. Avedon (52)	2/7/2007	Senior Vice President, Human Resources, Communications and Corporate Affairs (since February 2007)
Paul A. Camuti (52)	8/1/2011	Senior Vice President, Innovation and Chief Technology Officer (since August 2011); President, Smart Grid Applications, Siemens Energy, Inc. (an energy technology subsidiary of Siemens Corporation) (2010 -2011); President, Research Division, Siemens Corporation (a diversified global technology company) (2009 - 2010); President and Chief Executive Officer, Siemens Corporate Research, Inc. (the research subsidiary of Siemens Corporation) (2005 - 2009)
Robert L. Katz (51)	11/1/2010	Senior Vice President and General Counsel (since November 2010); Federal- Mogul Corporation (a global automotive supplier), Senior Vice President, General Counsel and Corporate Secretary (2007-2010)
Gary S. Michel (51)	8/1/2011	Senior Vice President and President, Residential HVAC (since December 2013); Senior Vice President and President, Residential Solutions (2011-2013); President and Chief Executive Officer, Club Car (2007 - 2011)
Didier Teirlinck (57)	6/4/2008	Executive Vice President Ingersoll Rand, Climate Segment (since December 2013); Senior Vice President and President, Climate Solutions (2009-2013); President, Climate Control Technologies (2008-2009); President, Climate Control Europe (2005-2008)
Todd D. Wyman (46)	11/16/2009	Senior Vice President, Global Operations and Integrated Supply Chain: (since November 2009); GE Transportation (a unit of General Electric Company), Vice President, Global Supply Chain (2007-2009)
Robert G. Zafari (55)	7/1/2010	Executive Vice President Ingersoll Rand, Industrial Segment (since December 2013); Senior Vice President and President, Industrial Technologies (2010-2013); President, TCS and Climate Solutions EMEIA (2009-2010); President, Security Technologies ESA (2007-2008)
Richard J. Weller (57)	9/8/2008	Vice President and Controller (since September 2008); Vice President, Finance (2008); Vice President, Finance, Security Technologies Sector (2005-2008)

No family relationship exists between any of the above-listed executive officers of the Company. All officers are elected to hold office for one year or until their successors are elected and qualified.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Information regarding the principal market for our ordinary shares and related shareholder matters is as follows:

Our ordinary shares are traded on the New York Stock Exchange under the symbol IR. As of February 3, 2014, the approximate number of record holders of ordinary shares was 4,156.

The high and low sales price per share and the dividend declared per share for the following periods were as follows:

	Ordinary shares		
2013	High	Low	Dividend
First quarter	$ 56.77	$ 48.06	$ —
Second quarter	58.92	52.03	0.21
Third quarter	66.62	55.32	0.21
Fourth quarter *	71.75	54.83	0.21
2012	High	Low	Dividend
First quarter	$ 41.98	$ 31.24	$ —
Second quarter	45.62	38.24	0.16
Third quarter	47.71	39.21	0.16
Fourth quarter **	50.03	43.85	0.37

* On December 1, 2013, we spun off our commercial and residential security businesses to our shareholders. Each of our shareholders of record as of November 22, 2013 received one ordinary share of Allegion for every three Ingersoll-Rand plc ordinary shares owned.
** In December 2012, we declared a dividend of $0.21 per ordinary share payable on March 28, 2013 to shareholders of record on March 12, 2013.

Future dividends on our ordinary shares, if any, will be at the discretion of our Board of Directors and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant, as well as our ability to pay dividends in compliance with the Irish Companies Act. Under the Irish Companies Act, dividends and distributions may only be made from distributable reserves. Distributable reserves, broadly, means the accumulated realized profits of Ingersoll-Rand plc (IR-Ireland). In addition, no distribution or dividend may be made unless the net assets of IR-Ireland are equal to, or in excess of, the aggregate of IR-Ireland's called up share capital plus undistributable reserves and the distribution does not reduce IR-Ireland's net assets below such aggregate.

Information regarding equity compensation plans required to be disclosed pursuant to this Item is incorporated by reference from our definitive proxy statement for the Annual General Meeting of Shareholders.

Issuer Purchases of Equity Securities

The following table provides information with respect to purchases by the Company of its ordinary shares during the quarter ended December 31, 2013:

Period	Total number of shares purchased (000's) (a) (b)	Average price paid per share (a) (b)	Total number of shares purchased as part of program (000's) (a)	Approximate dollar value of shares still available to be purchased under the program ($000's) (a) (c)
October 1 - October 31	1,608.6	$ 65.35	1,606.7	$ 1,103,970
November 1 - November 30	0.3	68.17	—	1,103,970
December 1 - December 31	5,466.0	57.43	5,449.0	791,065
Total	7,074.9	$ 59.81	7,055.7	

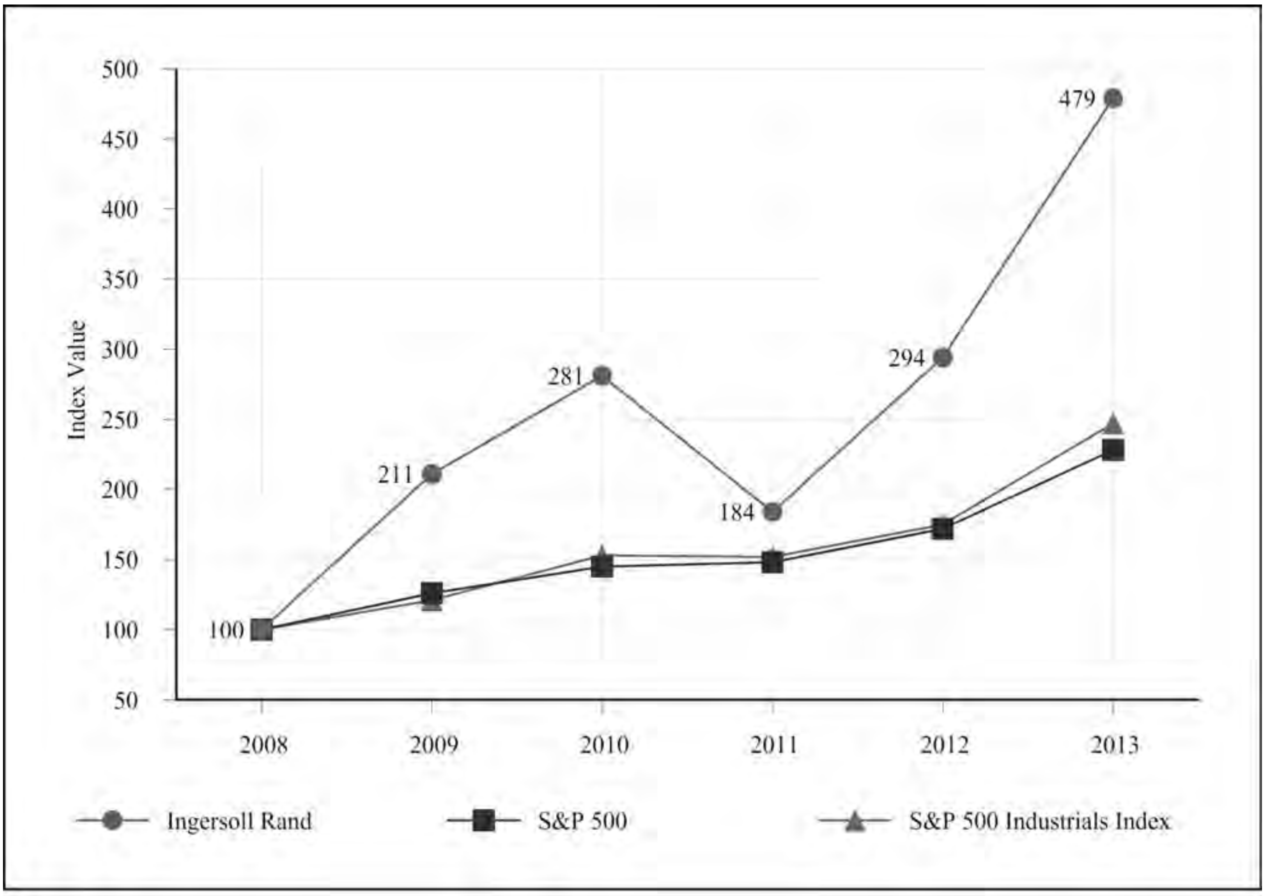
(a) In December 2012, our Board of Directors authorized the repurchase of up to $2.0 billion of our ordinary shares under a share repurchase program. The share repurchase program began in April 2013. Share repurchases will be made from time to time at the discretion of management subject to market conditions, regulatory requirements and other considerations. The repurchase program does not have a prescribed expiration date.

(b) We may also reacquire shares outside of the repurchase program from time to time in connection with the surrender of shares to cover taxes on vesting of share based awards. In October, November and December, 1,859; 294; and 17,044 shares, respectively, were reacquired in transactions outside the repurchase program.

(c) In February 2014, our Board of Directors authorized the repurchase of up to $1.5 billion of our ordinary shares under a new share repurchase program upon completion of the current share repurchase program. Share repurchases will be made from time to time at the discretion of management subject to market conditions, regulatory requirements and other considerations. The repurchase program does not have a prescribed expiration date. The authorized shares under the new share repurchase program are not included in the approximate dollar value of shares still available to be purchased in the table above.

Performance Graph

The following graph compares the cumulative total shareholder return on our ordinary shares with the cumulative total return on (i) the Standard & Poor's 500 Stock Index and (ii) the Standard & Poor's 500 Industrial Index for the five years ended December 31, 2013. The graph assumes an investment of $100 in our ordinary shares, the Standard & Poor's 500 Stock Index and the Standard & Poor's 500 Industrial Index on December 31, 2008 and assumes the reinvestment of dividends. The historical information shown below has been adjusted for the impact of the spin-off of Allegion.



Company/Index	2008	2009	2010	2011	2012	2013
Ingersoll Rand	100	211	281	184	294	479
S&P 500	100	126	145	148	172	228
S&P 500 Industrials Index	100	121	153	152	175	247

Item 6. **SELECTED FINANCIAL DATA**

In millions, except per share amounts:

At and for the years ended December 31,	2013	2012	2011	2010	2009
Net revenues	$ 12,350.5	$ 11,988.3	$ 12,760.8	$ 12,033.4	$ 10,970.2
Net earnings (loss) attributable to Ingersoll-Rand plc ordinary shareholders:					
Continuing operations	620.1	772.4	123.4	505.2	273.0
Discontinued operations	(1.3)	246.2	219.8	137.0	178.4
Total assets	17,658.1	18,482.1	18,819.6	20,078.0	19,164.7
Total debt	3,521.2	3,229.4	3,637.6	3,677.8	4,088.8
Total Ingersoll-Rand plc shareholders' equity	7,068.9	7,147.8	6,924.3	7,981.3	7,101.8
Earnings (loss) per share attributable to Ingersoll-Rand plc ordinary shareholders:					
Basic:					
Continuing operations	$ 2.11	$ 2.54	$ 0.38	$ 1.56	$ 0.85
Discontinued operations	—	0.81	0.68	0.42	0.56
Diluted:					
Continuing operations	$ 2.08	$ 2.49	$ 0.36	$ 1.49	$ 0.83
Discontinued operations	(0.01)	0.79	0.65	0.40	0.54
Dividends declared per ordinary share	$ 0.63	$ 0.69	$ 0.59	$ 0.28	$ 0.50

1. 2011 amounts represent the operating results of the Hussmann Business and Branches through their respective divestiture and transaction dates of September 30, 2011 and November 30, 2011.
2. 2011 Earnings (loss) from continuing operations include an after-tax loss on sale and impairment charges related to the Hussmann divestiture of $546 million.
3. 2011 Dividends declared per ordinary share includes a dividend of $0.16 per ordinary share, declared in December 2011, and payable on March 30, 2012 to shareholders of record on March 12, 2012.
4. 2012 Dividends declared per ordinary share includes a dividend of $0.21 per ordinary share, declared in December 2012, and payable on March 28, 2013 to shareholders of record on March 12, 2013.
5. 2012-2009 amounts have been recast to reflect the Allegion spin-off as a discontinued operation.

Item 7. **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause a difference include, but are not limited to, those discussed under Item 1A. Risk Factors in this Annual Report on Form 10-K. The following section is qualified in its entirety by the more detailed information, including our financial statements and the notes thereto, which appears elsewhere in this Annual Report.

Overview

Organization

We are a diversified, global company that provides products, services and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables and increase industrial productivity and efficiency. Our business segments consist of Climate and Industrial, both with strong brands and leading positions within their respective markets. We generate revenue and cash primarily through the design, manufacture, sale and service of a diverse portfolio of industrial and commercial products that include well-recognized, premium brand names such as Trane®, Ingersoll-Rand®, Thermo King®, American Standard® and Club Car®.

To achieve our mission of being a world leader in creating comfortable and efficient environments, we continue to focus on increasing our recurring revenue stream from parts, service, used equipment and rentals; and to continuously improve the efficiencies and capabilities of the products and services of our high-potential businesses. We also continue to focus on operational excellence strategies as a central theme to improving our earnings and cash flows.

Trends and Economic Events

We are a global corporation with worldwide operations. As a global business, our operations are affected by worldwide, regional and industry-specific economic factors, as well as political factors, wherever we operate or do business. Our geographic and industry diversity, as well as the diversity of our product sales and services, has helped mitigate the impact of any one industry or the economy of any single country on our consolidated operating results.

Given the broad range of products manufactured and geographic markets served, management uses a variety of factors to predict the outlook for the Company. We monitor key competitors and customers in order to gauge relative performance and the outlook for the future. In addition, our order rates are indicative of future revenue and thus a key measure of anticipated performance. In those industry segments where we are a capital equipment provider, revenues depend on the capital expenditure budgets and spending patterns of our customers, who may delay or accelerate purchases in reaction to changes in their businesses and in the economy.

Current market conditions, including challenges in international markets, continue to impact our financial results. Uneven global commercial new construction activity is negatively impacting the results of our commercial Heating, Ventilation and Air Conditioning (HVAC) business. However, we believe the commercial HVAC equipment replacement and aftermarket is slowly recovering. We have seen slower worldwide industrial equipment and aftermarket activity. While U.S. residential and consumer markets continue to be a challenge, we continue to see improvements in the U.S. new builder and replacement markets. The residential HVAC business also continues to be impacted by a mix shift to units with a lower Seasonal Energy Efficiency Rating (SEER). As economic conditions stabilize, we expect slight revenue growth along with benefits from restructuring and productivity programs.

Despite the current market environment, we believe we have a solid foundation of global brands and leading market shares in all of our major product lines. Our growing geographic and industry diversity coupled with our large installed product base provides growth opportunities within our service, parts and replacement revenue streams. In addition, we are investing substantial resources to innovate and develop new products and services which we expect will drive our future growth.

Significant events in 2013

Allegion Spin-Off

On December 1, 2013 (the Distribution Date), we completed the spin-off of our commercial and residential security businesses to our shareholders (the spin-off). On the Distribution Date, each of our shareholders of record as of the close of business on November 22, 2013 (the Record Date) received one ordinary share of Allegion, plc (Allegion) for every three Ingersoll-Rand plc ordinary shares held as of the Record Date. Allegion is now an independent public company trading under the symbol "ALLE" on the New York Stock Exchange.

After the Distribution Date, we do not beneficially own any Allegion ordinary shares (other than approximately 7,045 shares received in a deferred compensation trust upon the spin-off as a result of the trust holding ordinary shares of Ingersoll-Rand plc as of the Record Date), and will no longer consolidate Allegion into our financial results. Beginning in the fourth quarter of 2013, Allegion's historical financial results for periods prior to the Distribution Date will be reflected in our Consolidated Financial Statements as a discontinued operation.

See "Discontinued Operations and Divestitures" within Management's Discussion and Analysis of Financial Condition and Results of Operations and also Note 16 to the Consolidated Financial Statements for a further discussion of our discontinued operations.

Senior Notes due 2019, 2023, and 2043

In June 2013, we issued $1.55 billion principal amount of Senior Notes in three tranches through our wholly-owned subsidiary, Ingersoll-Rand Global Holding Company Limited (IR-Global) pursuant to Rule 144A of the U.S. Securities Act of 1933 (Securities Act). The tranches consist of $350 million of 2.875% Senior Notes due in 2019, $700 million of 4.250% Senior Notes due in 2023, and $500 million of 5.750% Senior Notes due in 2043. The notes are fully and unconditionally guaranteed by each of IR-Ireland, Ingersoll-Rand Company Limited (IR-Limited), and Ingersoll-Rand International Holding Limited (IR-International). Interest on the notes will be paid twice a year in arrears. The Company has the option to redeem the notes in whole or in part at any time, and from time to time, prior to their stated maturity date at redemption prices set forth in the indenture agreement. The notes are subject to certain customary covenants, however, none of these covenants are considered restrictive to the Company's operations. In connection with the issuance of each series of notes, IR-Global, the Guarantors and the initial purchasers of the notes entered into a Registration Rights Agreement. Each Registration Rights Agreement requires IR-Global and the Guarantors to use their commercially reasonable efforts to execute an effective exchange offer registration statement with the SEC no later than 365 days after the closing date of the notes offering and to complete an exchange offer within 30 business days of such effective date. If a registration default occurs additional interest shall accrue on the notes. The proceeds from these notes were used to fund the July 2013 redemption of $600 million of 6.000% Senior Notes due 2013 and $655 million of 9.500% Senior Notes due 2014 and to fund expenses related to the spin-off of the commercial and residential security businesses, with any remaining proceeds to be used for general corporate purposes. Related to this redemption, the Company recorded $45.6 million of premium expense in the third quarter of 2013 in Interest expense.

IRS Exam Results

In 2007, we received a notice from the IRS containing proposed adjustments to our tax filings in connection with an audit of the 2001 and 2002 tax years. The IRS did not contest the validity of our reincorporation in Bermuda. The IRS proposed to ignore the entities that hold the intercompany debt incurred in connection with our reincorporation in Bermuda (the "2001 Debt") and to which the interest was paid and impose 30% withholding tax on a portion of the interest payments as if they were made directly to a company that was not eligible for reduced U.S. withholding tax under a U.S. income tax treaty. The IRS asserted that we owe additional taxes with respect to 2002 of approximately $84 million plus interest. We strongly disagreed with the view of the IRS and filed a protest. In 2010, we received an amended notice from the IRS assessing penalties of 30% on the asserted underpayment of tax described above.

We have so far been unsuccessful in resolving this dispute and recently received a Notice of Deficiency from the IRS for 2002. The Company filed a petition in the United States Tax Court in November 2013 contesting this deficiency. In its January 2014 answer to our petition, the IRS asserted that we also owe 30% withholding tax on the portion of 2002 interest payments made on the 2001 Debt upon which it did not previously assert withholding tax. A 30% withholding tax on this $85.0 million interest payment would increase the total tax liability proposed for 2002 to $109.0 million ($84 million referred to in the paragraph above plus this additional $25.0 million) plus 30% penalties and interest.

Recently we received notices from the IRS containing proposed adjustments to the Company's tax filings in connection with an audit of the 2003-2006 tax years. In these notices, the IRS asserts that we owe a total of approximately $665.0 million of additional taxes, as described more fully below, in connection with our interest payments on the 2001 Debt for the 2003-2006 period, plus penalties and interest on these unpaid taxes.

The IRS continues to take the position on the 2001 Debt, which was retired at the end of 2011, that it previously took for our 2002 tax year and which is described above. As a result of this recharacterization, the IRS asserts that we owe approximately $455.0 million of withholding tax for 2003-2006 plus 30% penalties.

The IRS also proposes to extend its position further and to treat all of the interest income from the 2001 Debt as creating earnings and profits at IR-Limited and, as a result, recharacterize the distributions made by IR-Limited during the 2002-2006 tax years as taxable dividends instead of as a return of capital. Consequently the IRS asserts that we owe approximately $210.0 million of income tax on these dividends plus penalties of 20%.

Although we expect it to do so, the IRS has not yet proposed any similar adjustments for years subsequent to 2006, as the federal income tax audits for those years are still in process or have not yet begun. In addition, we do not know how the IRS will apply its position to the different facts presented in those years or whether the IRS will take a similar position in future audits with respect to intercompany debt instruments not outstanding in prior years.

We have vigorously contested all of these proposed adjustments and intend to continue to do so. Although the outcome of these matters cannot be predicted with certainty, based upon an analysis of the merits of our position we believe that we are adequately reserved under the applicable accounting standards for these matters and do not expect that the ultimate resolution will have a material adverse impact on our future results of operations, financial condition, or cash flows. As we move forward to resolve these matters with the IRS, the reserves established may be adjusted. Although we continue to contest the IRS's position, there can be no assurance that we will be successful. If the IRS's position with respect to the 2002-2006 tax years is ultimately sustained we would be required to record additional charges and the resulting liability will have a material adverse impact on our future results of operations, financial condition and cash flows.

2014 Dividend Increase and Share Repurchase Program

In February 2014, we announced an increase in our quarterly share dividend from $0.21 to $0.25 per share beginning with our March 2014 payment. The dividend is payable March 31, 2014 to shareholders of record on March 14, 2014.

In February 2014, our Board of Directors authorized the repurchase of up to $1.5 billion of our ordinary shares under a new share repurchase program upon completion of the current share repurchase program. The new share repurchase program is expected to begin in the second quarter of 2014. Share repurchases will be made from time to time at the discretion of management subject to market conditions, regulatory requirements and other considerations.

2013 Share Repurchase Program

In December 2012, our Board of Directors authorized the repurchase of up to $2.0 billion of our ordinary shares under a share repurchase program. The share repurchase program began in April 2013. During 2013 we repurchased 20.8 million shares for $1.2 billion, excluding commissions. These repurchases were accounted for as a reduction of Ordinary shares and Capital in excess of par value as they were canceled upon repurchase.

2011 Share Repurchase Program

Our 2011 share repurchase program was authorized by our Board of Directors in April 2011 and was completed in April 2013. During the year ended December 31, 2012, we repurchased 18.4 million shares for approximately $0.8 billion, excluding commissions.

Significant events in 2012

2012 Dividend Increase

In December 2012, we announced an increase in our quarterly share dividend from $0.16 to $0.21 per share beginning with our March 2013 payment.

Pension and Other Postretirement Plan Amendments

On June 8, 2012, our Board of Directors approved amendments to our retirement plans for certain U.S. and Puerto Rico non-bargained employees. Eligible non-bargained employees hired prior to July 1, 2012 were given a choice of remaining in their respective defined benefit plan until the plan freezes on December 31, 2022 or freezing their accrued benefits in their respective defined benefit plan as of December 31, 2012 and receiving an additional 2% non-matching Company contribution into the Company's applicable defined contribution plan. Eligible employees hired or rehired on or after July 1, 2012 will automatically receive the 2% non-matching Company contribution into the applicable defined contribution plan in lieu of participating in the defined benefit plan. Beginning January 1, 2023, all eligible employees will receive the 2% non-matching contribution into the applicable defined contribution plan.

On February 1, 2012, our Board of Directors approved amendments to our postretirement medical plan with respect to post-65 retiree medical coverage. Effective January 1, 2013, we discontinued offering company-sponsored retiree medical coverage for certain individuals age 65 and older. We transitioned affected individuals to coverage through the individual Medicare market and will provide a tax-advantaged subsidy to those retirees eligible for subsidized company coverage that can be used toward reimbursing premiums and other qualified medical expenses for individual Medicare supplemental coverage that is purchased through our third-party Medicare coordinator.

See Note 10 to the Consolidated Financial Statements for a further discussion of these amendments.

Significant events in 2011

Dividend Increase

In April 2011, we increased our quarterly stock dividend from $0.07 to $0.12 per share beginning with our June 2011 payment. In December 2011, we announced an increase in our quarterly stock dividend from $0.12 per share to $0.16 per share beginning with our March 2012 payment.

Divested Operations

On September 30, 2011 and November 30, 2011, we completed transactions to sell our Hussmann refrigerated display case business to a newly-formed affiliate (Hussmann Parent) of private equity firm Clayton Dubilier & Rice, LLC (CD&R). These transactions included the equipment business and certain of the service branches in the U.S. and Canada, and the equipment, service and installation businesses in Mexico, Chile, Australia, New Zealand, and Japan (Hussmann Business) and the remaining North American Hussmann service and installation branches (Hussmann Branches). We negotiated the final terms of the transaction to include our ownership of a portion of the common stock of Hussmann Parent, which represents significant continuing involvement. Therefore, the results of Hussmann are included in continuing operations for all periods presented, with our ownership interest reported using the equity method of accounting subsequent to September 30, 2011. See "Discontinued Operations and Divestitures" within Management's Discussion and Analysis of Financial Condition and Results of Operations and also Note 16 to the Consolidated Financial Statements for a further discussion of our divested operations.

Results of Operations - For the years ended December 31

Dollar amounts in millions, except per share data		2013	% of Revenues		2012	% of Revenues		2011	% of Revenues
Net revenues	$	12,350.5		$	11,988.3		$	12,760.8	
Cost of goods sold		(8,675.5)	70.3%		(8,538.0)	71.2%		(9,280.0)	72.7%
Selling and administrative expenses		(2,570.0)	20.8%		(2,382.9)	19.9%		(2,395.2)	18.8%
Gain (loss) on sale/asset impairment		—	—%		4.5	—%		(646.9)	5.1%
Operating income		1,105.0	8.9%		1,071.9	8.9%		438.7	3.4%
Interest expense		(278.8)			(252.0)			(278.5)	
Other, net		3.4			28.1			28.4	
Earnings before income taxes		829.6			848.0			188.6	
Provision for income taxes		(189.0)			(56.0)			(45.4)	
Earnings from continuing operations		640.6			792.0			143.2	
Discontinued operations, net of tax		13.3			252.0			226.1	
Net earnings		653.9			1,044.0			369.3	
Less: Net earnings attributable to noncontrolling interests		(35.1)			(25.4)			(26.1)	
Net earnings attributable to Ingersoll-Rand plc	$	618.8		$	1,018.6		$	343.2	
Diluted net earnings (loss) per ordinary share attributable to Ingersoll-Rand plc ordinary shareholders:									
Continuing operations	$	2.08		$	2.49		$	0.36	
Discontinued operations		(0.01)			0.79			0.65	
Net earnings	$	2.07		$	3.28		$	1.01	

Net Revenues

Net revenues for the year ended December 31, 2013 increased by 3.0%, or $362.2 million, compared with the same period of 2012, which primarily resulted from the following:

Volume/product mix	2.3%
Pricing	0.7%
Total	3.0%

The increase in revenues was primarily driven by volume improvements within the Climate segment and improved pricing for both Climate and Industrial.

Net revenues for the year ended December 31, 2012 decreased by 6.1%, or $772.5 million, compared with the same period of 2011, which primarily resulted from the following:

Pricing	1.4 %
Volume/product mix	0.4 %
Currency exchange rates	(1.5)%
Hussmann	(6.4)%
Total	(6.1)%

The decrease in revenues was primarily driven by the absence of Hussmann for the year ended December 31, 2012, which contributed $818.5 million of revenue in the same period in 2011. This decrease was partially offset by improved pricing within both of our segments and higher volumes within the Industrial business segment.

Operating Income/Margin

Operating margin remained flat at 8.9% for the year ended December 31, 2013 and 2012. During 2013 we experienced improved pricing in excess of material inflation (0.5%) and productivity benefits in excess of other inflation (0.4%), offset by increased investment and restructuring spending (0.9%). During 2013 and 2012, the Company incurred costs of $82.3 million and $23.3 million, respectively, associated with ongoing restructuring actions. These actions included workforce reductions as well as the closure and consolidation of manufacturing facilities in an effort to improve the Company's cost structure.

Operating margin improved to 8.9% for the year ended December 31, 2012, compared to 3.4% for the same period of 2011. The improvement was primarily due to Operating income in 2011 including a $646.9 million loss on sale/asset impairment charge related to the divestiture of Hussmann (5.1%), improved pricing in excess of material inflation across (1.3%), and the realization of productivity benefits in excess of other inflation (0.9%). These improvements were partially offset by increased investment and restructuring spending (1.3%) and unfavorable product mix and volume (0.9%).

Interest Expense

Interest expense for the year ended December 31, 2013 increased by $26.8 million compared with the same period of 2012, primarily as a result of the redemption premium expense incurred during the July 2013 debt redemption discussed in Liquidity and Capital Resources.

Interest expense for the year ended December 31, 2012 decreased $26.5 million compared with the same period of 2011 as a result of lower average debt balances in 2012.

Other, Net

The components of Other, net, for the year ended December 31 are as follows:

In millions	**2013**	**2012**	**2011**
Interest income	$ 12.8	$ 16.3	$ 25.5
Exchange gain (loss)	(14.0)	0.2	(1.3)
Earnings (loss) from equity investments	(2.6)	(5.9)	(3.5)
Other	7.2	17.5	7.7
Other, net	$ 3.4	$ 28.1	$ 28.4

Exchange gain (loss) for the year ended December 31, 2013 includes a loss of approximately $3.8 million related to the devaluation of the Venezuela Bolivar. Included within Earnings (loss) from equity investments for the years ended December 31, 2013, 2012 and 2011 is $2.6 million, $5.9 million and $3.5 million of equity loss, respectively, on the Hussmann equity investment incurred subsequent to the Hussmann divestiture transaction dates. The activity included within Other for the year ended December 31, 2012 is primarily related to adjustments to actual and expected insurance recoveries as a result of a settlement.

Provision for Income Taxes

The 2013 effective tax rate was 22.8%. The 2013 effective tax rate is lower than the U.S. Statutory rate of 35% primarily due to earnings in non-U.S. jurisdictions, which in aggregate, have a lower effective rate and a $36 million net reduction in our liability for unrecognized tax benefits primarily due to the settlement of an audit in a major tax jurisdiction, partially offset by a tax charge of $51 million as a result of a change in assertion in certain subsidiary earnings that the company has previously determined to be permanently reinvested and approximately $74 million of Allegion spin-off tax charges, primarily related to a net increase in our valuation allowances on certain deferred tax assets. Revenues from non-U.S. jurisdictions account for approximately 41% of our total revenues, such that a material portion of our pretax income is earned and taxed outside the U.S. at rates ranging from 0% to 38%. When comparing the results of multiple reporting periods, among other factors, the mix of earnings between U.S. and foreign jurisdictions can cause variability on our overall effective tax rate.

The 2012 effective tax rate was 6.6%, which included a tax benefit of approximately $140.0 million resulting from a reduction in valuation allowances on certain Non-U.S. deferred tax assets. The 2012 effective tax rate is lower than the U.S. Statutory rate of 35.0% primarily due to earnings in non-U.S. jurisdictions, which in aggregate, have a lower effective rate and a reduction in valuation allowances mentioned above, partially offset by a net increase in our liability for unrecognized tax benefits.

For a further discussion of tax matters, see Note 15 to the Consolidated Financial Statements.

Review of Business Segments

The segment discussions that follow describe the significant factors contributing to the changes in results for each segment included in continuing operations.

In the fourth quarter of 2013, the Company realigned its organizational structure to provide a greater focus on growth, continue implementation of business operating systems, build on our successful operational excellence philosophy and reduce complexity and costs. The Company’s new reporting structure includes the Climate and Industrial segments.

Segment operating income is the measure of profit and loss that our chief operating decision maker uses to evaluate the financial performance of the business and as the basis for performance reviews, compensation and resource allocation. For these reasons, we believe that Segment operating income represents the most relevant measure of segment profit and loss. We may exclude certain charges or gains from Operating income to arrive at a Segment operating income that is a more meaningful measure of profit and loss upon which to base our operating decisions. We define Segment operating margin as Segment operating income as a percentage of Net revenues.

Climate

Our Climate segment delivers energy-efficient solutions globally and includes Trane® and American Standard® Heating & Air Conditioning which provide heating, ventilation and air conditioning (HVAC) systems, and commercial and residential building services, parts, support and controls; and Thermo King® transport temperature control solutions.

On September 30, 2011 and November 30, 2011, we completed transactions to sell Hussmann to a newly-formed affiliate (Hussmann Parent) of private equity firm Clayton Dubilier & Rice, LLC (CD&R). As part of the deal terms we have an ongoing equity interest in Hussmann Parent, therefore operating results continue to be recorded within continuing operations. However, subsequent to the respective transaction dates our earnings from this equity interest are not reported in Segment operating income. During the year ended December 31, 2011, we recorded a pre-tax loss on sale and asset impairment charges related to the Hussmann divestiture totaling $646.9 million. These charges, as well as related adjustments recorded in 2012, have been excluded from Segment operating income within the Climate segment as management excludes these charges from Operating income when making operating decisions about the business. See “Discontinued Operations and Divestitures” within Management's Discussion and Analysis of Financial Condition and Results of Operations and also Note 16 to the Consolidated Financial Statements for a further discussion of our divested operations.

2011 Net revenues and Segment operating income for the Climate segment includes the operating results of the Hussmann Business and Branches prior to the sale. The operating results for the Hussmann Business and Branches are included in Net revenues and Segment operating income for the Climate segment for the year ended December 31, 2011 as follows:

In millions		2011
Net revenues	$	818.5
Segment operating income	$	58.6

Segment results for the years ended December 31 were as follows:

Dollar amounts in millions		2013	% change		2012	% change		2011
Net revenues	$	9,414.0	4.1%	$	9,042.5	8.7%	$	9,907.9
Segment operating income		930.2	13.8%		817.6	2.3%		837.1
Segment operating margin		9.9%			9.0%			8.4%

<u>2013 vs 2012</u>
Net revenues for the year ended December 31, 2013 increased by 4.1% or $371.5 million, compared with the same period of 2012, which primarily resulted from the following:

Volume/product mix	3.5 %
Pricing	0.8 %
Currency exchange rates	(0.2)%
Total	4.1 %

Our Trane commercial HVAC business continues to be impacted by weakness in the worldwide commercial building markets. Trane commercial HVAC revenues increased due to improvements in both equipment and parts, services and solutions markets. Trane residential HVAC revenues increased due to increased volume in all equipment categories. These improvements were slightly offset by a continued mix shift to lower SEER units. Net revenues in our transport businesses increased driven by improvements in the Americas and Europe.

Segment operating margin improved to 9.9% for the year ended December 31, 2013, compared to 9.0% for the same period of 2012. The improvement was primarily driven by productivity benefits in excess of other inflation (0.8%), pricing improvements in excess of material inflation (0.6%) and favorable volume/product mix (0.2%). These improvements were partially offset by increased investment and restructure spending (0.7).

2012 vs 2011
Net revenues for the year ended December 31, 2012 decreased by 8.7% or $865.4 million, compared with the same period of 2011, which primarily resulted from the following:

Pricing	1.3 %
Volume/product mix	(0.5)%
Currency exchange rates	(1.2)%
Hussmann	(8.3)%
Total	(8.7)%

Our Trane commercial HVAC business was impacted by weakness in the worldwide commercial building markets. Trane commercial HVAC revenues increased as growth within our parts, services and solutions markets offset declines in equipment and systems in Europe and Asia. Trane residential HVAC revenues increased due to improved activity levels in both the new residential construction and replacement markets. These improvements were slightly offset by a continued mix shift to lower SEER units. Net revenues in our transport businesses decreased driven by declines in sea-going container revenues. Growth in the Americas was more than offset by declines in Europe.

Segment operating margin improved to 9.0% for the year ended December 31, 2012, compared to 8.4% for the same period of 2011. The improvements due to pricing improvements in excess of material inflation (1.3%) and productivity benefits in excess of other inflation (0.8%), were partially offset by unfavorable volume/product mix (0.9%), increased investment and restructure spending (0.5%), and unfavorable currency impacts (0.2%).

Industrial

Our Industrial segment delivers products and services that enhance energy efficiency, productivity and operations. It includes Ingersoll Rand® compressed air systems and services, power tools, material handling systems, ARO® fluid management equipment, as well as Club Car® golf, utility and rough terrain vehicles.

Segment results for the years ended December 31 were as follows:

Dollar amounts in millions	**2013**	**% change**	**2012**	**% change**	**2011**
Net revenues	$ 2,936.5	(0.3)%	$ 2,945.8	3.3%	$ 2,852.9
Segment operating income	456.0	— %	455.8	9.7%	415.5
Segment operating margin	15.5%		15.5%		14.6%

2013 vs 2012
Net revenues for the year ended December 31, 2013 decreased by 0.3% or $9.3 million, compared with the same period of 2012, which primarily resulted from the following:

Pricing	0.6 %
Currency exchange rates	0.3 %
Volume/product mix	(1.2)%
Total	(0.3)%

Air and Productivity revenues decreased due to declines in equipment sales, partially offset by growth in parts, service and solutions. Club Car revenues increased due to growth in both the golf car and utility vehicle markets.

Segment operating margin remained flat at 15.5% for the year end December 31, 2013.and 2012. Productivity benefits in excess of other inflation (1.1%) were offset by increased investment and restructuring spending ($0.7%) and unfavorable volume/product mix (0.4%).

2012 vs 2011
Net revenues for the year ended December 31, 2012 increased by 3.3%, or $92.9 million, compared with the same period of 2011, which primarily resulted from the following:

Volume/product mix	3.9 %
Pricing	1.7 %
Currency exchange rates	(2.3)%
Total	3.3 %

We experienced growth within our Air and Productivity business related to increased volume in the Americas. The growth in the Americas was primarily driven by improved air compressors sales. Club Car revenues increased due to improved pricing and growth in the golf car and utility vehicle markets.

Segment operating margin improved to 15.5% for the year ended December 31, 2012 compared to 14.6%, for the same period of 2011. The improvement was primarily driven by productivity benefits in excess of other inflation (2.1%), pricing improvements in excess of material inflation (0.8%). These improvements were partially offset by increased investment and restructuring spending (1.9%) and unfavorable currency impacts (0.2%).

Discontinued Operations and Divestitures

Discontinued Operations

The components of discontinued operations for the years ended December 31 are as follows:

In millions	2013	2012	2011
Net revenues	$ 1,889.9	$ 2,046.6	$ 2,093.4
Pre-tax earnings (loss) from operations	84.7	379.5	355.7
Pre-tax gain (loss) on sale	—	2.3	(57.7)
Tax benefit (expense)	(71.4)	(129.8)	(71.9)
Discontinued operations, net of tax	$ 13.3	$ 252.0	$ 226.1

Discontinued operations by business for the years ended December 31 are as follows:

In millions	2013	2012	2011
Allegion spin-off, net of tax	$ 12.4	$ 254.2	$ 275.7
Other discontinued operations, net of tax	0.9	(2.2)	(49.6)
Discontinued operations, net of tax	$ 13.3	$ 252.0	$ 226.1

Allegion Spin-Off

On December 1, 2013, (the Distribution Date) we completed the spin-off of our commercial and residential security businesses, now under the name of Allegion, plc (Allegion), to our shareholders (the spin-off). On the Distribution Date, each of our shareholders of record as of the close of business on November 22, 2013 (the Record Date) received one ordinary share of Allegion for every three Ingersoll-Rand plc ordinary shares held as of the Record Date. Allegion is now an independent public company trading under the symbol "ALLE" on the New York Stock Exchange.

Net revenues and after-tax earnings of Allegion for the year ended December 31 were as follows:

In millions	2013	2012	2011
Net revenues	$ 1,889.9	$ 2,046.6	$ 2,021.2
After-tax earnings (loss) from operations	$ 12.4	$ 254.2	$ 275.7

* Included in After-tax earnings (loss) from operations for the year ended December 31, 2013 and 2012 are spin costs of $128.0 million and $5.7 million, respectively, and tax charges related to enacting the spin-off. Also, the 2013 results include a 111.4 million non-cash goodwill impairment charge. For a further discussion, see Note 16 to the Consolidated Financial Statements.

The components of Allegion assets and liabilities recorded as held for spin-off on the Consolidated Balance Sheet at December 31, 2012 are as follows:

In millions		December 31, 2012
Assets		
Current assets	$	726.1
Property, plant and equipment, net		226.5
Goodwill		646.3
Intangible assets, net		150.5
Other assets and deferred income taxes		68.0
Assets held for spin-off		1,817.4
Liabilities		
Current liabilities	$	362.9
Noncurrent liabilities		168.9
Liabilities held for spin-off	$	531.8

In November 2013, prior to the spin-off, the commercial and residential security businesses borrowed $1,274.2 million. The proceeds of the borrowing remained with the Company. On December 1, 2013 we made a distribution of $(0.5) million to the Company's shareholders in connection with the spin-off of Allegion. The distribution included $1,953.7 million of assets, $1,974.2 million of liabilities, $61.1 million of accumulated other comprehensive loss and $41.1 million of noncontrolling interest.

Other Discontinued Operations

The components of other discontinued operations for the years ended December 31 were as follows:

In millions		2013		2012		2011
Retained costs, net of tax	$	0.9	$	(16.2)	$	(34.8)
Net gain (loss) on disposals, net of tax		—		14.0		(14.8)
Discontinued operations, net of tax	$	0.9	$	(2.2)	$	(49.6)

On November 30, 2007, we completed the sale of our Bobcat, Utility Equipment and Attachments businesses (collectively, Compact Equipment) to Doosan Infracore for gross proceeds of approximately $4.9 billion, subject to post-closing purchase price adjustments. Compact Equipment manufactured and sold compact equipment, including skid-steer loaders, compact track loaders, mini-excavators and telescopic tool handlers; portable air compressors, generators and light towers; general-purpose light construction equipment; and attachments. We were in dispute regarding post-closing matters with Doosan Infracore. During the second quarter of 2011, we collected approximately $48.3 million of our outstanding receivable from Doosan Infracore related to certain purchase price adjustments. During the second quarter of 2012, Doosan Infracore paid the Company a total of $46.5 million to settle the outstanding receivable and remaining disputed post-closing matters.

Other discontinued operations, net of tax from previously sold businesses is mainly related to postretirement benefits, product liability, worker's compensation, and legal costs (mostly asbestos-related) and tax effects of post-closing purchase price adjustments.

Divested Operations

Hussmann Divestiture

On September 30, 2011, we completed a transaction to sell our Hussmann refrigerated display case business to a newly-formed affiliate (Hussmann Parent) of private equity firm Clayton Dubilier & Rice, LLC (CD&R). This transaction included the equipment business and certain of the service branches in the U.S. and Canada, and the equipment, service and installation businesses in Mexico, Chile, Australia, New Zealand, and Japan (Hussmann Business). The final transaction allowed Hussmann Parent the option to acquire the remaining North American Hussmann service and installation branches (Hussmann Branches). Hussmann Parent completed the acquisition of the Hussmann Branches on November 30, 2011. The Hussmann Business and Branches, which are reported as part of the Climate segment, manufacture, market, distribute, install, and service refrigerated display merchandising equipment, refrigeration systems, over the counter parts, and other commercial and industrial refrigeration applications.

The Hussmann Business divestiture was originally announced on April 21, 2011 and met the criteria for classification as held for sale treatment in accordance with GAAP during the first quarter of 2011. During the third quarter of 2011, we negotiated the final transaction to sell the Hussmann Business and Branches to CD&R in exchange for $370 million in cash, subject to purchase price adjustments, and common stock of Hussmann Parent, such that following the sale, CD&R would own cumulative convertible participating preferred stock of Hussmann Parent, initially representing 60% of the outstanding capital stock (on an as-converted basis) of Hussmann Parent, and we would own all of the common stock, initially representing the remaining 40% of the outstanding capital stock (on an as-converted basis) of Hussmann Parent. Our ownership of common stock of Hussmann Parent represents significant continuing involvement. Therefore, the results of the Hussmann Business and Branches are included in continuing operations for all periods presented. Based on these terms, we recorded a total pre-tax loss on sale/asset impairment charge of $646.9 million during the full year of 2011.

Results for the Hussmann Business and Branches for the year ended December 31, 2011 are as follows:

In millions		2011*	
Net revenues	$	818.5	
Gain (loss) on sale/asset impairment		(646.9)	**
Net earnings (loss) attributable to Ingersoll-Rand plc		(513.1)	
Diluted earnings (loss) per share attributable to Ingersoll-Rand plc ordinary shareholders:		(1.51)	

* Results represent the operating results of Hussmann Business and Branches through their respective divestiture transaction dates.
** Included in Gain (loss) on sale/asset impairment for the year ended December 31, 2011 are transaction costs of $12.2 million.

Hussmann Parent is required to pay a quarterly preferred dividend payment to CD&R in the form of cash or additional preferred shares. Our ownership percentage as of December 31, 2013 was 37.2%. Our ownership interest in Hussmann Parent is reported using the equity method of accounting subsequent to September 30, 2011. Our equity investment in the Hussmann Parent is reported within Other noncurrent assets and the related equity earnings reported in Other, net within Net earnings.

Liquidity and Capital Resources

We earn a significant amount of our operating income in jurisdictions where it is deemed to be permanently reinvested. Our most prominent jurisdiction of operation is the U.S. Other than as discussed below, we currently do not intend nor foresee a need to repatriate funds to the U.S., and no provision for U.S. income taxes has been made with respect to such earnings. We expect existing cash and cash equivalents available to the U.S., the cash generated by our U.S. operations, our committed credit lines as well as our expected ability to access the capital and debt markets will be sufficient to fund our U.S. operating and capital needs for at least the next twelve months and thereafter for the foreseeable future. In addition, we expect existing non-U.S. cash and cash equivalents and the cash generated by our non-U.S. operations will be sufficient to fund our non-U.S. operating and capital needs for at least the next twelve months and thereafter for the foreseeable future. Should we require more capital in the U.S. than is generated by our U.S. operations, and we determine that repatriation of non-U.S. cash is necessary, such amounts would be subject to U.S. federal income taxes.

As a result of the Allegion spin-off and certain internal restructurings, the Company believes it is advantageous to fully repay an intercompany debt obligation between two of its subsidiaries. In order to facilitate the repayment of this intercompany debt, in the fourth quarter of 2013, the Company decided to change its permanent reinvestment assertion as it relates to approximately $740 million of earnings primarily related to subsidiaries in Hong Kong, Australia and Canada. The Company has recorded the tax effects of this change in the fourth quarter of 2013, which resulted in a charge of approximately $51 million. Except where otherwise noted, the Company continues with its permanent reinvestment assertion on its remaining unremitted earnings. For a further discussion, see Note 15 to the Consolidated Financial Statements.

During 2013, we repurchased 20.8 million shares for $1.2 billion, excluding commissions, under our current share repurchase program. These repurchases were accounted for as a reduction of Ordinary shares and Capital in excess of par value as they were canceled upon repurchase.

In February 2014, we announced an increase in our quarterly share dividend from $0.21 to $0.25 per share beginning with our March 2014 payment. The dividend is payable March 31, 2014 to shareholders of record on March 14, 2014. In February 2014, our Board of Directors authorized the repurchase of up to $1.5 billion of our ordinary shares under a new share repurchase program upon completion of the current share repurchase program. The new share repurchase program is expected to begin in the second quarter of 2014. We expect our available cash flow, committed credit lines and access to the capital markets will be sufficient to fund the increased dividend and share repurchases.

Liquidity

The following table contains several key measures to gauge our financial condition and liquidity at the periods ended December 31:

In millions	2013	2012	2011
Cash and cash equivalents	$ 1,937.2	$ 708.4	$ 987.0
Short-term borrowings and current maturities of long-term debt	367.7	962.9	761.9
Long-term debt	3,153.5	2,266.5	2,875.8
Total debt	3,521.2	3,229.4	3,637.7
Total Ingersoll-Rand plc shareholders' equity	7,068.9	7,147.8	6,924.3
Total equity	7,131.3	7,229.3	7,012.4
Debt-to-total capital ratio	33.1%	30.9%	34.2%

Short-term borrowings and current maturities of long-term debt at December 31 consisted of the following:

In millions	2013	2012
Debentures with put feature	$ 343.0	$ 343.0
6.000% Senior notes due 2013	—	600.0
Other current maturities of long-term debt	8.0	10.0
Other short-term borrowings	16.7	9.9
Total	$ 367.7	$ 962.9

Commercial Paper Program

The maximum aggregate amount of unsecured commercial paper notes available to be issued, on a private placement basis, under the commercial paper program is $2 billion as of December 31, 2013. Under the commercial paper program, Ingersoll-Rand Global Holding Company Limited (IR-Global), may issue notes from time to time, and the proceeds of the financing will be used for general corporate purposes. Each of IR-Ireland, Ingersoll-Rand Company Limited (IR-Limited), and Ingersoll-Rand International Holding Limited (IR-International) has provided an irrevocable and unconditional guarantee for the notes issued under the commercial paper program. We had no commercial paper outstanding at December 31, 2013 and December 31, 2012.

Debentures with Put Feature

At December 31, 2013 and December 31, 2012, we had outstanding $343.0 million and $343.0 million, respectively, of fixed rate debentures which only require early repayment at the option of the holder. These debentures contain a put feature that the holders may exercise on each anniversary of the issuance date, subject to a notice requirement. If exercised, we are obligated to repay in whole or in part, at the holder's option, the outstanding principal amount (plus accrued and unpaid interest) of the debentures held by the holder. If these options are not exercised, the final maturity dates would range between 2027 and 2028.

Holders of these debentures had the option to exercise the put feature on $37.2 million of the outstanding debentures in February 2013, subject to the notice requirement. No exercises were made. Holders of the remaining $305.8 million of the outstanding debentures had the option to exercise the put feature, subject to the notice requirement, on the remaining $305.8 million in outstanding debentures in November 2013. No material exercises were made. Holders of these debentures had the option to exercise the put feature on $37.2 million of the outstanding debentures in February 2014, subject to the notice requirement. No notifications were received. Based on our cash flow forecast and access to the capital markets, we believe we will have sufficient liquidity to repay any amounts exercised as a result of the put features.

Senior Notes due 2019, 2023, and 2043

In June 2013, we issued $1.55 billion principal amount of Senior Notes in three tranches through our wholly-owned subsidiary, IR-Global pursuant to Rule 144A of the Securities Act. The tranches consist of $350 million of 2.875% Senior Notes due in 2019, $700 million of 4.250% Senior Notes due in 2023, and $500 million of 5.750% Senior Notes due in 2043. In connection with the issuance of each series of notes, IR-Global, the Guarantors and the initial purchasers of the notes entered into a Registration Rights Agreement. Each Registration Rights Agreement requires IR-Global and the Guarantors to use their commercially reasonable efforts to execute an effective exchange offer registration statement with the SEC no later than 365 days after the closing date of the notes offering and to complete an exchange offer within 30 business days of such effective date. If a registration default occurs additional interest shall accrue on the notes. The proceeds from these notes were used to fund the July 2013 redemption of $600 million of 6.000% Senior Notes due 2013 and $655 million of 9.500% Senior Notes due 2014 and to fund expenses related to the spin-off of the commercial and residential security businesses, with any remaining proceeds to be used for general corporate purposes.

In July 2013, we fully redeemed the outstanding principal amount of $600 million of our 6.000% Senior Notes due 2013 and $655 million of our 9.500% Senior Notes due 2014, resulting in $45.6 million of redemption premium expense, which was recorded in the third quarter of 2013 in Interest expense.

Exchangeable Senior Notes Due 2012

In April 2009, we issued $345 million of 4.5% Exchangeable Senior Notes (the Notes) through our wholly-owned subsidiary, IR-Global. We settled all remaining outstanding Notes during 2012. As a result, we paid $357.0 million in cash and issued 10.8 million ordinary shares to settle the principal, interest and equity portion of the Notes.

Other

As of December 31, 2013, we have a a 4-year, $1.0 billion revolving credit facility maturing on May 20, 2015 and a 5-year, $1.0 billion revolving credit facility maturing on March 15, 2017, through our wholly-owned subsidiary, IR-Global.

IR-Ireland, IR-Limited and IR-International have each provided an irrevocable and unconditional guarantee for these credit facilities. During 2013, the credit facilities were modified to include IR-New Jersey as a guarantor. The total committed revolving credit facilities of $2.0 billion are unused and provide support for our commercial paper program as well as for other general corporate purposes.

In addition, other available non-U.S. lines of credit were $907.3 million, of which $660.0 million was unused at December 31, 2013. These lines provide support for bank guarantees, letters of credit and other general corporate purposes.

Pension Plans

Our investment objective in managing defined benefit plan assets is to ensure that all present and future benefit obligations are met as they come due. We seek to achieve this goal while trying to mitigate volatility in plan funded status, contribution and expense by better matching the characteristics of the plan assets to that of the plan liabilities. We use a dynamic approach to asset allocation whereby a plan's allocation to fixed income assets increases progressively over time towards an ultimate target of 90% as a plan moves toward full funding. We monitor plan funded status and asset allocation regularly in addition to investment manager performance.

We monitor the impact of market conditions on our defined benefit plans on a regular basis. None of our defined benefit pension plans have experienced a significant impact on their liquidity due to the volatility in the markets. For further details on pension plan activity, see Note 10 to the Consolidated Financial Statements.

Cash Flows

The following table reflects the major categories of cash flows for the years ended December 31, respectively. For additional details, please see the Consolidated Statements of Cash Flows in the Consolidated Financial Statements.

In millions	**2013**	**2012**	**2011**
Operating cash flow provided by (used in) continuing operations	$ 877.7	$ 868.1	$ 786.3
Investing cash flow provided by (used in) continuing operations	(213.2)	(128.2)	229.8
Financing cash flow provided by (used in) continuing operations	354.1	(1,295.7)	(1,239.8)

Operating Activities

Net cash provided by operating activities from continuing operations was $877.7 million for the year ended December 31, 2013 compared with $868.1 million in 2012. Operating cash flows for 2013 reflect consistent earnings from continuing operations after taking into account spin-related tax charges with no cash impact in 2013 and favorable changes in working capital management.

Net cash provided by operating activities from continuing operations was $868.1 million for the year ended December 31, 2012 compared with $786.3 million in 2011. Operating cash flows for 2012 and 2011 reflect consistent working capital levels and consistent earnings from continuing operations after taking into account the non-cash loss on sale/asset impairment charges related to the Hussmann divestiture.

Investing Activities

Net cash used in investing activities from continuing operations was $213.2 million for the year ended December 31, 2013 compared with $128.2 million in 2012. The change in investing activities is primarily attributable to increased capital expenditures and decreased net proceeds from business dispositions and equity investments in 2013 compared to 2012.

Net cash used in investing activities from continuing operations was $128.2 million for the year ended December 31, 2012 compared with net cash provided by investing activities from continuing operations of $229.8 million in 2011. The change in investing activities is primarily attributable to decreased net proceeds from business dispositions and sale of property, plant, and equipment in 2012 compared to 2011, partially offset by a $44.3 million dividend from the Company's equity investment in Hussmann Parent in 2012. During 2011, the Company received net proceeds from business dispositions of $400.3 million related to the sale of the

Hussmann Business and Branches and the collection of proceeds for purchase price adjustments on the sale of Doosan Infracore. During 2011, we also received proceeds from the sale of assets from a restructured business in China.

Financing Activities

Net cash provided by financing activities from continuing operations during the year ended December 31, 2013 was $354.1 million, compared with net cash used in financing activities from continuing operations of $1,295.7 million in 2012. The change in financing activities is primarily related to net proceeds from refinancing of our long term debt in 2013 and a transfer of $1,274.2 million from Allegion in connection with the spin-off , partially offset by increased repurchase of ordinary shares in 2013.

Net cash used in financing activities from continuing operations during the year ended December 31, 2012 was $1,295.7 million, compared with $1,239.8 million during 2011. The change in financing activities is primarily related to the settlement of the Exchangeable Senior Notes and increased dividend payments during 2012, partially offset by decreased share repurchases and increased proceeds from shares issued under incentive plans in 2012.

Capital Resources

Based on historical performance and current expectations, we believe our cash and cash equivalents balance, the cash generated from our operations, our committed credit lines and our expected ability to access capital markets will satisfy our working capital needs, capital expenditures, share repurchase programs, upcoming debt maturities, and other liquidity requirements associated with our operations for the foreseeable future.

Capital expenditures were $242.2 million, $243.1 million and $217.1 million for 2013, 2012 and 2011, respectively. Our investments continue to improve manufacturing productivity, reduce costs and provide environmental enhancements and advanced technologies for existing facilities. The capital expenditure program for 2014 is estimated to be approximately $250 million, including amounts approved in prior periods. Many of these projects are subject to review and cancellation at our option without incurring substantial charges.

For financial market risk impacting the Company, see Item 7A. Quantitative and Qualitative Disclosure About Market Risk.

Capitalization

In addition to cash on hand and operating cash flow, we maintain significant credit availability under our Commercial Paper Program. Our ability to borrow at a cost-effective rate under the Commercial Paper Program is contingent upon maintaining an investment-grade credit rating. As of December 31, 2013, our credit ratings were as follows:

	Short-term	Long-term
Moody's	P-2	Baa2
Standard and Poor's	A-2	BBB

The credit ratings set forth above are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organization. Each rating should be evaluated independently of any other rating.

Our public debt does not contain financial covenants and our revolving credit lines have a debt-to-total capital covenant of 65%. As of December 31, 2013, our debt-to-total capital ratio was significantly beneath this limit.

Guarantees

Subsequent to our reorganization as an Irish plc, IR-Ireland and IR-Limited guaranteed fully and unconditionally the outstanding public debt of IR-International, IR-Global and IR-New Jersey. During 2013, IR-Global and IR-International public outstanding indentures were modified to include IR-New Jersey as a co-obligor.

Contractual Obligations

The following table summarizes our contractual cash obligations by required payment periods, in millions:

	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Short-term debt	$ 16.7	$ —	$ —	$ —	$ 16.7
Long-term debt	351.0 *	517.2	765.4	1,877.3	3,510.9
Interest payments on long-term debt	194.3	344.4	314.8	1,531.3	2,384.8
Purchase obligations	954.0	—	—	—	954.0
Operating leases	111.6	149.2	71.6	60.7	393.1
Total contractual cash obligations	$ 1,627.6	$ 1,010.8	$ 1,151.8	$ 3,469.3	$ 7,259.5

* Includes $343 million of debt redeemable at the option of the holder. The scheduled maturities of these bonds range between 2027 and 2028. See Note 8 to the Consolidated Financial Statements for additional information.

Future expected obligations under our pension and postretirement benefit plans, income taxes, environmental, asbestos-related, and product liability matters have not been included in the contractual cash obligations table above.

Pensions

At December 31, 2013, we had net obligations of $554.0 million, which consist of noncurrent pension assets of $4.3 million and current and non-current pension benefit liabilities of $558.3 million. It is our objective to contribute to the pension plans to ensure adequate funds are available in the plans to make benefit payments to plan participants and beneficiaries when required. We currently project that we will contribute approximately $154.1 million to our plans worldwide in 2014. Because the timing and amounts of long-term funding requirements for pension obligations are uncertain, they have been excluded from the preceding table. See Note 10 to the Consolidated Financial Statements for additional information.

Postretirement Benefits Other than Pensions

At December 31, 2013, we had postretirement benefit obligations of $713.3 million. We fund postretirement benefit costs principally on a pay-as-you-go basis as medical costs are incurred by covered retiree populations. Benefit payments, which are net of expected plan participant contributions and Medicare Part D subsidy, are expected to be approximately $66.6 million in 2014. Because the timing and amounts of long-term funding requirements for postretirement obligations are uncertain, they have been excluded from the preceding table. See Note 10 to the Consolidated Financial Statements for additional information.

Income Taxes

At December 31, 2013, we have total unrecognized tax benefits for uncertain tax positions of $363.3 million and $71.9 million of related accrued interest and penalties, net of tax. The liability has been excluded from the preceding table as we are unable to reasonably estimate the amount and period in which these liabilities might be paid. See Note 15 to the Consolidated Financial Statements for additional information regarding matters relating to income taxes, including unrecognized tax benefits and Internal Revenue Service (IRS) tax disputes.

Contingent Liabilities

We are involved in various litigations, claims and administrative proceedings, including those related to environmental, asbestos-related, and product liability matters. We believe that these liabilities are subject to the uncertainties inherent in estimating future costs for contingent liabilities, and will likely be resolved over an extended period of time. Because the timing and amounts of potential future cash flows are uncertain, they have been excluded from the preceding table. See Note 18 to the Consolidated Financial Statements for additional information.

See Note 8 and Note 18 to the Consolidated Financial Statements for additional information on matters affecting our liquidity.

Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). The preparation of financial statements in conformity with those accounting principles requires management to use judgment in making estimates and assumptions based on the relevant information available at the end of each period. These estimates and assumptions have a significant effect on reported amounts of assets and liabilities, revenue and expenses as well as the disclosure of contingent assets and liabilities because they result primarily from the need to make estimates and assumptions on matters that are inherently uncertain. Actual results may differ from estimates. If updated information or actual amounts are different from previous estimates, the revisions are included in our results for the period in which they become known.

The following is a summary of certain accounting estimates and assumptions made by management that we consider critical.

- Allowance for doubtful accounts – We maintain an allowance for doubtful accounts receivable which represents our best estimate of probable loss inherent in our accounts receivable portfolio. This estimate is based upon our two step policy that results in the total recorded allowance for doubtful accounts. The first step is to create a specific reserve for significant accounts as to which the customer's ability to satisfy their financial obligation to the Company is in doubt due to circumstances such as bankruptcy, deteriorating operating results or financial position. In these circumstances, management uses its judgment to record an allowance based on the best estimate of probable loss, factoring in such considerations as the market value of collateral, if applicable. The second step is to record a portfolio reserve based on the aging of the outstanding accounts receivable portfolio and the Company's historical experience with our end markets, customer base and products. Actual results could differ from those estimates. These estimates and assumptions are reviewed periodically, and the effects of changes, if any, are reflected in the statement of operations in the period that they are determined.

- Goodwill and indefinite-lived intangible assets – We have significant goodwill and indefinite-lived intangible assets on our balance sheet related to acquisitions. Our goodwill and other indefinite-lived intangible assets are tested and reviewed annually during the fourth quarter for impairment or when there is a significant change in events or circumstances that indicate that the fair value of an asset is more likely than not less than the carrying amount of the asset.

  Recoverability of goodwill is measured at the reporting unit level and begins with a qualitative assessment to determine if it is more likely than not that the fair value of each reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test included in U.S. GAAP. For those reporting units where it is required, the first step compares the carrying amount of the reporting unit to its estimated fair value. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. To the extent that the carrying value of the reporting unit exceeds its estimated fair value, a second step is performed, wherein the reporting unit's carrying value of goodwill is compared to the implied fair value of goodwill. To the extent that the carrying value exceeds the implied fair value, impairment exists and must be recognized.

  As quoted market prices are not available for our reporting units, the calculation of their estimated fair value in step one is based on two valuation techniques, a discounted cash flow model (income approach) and a market adjusted multiple of earnings and revenues (market approach), with each method being equally weighted in the calculation. We believe an equal weighting of both approaches is appropriate. The income approach relies on the Company's estimates of future cash flows and explicitly addresses factors such as timing, growth and margins, with due consideration given to forecasting risk. The market approach reflects the market's expectations for future growth and risk, with adjustments to account for differences between the guideline publicly traded companies and the subject reporting units.

  In step 2, the implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. The estimated fair value of the reporting unit is allocated to all of the assets and liabilities of the reporting unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit, as determined in the first step of the goodwill impairment test, was the price paid to acquire that reporting unit.

  Recoverability of other intangible assets with indefinite useful lives is first assessed using a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. This assessment is used as a basis for determining whether it is necessary to calculate the fair value of an indefinite-lived intangible asset. For those indefinite-lived assets where it is required, a fair value is determined on a relief from royalty methodology (income approach) which is based on the implied royalty paid, at an appropriate discount rate, to license the use of an asset rather than owning the asset. The present value of the after-tax cost savings (i.e. royalty relief) indicates the estimated fair value of the asset. Any excess of the carrying value over the estimated fair value is recognized as an impairment loss equal to that excess.

  The determination of the estimated fair value and the implied fair value of goodwill and other indefinite-lived intangible assets requires us to make assumptions about estimated cash flows, including profit margins, long-term forecasts, discount rates and terminal growth rates. We developed these assumptions based on the market and geographic risks unique to each reporting unit.

  2013 Impairment Test

  For our annual impairment testing performed during the fourth quarter of 2013, we concluded it was necessary to calculate the fair value for each of the reporting units and indefinite-lived intangibles. Based on the results of these calculations, we determined that the fair value of the reporting units and indefinite-lived intangible assets exceeded their respective carrying values. The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporates management assumptions about expected future cash flows.

Goodwill - Under the income approach, we assumed a forecasted cash flow period of five years with discount rates ranging from 10.0% to 15.5%, near term growth rates ranging from (0.2)% to 8.7% and terminal growth rates ranging from 3.0% to 4.0%. Under the market approach, we used an adjusted multiple ranging from 7.2 to 9.8 of projected earnings before interest, taxes, depreciation and amortization (EBITDA) and 0.9 to 2.4 of projected revenues based on the market information of comparable companies. Additionally, we compared the estimated aggregate fair value of our reporting units to our overall market capitalization.

For all reporting units, the excess of the estimated fair value over carrying value (expressed as a percentage of carrying value) was a minimum of 15%. A significant increase in the discount rate, decrease in the long-term growth rate, or substantial reductions in our end markets and volume assumptions could have a negative impact on the estimated fair value of these reporting units.

In our 2012 Form 10-K, we disclosed a Security Technologies reporting unit whose excess estimated fair value over carrying value was less than 15%. As a result of the spin-off, beginning in the fourth quarter of 2013, this reporting unit is now presented within discontinued operations. Please see Note 16 to the Consolidated Financial Statements for further discussion of goodwill impairment charges related to discontinued operations.

Other Indefinite-lived intangible assets - In testing our other indefinite-lived intangible assets for impairment, we assumed forecasted revenues for a period of five years with discount rates ranging from 10.5% to 12.0%, terminal growth rate of 3.0%, and royalty rates ranging from 3.0% to 4.5%. For all tradenames, the excess of the estimated fair value over carrying value (expressed as a percentage of carrying value) was a minimum of 15%.

A significant increase in the discount rate, decrease in the long-term growth rate, decrease in the royalty rate or substantial reductions in our end markets and volume assumptions could have a negative impact on the estimated fair values of any of our tradenames.

2012 Impairment Test

For our annual impairment testing performed during the fourth quarter of 2012, we concluded it was necessary to calculate the fair value for each of the reporting units and indefinite-lived intangibles. Based on the results of these calculations, we determined that the fair value of the reporting units and indefinite-lived intangible assets exceeded their respective carrying values. The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporates management assumptions about expected future cash flows.

Goodwill - Under the income approach, we assumed a forecasted cash flow period of five years with discount rates ranging from 11.0% to 15.5%, near term growth rates ranging from (3.5)% to 14.5% and terminal growth rates ranging from 2.5% to 4.0%. Under the market approach, we used an adjusted multiple ranging from 6.6 to 9.2 of projected earnings before interest, taxes, depreciation and amortization (EBITDA) and 0.8 to 1.8 of projected revenues based on the market information of comparable companies. Additionally, we compared the estimated aggregate fair value of our reporting units to our overall market capitalization.

For all reporting units except one, the excess of the estimated fair value over carrying value (expressed as a percentage of carrying value) was a minimum of 15%. The reporting unit with a percentage of carrying value less than 15%, reported within the Climate segment, exceeded its carrying value by 14.4%. This reporting unit had goodwill of approximately $599 million at December 31, 2012. A significant increase in the discount rate, decrease in the long-term growth rate, or substantial reductions in our end markets and volume assumptions could have a negative impact on the estimated fair value of these reporting units.

Other Indefinite-lived intangible assets - In testing our other indefinite-lived intangible assets for impairment, we assumed forecasted revenues for a period of five years with discount rates ranging from 12.0% to 12.5%, terminal growth rates ranging from 2.5% to 3.0%, and royalty rates ranging from 3.0% to 4.0%. The fair values of our Trane and American Standard tradenames exceeded their respective carrying amounts by less than 15%. The two tradenames exceeded their carrying value by 10.5% and 13.0%, respectively. The carrying values of these tradenames are approximately $2,497 million and $105 million, respectively, at December 31, 2012.

A significant increase in the discount rate, decrease in the long-term growth rate, decrease in the royalty rate or substantial reductions in our end markets and volume assumptions could have a negative impact on the estimated fair values of any of our tradenames.

- Long-lived assets and finite-lived intangibles – Long-lived assets and finite-lived intangibles are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. Assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows can be generated. Impairment in the carrying value of an asset would be recognized whenever anticipated future undiscounted cash flows from an asset are less than its carrying value. The impairment is measured as the amount by which the carrying value exceeds the fair value of the asset as determined by an estimate of discounted cash flows. We believe that our use of estimates and assumptions are reasonable and comply with generally accepted accounting principles. Changes in business conditions could potentially require future adjustments to these valuations.

- Loss contingencies – Liabilities are recorded for various contingencies arising in the normal course of business, including litigation and administrative proceedings, environmental and asbestos matters and product liability, product warranty, worker's compensation and other claims. We have recorded reserves in the financial statements related to these matters, which are developed using input derived from actuarial estimates and historical and anticipated experience data depending on the nature of the reserve, and in certain instances with consultation of legal counsel, internal and external consultants and engineers. Subject to the uncertainties inherent in estimating future costs for these types of liabilities, we believe our estimated reserves are reasonable and do not believe the final determination of the liabilities with respect to these matters would have a material effect on our financial condition, results of operations, liquidity or cash flows for any year.

- Asbestos matters – Certain of our wholly-owned subsidiaries are named as defendants in asbestos-related lawsuits in state and federal courts. We record a liability for our actual and anticipated future claims as well as an asset for anticipated insurance settlements. Asbestos related defense costs are excluded from the asbestos claims liability and are recorded separately as services are incurred. Although we were neither a manufacturer nor producer of asbestos, some of our formerly manufactured components from third party suppliers utilized asbestos-related components. As a result, we record certain income and expenses associated with our asbestos liabilities and corresponding insurance recoveries within discontinued operations, net of tax, as they relate to previously divested businesses, except for amounts associated with Trane U.S. Inc.'s asbestos liabilities and corresponding insurance recoveries which are recorded within continuing operations. Refer to Note 18 to the Consolidated Financial Statements for further details of asbestos-related matters.

- Revenue recognition – Revenue is recognized and earned when all of the following criteria are satisfied: (a) persuasive evidence of a sales arrangement exists; (b) the price is fixed or determinable; (c) collectability is reasonably assured; and (d) delivery has occurred or service has been rendered. Delivery generally occurs when the title and the risks and rewards of ownership have substantially transferred to the customer. Both the persuasive evidence of a sales arrangement and fixed or determinable price criteria are deemed to be satisfied upon receipt of an executed and legally binding sales agreement or contract that clearly defines the terms and conditions of the transaction including the respective obligations of the parties. If the defined terms and conditions allow variability in all or a component of the price, revenue is not recognized until such time that the price becomes fixed or determinable. At the point of sale, the Company validates that existence of an enforceable claim that requires payment within a reasonable amount of time and assesses the collectability of that claim. If collectability is not deemed to be reasonably assured, then revenue recognition is deferred until such time that collectability becomes probable or cash is received. Delivery is not considered to have occurred until the customer has taken title and assumed the risks and rewards of ownership. Service and installation revenue are recognized when earned. In some instances, customer acceptance provisions are included in sales arrangements to give the buyer the ability to ensure the delivered product or service meets the criteria established in the order. In these instances, revenue recognition is deferred until the acceptance terms specified in the arrangement are fulfilled through customer acceptance or a demonstration that established criteria have been satisfied. If uncertainty exists about customer acceptance, revenue is not recognized until acceptance has occurred.

  We offer various sales incentive programs to our customers, dealers, and distributors. Sales incentive programs do not preclude revenue recognition, but do require an accrual for the Company's best estimate of expected activity. Examples of the sales incentives that are accrued for as a contra receivable and sales deduction at the point of sale include, but are not limited to, discounts (i.e. net 30 type), coupons, and rebates where the customer does not have to provide any additional requirements to receive the discount. Sales returns and customer disputes involving a question of quantity or price are also accounted for as a reduction in revenue and a contra receivable. At December 31, 2013 and 2012, the Company had a customer claim accrual (contra receivable) of $1.7 million and $2.1 million, respectively. All other incentives or incentive programs where the customer is required to reach a certain sales level, remain a customer for a certain period of time, provide a rebate form or is subject to additional requirements are accounted for as a reduction of revenue and establishment of a liability. At December 31, 2013 and 2012, the Company had a sales incentive accrual of $80.1 million and $62.2 million, respectively. Each of these accruals represents the best estimate the Company expects to pay related to previously sold units. These estimates are reviewed regularly for accuracy. If updated information or actual amounts are different from previous estimates, the revisions are included in our results for the period in which they become known. Historically, the aggregate differences, if any, between our estimates and actual amounts in any year have not had a material impact on the Consolidated Financial Statements.

  The Company enters into maintenance and extended warranty contracts with customers. Revenue related to these services is recognized on a straight-line basis over the life of the contract, unless sufficient historical evidence indicates that the cost of providing these services is incurred on an other than straight-line basis. In these circumstances, revenue is recognized over the contract period in proportion to the costs expected to be incurred in performing the service.

The Company, primarily through its Climate segment, provides equipment (e.g. HVAC, controls), integrated solutions, and installation designed to customer specifications through construction-type contracts. The term of these types of contracts is typically less than one year, but can be as long as three years. Revenues related to these contracts are recognized using the percentage-of-completion method in accordance with GAAP. This measure of progress toward completion, utilized to recognize sales and profits, is based on the proportion of actual cost incurred to date as compared to the total estimate of contract costs at completion. The timing of revenue recognition often differs from the invoicing schedule to the customer, with revenue recognition in advance of customer invoicing recorded to unbilled accounts receivable and invoicing in advance of revenue recognition recorded to deferred revenue. At December 31, 2013, all recorded receivables (billed and unbilled) are due within one year. The Company re-evaluates its contract estimates periodically and reflects changes in estimates in the current period using the cumulative catch-up method. These periodic reviews have not historically resulted in significant adjustments. If estimated contract costs are in excess of contract revenues, then the excess costs are accrued.

We enter into sales arrangements that contain multiple elements, such as equipment, installation and service revenue. For multiple element arrangements, each element is evaluated to determine the separate units of accounting. The total arrangement consideration is then allocated to the separate units of accounting based on their relative selling price at the inception of the arrangement. The relative selling price is determined using vendor specific objective evidence (VSOE) of selling price, if it exists; otherwise, third-party evidence (TPE) of selling price is used. If neither VSOE nor TPE of selling price exists for a deliverable, a best estimate of the selling price is developed for that deliverable. The Company primarily utilizes VSOE to determine its relative selling price. The Company recognizes revenue for delivered elements when the delivered item has stand-alone value to the customer, the basic revenue recognition criteria have been met, and only customary refund or return rights related to the delivered elements exist.

- Income taxes – Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. We recognize future tax benefits, such as net operating losses and non-U.S. tax credits, to the extent that realizing these benefits is considered in our judgment to be more likely than not. We regularly review the recoverability of our deferred tax assets considering our historic profitability, projected future taxable income, timing of the reversals of existing temporary differences and the feasibility of our tax planning strategies. Where appropriate, we record a valuation allowance with respect to a future tax benefit.

  The provision for income taxes involves a significant amount of management judgment regarding interpretation of relevant facts and laws in the jurisdictions in which we operate. Future changes in applicable laws, projected levels of taxable income, and tax planning could change the effective tax rate and tax balances recorded by us. In addition, tax authorities periodically review income tax returns filed by us and can raise issues regarding our filing positions, timing and amount of income or deductions, and the allocation of income among the jurisdictions in which we operate. A significant period of time may elapse between the filing of an income tax return and the ultimate resolution of an issue raised by a revenue authority with respect to that return. We believe that we have adequately provided for any reasonably foreseeable resolution of these matters. We will adjust our estimate if significant events so dictate. To the extent that the ultimate results differ from our original or adjusted estimates, the effect will be recorded in the provision for income taxes in the period that the matter is finally resolved.

- Employee benefit plans – We provide a range of benefits to eligible employees and retirees, including pensions, postretirement and postemployment benefits. Determining the cost associated with such benefits is dependent on various actuarial assumptions including discount rates, expected return on plan assets, compensation increases, employee mortality, turnover rates and healthcare cost trend rates. Actuarial valuations are performed to determine expense in accordance with GAAP. Actual results may differ from the actuarial assumptions and are generally accumulated and amortized into earnings over future periods. We review our actuarial assumptions at each measurement date and make modifications to the assumptions based on current rates and trends, if appropriate. The discount rate, the rate of compensation increase and the expected long-term rates of return on plan assets are determined as of each measurement date. A discount rate reflects a rate at which pension benefits could be effectively settled. Discount rates for all plans are established using hypothetical yield curves based on the yields of corporate bonds rated AA quality. Spot rates are developed from the yield curve and used to discount future benefit payments. The rate of compensation increase is dependent on expected future compensation levels. The expected long-term rate of return on plan assets reflects the average rate of returns expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. The expected long-term rate of return on plan assets is based on what is achievable given the plan's investment policy, the types of assets held and the target asset allocation. The expected long-term rate of return is determined as of each measurement date. We believe that the assumptions utilized in recording our obligations under our plans are reasonable based on input from our actuaries, outside investment advisors and information as to assumptions used by plan sponsors.

Changes in any of the assumptions can have an impact on the net periodic pension cost or postretirement benefit cost. Estimated sensitivities to the expected 2014 net periodic pension cost of a 0.25% rate decline in the two basic assumptions are as follows: the decline in the discount rate would increase expense by approximately $5.0 million and the decline in the estimated return on assets would increase expense by approximately $6.8 million. A 0.25% rate decrease in the discount rate for postretirement benefits would decrease expected 2014 net periodic postretirement benefit cost by $0.5 million and a 1.0% increase in the healthcare cost trend rate would increase the service and interest cost by approximately $1.2 million.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In December 2011, the FASB issued ASU 2011-11, "Disclosures about Offsetting Assets and Liabilities." ASU 2011-11 requires enhanced disclosures including both gross and net information about financial and derivative instruments eligible for offset or subject to an enforceable master netting arrangement or similar agreement. This new guidance is effective for annual reporting periods beginning on or after January 1, 2013 and subsequent interim periods. The requirements of ASU 2011-11 did not have an impact on our Consolidated Financial Statements.

In January 2013, the FASB issued ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." ASU 2013-01 clarifies the scope of ASU 2011-11 to apply to derivative instruments that are offset or subject to an enforceable master netting arrangement or similar agreement. This clarified guidance is effective for annual reporting periods beginning on or after January 1, 2013 and subsequent interim periods. The revised requirements of ASU 2013-01 did not have an impact on our Consolidated Financial Statements.

In February 2013, the FASB issued ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" (AOCI). ASU 2013-02 requires a rollforward of changes in AOCI by component and information about significant reclassifications from AOCI to Net earnings to be presented in one location, either on the face of the financial statements or in the notes. This new guidance is effective for fiscal years beginning after December 15, 2012 and subsequent interim periods. The requirements of ASU 2013-02 did not have a material impact on our Consolidated Financial Statements. The revised disclosure requirements are reflected in Note 11.

In July 2013, the FASB issued ASU 2013-10, "Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes." ASU 2013-10 allows the Fed Funds Effective Swap Rate (OIS) to be designated as a U.S. benchmark interest rate for hedge accounting purposes, in addition to interest rates on direct Treasury obligations of the U.S. government and the London Interbank Offered Rate. The amendments also remove the restriction on using different benchmark rates for similar hedges. The amendments are effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. The Company will apply the new guidance, as applicable, to future interest rate hedge relationships.

Recently Issued Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date." ASU 2013-04 provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements where the total obligation is fixed at the reporting date, and for which no specific guidance currently exists. This new guidance is effective for annual reporting periods beginning on or after December 15, 2013 and subsequent interim periods. We are currently assessing the impact, if any, on our Consolidated Financial Statements.

In March 2013, the FASB issued ASU 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." ASU 2013-05 clarifies the application of GAAP to the release of cumulative translation adjustments related to changes of ownership in or within foreign entities, including step acquisitions. This new guidance is effective for annual reporting periods beginning on or after December 15, 2013 and subsequent interim periods.

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU 2013-11 clarifies guidance and eliminates diversity in practice on the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. This new guidance is effective for annual reporting periods beginning on or after December 15, 2013 and subsequent interim periods. We are currently assessing the impact, if any, on our Consolidated Financial Statements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to fluctuations in currency exchange rates, interest rates and commodity prices which could impact our results of operations and financial condition.

Foreign Currency Exposures

We have operations throughout the world that manufacture and sell products in various international markets. As a result, we are exposed to movements in exchange rates of various currencies against the U.S. dollar as well as against other currencies throughout the world. We actively manage material currency exposures that are associated with purchases and sales and other assets and liabilities at the operating unit level. Those exposures that cannot be naturally offset to an insignificant amount are hedged with foreign currency derivatives. Derivative instruments utilized by us in our hedging activities are viewed as risk management tools, involve little complexity and are not used for trading or speculative purposes. To minimize the risk of counter party non-performance, derivative instrument agreements are made only through major financial institutions with significant experience in such derivative instruments.

We evaluate our exposure to changes in currency exchange rates on our foreign currency derivatives using a sensitivity analysis. The sensitivity analysis is a measurement of the potential loss in fair value based on a percentage change in exchange rates. Based on the firmly committed currency derivative instruments in place at December 31, 2013, a hypothetical change in fair value of those derivative instruments assuming a 10% adverse change in exchange rates would result in an unrealized loss of approximately $107.8 million, as compared with $97.4 million at December 31, 2012. These amounts, when realized, would be offset by changes in the fair value of the underlying transactions.

Commodity Price Exposures

We are exposed to volatility in the prices of commodities used in some of our products and we use fixed price contracts to manage this exposure. We do not have committed commodity derivative instruments in place at December 31, 2013.

Interest Rate Exposure

Our debt portfolio mainly consists of fixed-rate instruments, and therefore any fluctuation in market interest rates would not have a material effect on our results of operations.

Item 8. **FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

(a) The following Consolidated Financial Statements and Financial Statement Schedules and the report thereon of PricewaterhouseCoopers LLP dated February 14, 2014, are presented following Item 15 of this Annual Report on Form 10-K.

Consolidated Financial Statements:
Report of independent registered public accounting firm
Consolidated Statements of comprehensive income for the years ended December 31, 2013, 2012 and 2011
Consolidated balance sheets at December 31, 2013 and 2012
For the years ended December 31, 2013, 2012 and 2011:
Consolidated statements of equity
Consolidated statements of cash flows
Notes to Consolidated Financial Statements

Financial Statement Schedule:
Schedule II – Valuation and Qualifying Accounts for the years ended December 31, 2013, 2012 and 2011:

(b) The unaudited selected quarterly financial data for the two years ended December 31, is as follows:

	2013			
In millions, except per share amounts	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues	$ 2,639.0	$ 3,398.4	$ 3,214.2	$ 3,098.9
Cost of goods sold	(1,904.6)	(2,362.9)	(2,207.7)	(2,200.3)
Operating income	120.0	387.5	379.5	218.0
Net earnings	94.5	324.8	180.9	53.7
Net earnings attributable to Ingersoll-Rand plc	88.0	317.2	165.9	47.7
Earnings per share attributable to Ingersoll-Rand plc ordinary shareholders:				
Basic	$ 0.29	$ 1.07	$ 0.57	$ 0.17
Diluted	$ 0.29	$ 1.05	$ 0.56	$ 0.16

	2012			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues	$ 2,671.2	$ 3,302.7	$ 3,090.4	$ 2,924.0
Cost of goods sold	(1,963.1)	(2,333.7)	(2,156.3)	(2,084.9)
Operating income	116.4	370.3	337.8	247.4
Net earnings	102.2	372.9	327.1	241.8
Net earnings attributable to Ingersoll-Rand plc	95.6	365.8	321.6	235.6
Earnings per share attributable to Ingersoll-Rand plc ordinary shareholders:				
Basic	$ 0.32	$ 1.18	$ 1.05	$ 0.79
Diluted	$ 0.31	$ 1.16	$ 1.03	$ 0.78

Quarterly amounts for periods prior to December 1, 2013 have been recast to reflect the Allegion spin-off as a discontinued operation.

Item 9. **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

Item 9A. **CONTROLS AND PROCEDURES**

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of December 31, 2013, that the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act has been recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and that such information has been accumulated and communicated to the Company's management including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and Chief Financial Officer and effected by the Company's Board of Directors to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management has assessed the effectiveness of internal control over financial reporting as of December 31, 2013. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control - Integrated Framework (1992). Management concluded that based on its assessment, the Company's internal control over financial reporting was effective as of December 31, 2013.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2013 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

(c) Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting (as defined by Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. **OTHER INFORMATION**

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding our executive officers is included in Part I under the caption “Executive Officers of Registrant.”

The other information required by this item is incorporated herein by reference to the information contained under the headings “Item 1. Election of Directors”, “Section 16(a) Beneficial Ownership Reporting Compliance” and “Corporate Governance” in our definitive proxy statement for the 2014 annual general meeting of shareholders (“2014 Proxy Statement”).

Item 11. EXECUTIVE COMPENSATION

The other information required by this item is incorporated herein by reference to the information contained under the headings “Compensation Discussion and Analysis”, “Executive Compensation” and “Compensation Committee Report” in our 2014 Proxy Statement.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The other information required by this item is incorporated herein by reference to the information contained under the headings “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” of our 2014 Proxy Statement.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The other information required by this item is incorporated herein by reference to the information contained under the headings “Corporate Governance” and “Certain Relationships and Related Person Transactions” of our 2014 Proxy Statement.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated herein by reference to the information contained under the caption “Fees of the Independent Auditors” in our 2014 Proxy Statement.

PART IV

Item 15. **EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) 1. and 2.	Financial statements and financial statement schedule See Item 8.
3.	Exhibits The exhibits listed on the accompanying index to exhibits are filed as part of this Annual Report on Form 10-K.

INGERSOLL-RAND PLC
INDEX TO EXHIBITS
(Item 15(a))

Description

Pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), Ingersoll-Rand plc (the "Company") has filed certain agreements as exhibits to this Annual Report on Form 10-K. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

On July 1, 2009, Ingersoll-Rand Company Limited, a Bermuda company, completed a reorganization to change the jurisdiction of incorporation of the parent company from Bermuda to Ireland. As a result, Ingersoll-Rand plc replaced Ingersoll-Rand Company Limited as the ultimate parent company effective July 1, 2009. All references related to the Company prior to July 1, 2009 relate to Ingersoll-Rand Company Limited.

(a) Exhibits

Exhibit No.	Description	Method of Filing
2.1	Asset and Stock Purchase Agreement, dated as of July 29, 2007, among Ingersoll-Rand Company Limited, on behalf of itself and certain of its subsidiaries, and Doosan Infracore Co., Ltd. and Doosan Engine Co., Ltd., on behalf of themselves and certain of their subsidiaries	Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on July 31, 2007.
2.2	Separation and Distribution Agreement, dated as of July 16, 2007, by and between Trane Inc. (formerly American Standard Companies Inc.) and WABCO Holdings Inc.	Incorporated by reference to Exhibit 2.1 to Trane Inc.'s Form 8-K (File No. 001-11415) filed with the SEC on July 20, 2007.
2.3	Separation and Distribution Agreement between Ingersoll-Rand plc and Allegion plc, dated November 29, 2013.	Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on December 2, 2013.
3.1	Memorandum of Association of Ingersoll-Rand plc	Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
3.2	Articles of Association of Ingersoll-Rand plc, as amended and restated on June 6,2013.	Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on June 10, 2013.
3.3	Certificate of Incorporation of Ingersoll-Rand plc	Incorporated by reference to Exhibit 3.3 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.

Exhibit No.	Description	Method of Filing
	The Company and its subsidiaries are parties to several long-term debt instruments under which, in each case, the total amount of securities authorized does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis.	Pursuant to paragraph 4 (iii)(A) of Item 601 (b) of Regulation S-K, the Company agrees to furnish a copy of such instruments to the Securities and Exchange Commission upon request.
4.1	Indenture, dated as of August 12, 2008, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as Trustee (replacing the Indenture originally filed as Exhibit 4.1 to the Company's Form 10-Q (File No. 001-16831) for the period ended September 30, 2008 as filed with the SEC on November 7, 2008)	Incorporated by reference to Exhibit 4.4 to the Company's Form 10-K for the fiscal year ended 2008 (File No. 001-16831) filed with the SEC on March 2, 2009.
4.2	First Supplemental Indenture, dated as of August 15, 2008, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as trustee, to that certain Indenture, dated as of August 12, 2008, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as trustee	Incorporated by reference to Exhibit 1.1 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on August 18, 2008.
4.3	Second Supplemental Indenture, dated as of April 3, 2009, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as trustee, to that certain Indenture, dated as of August 12, 2008, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as trustee	Incorporated by reference to Exhibit 4.1 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on April 6, 2009.
4.4	Third Supplemental Indenture, dated as of April 6, 2009, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as trustee, to that certain Indenture, dated as of August 12, 2008, among the Company, Ingersoll-Rand Global Holding Company Limited and Wells Fargo Bank, N.A., as trustee	Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on April 6, 2009.

Exhibit No.	Description	Method of Filing
4.5	Fourth Supplemental Indenture, dated as of June 29, 2009, among Ingersoll-Rand Global Holding Company Limited, a Bermuda exempted company, Ingersoll-Rand Company Limited, a Bermuda exempted company, Ingersoll-Rand International Holding Limited, a Bermuda exempted company, Ingersoll-Rand plc, an Irish public limited company, and Wells Fargo Bank, N.A., as Trustee, to the Indenture dated as of August 12, 2008	Incorporated by reference to Exhibit 4.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
4.6	Fifth Supplemental Indenture, dated as of June 29, 2009, among Ingersoll-Rand Company, a New Jersey corporation, Ingersoll-Rand plc, an Irish public limited company, Ingersoll-Rand International Holding Limited, a Bermuda exempted company, and The Bank of New York Mellon, as Trustee, to the Indenture dated as of August 1, 1986	Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
4.7	Indenture, dated as of May 24. 2005, among Ingersoll-Rand Company Limited, Ingersoll-Rand Company and Wells Fargo Bank, N.A., as trustee	Incorporated by reference to Exhibit 10.2 to the Company's 8-K (File No. 001-16831) filed with the SEC on May 27, 2005.
4.8	First Supplemental Indenture, dated as of June 29, 2009, among Ingersoll-Rand Company Limited, a Bermuda exempted company, Ingersoll-Rand Company, a New Jersey corporation, Ingersoll-Rand International Holding Limited, a Bermuda exempted company, Ingersoll-Rand plc, an Irish public limited company, and Wells Fargo Bank, N.A., as Trustee, to the Indenture dated as of May 24, 2005	Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
4.9	Second Supplemental Indenture, dated as of November 20, 2013, among Ingersoll-Rand International Holding Limited, a Bermuda company, Ingersoll-Rand Company, a New Jersey corporation, and Wells Fargo Bank, N.A., as Trustee, to the Indenture dated as of May 24, 2005.	Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on November 26, 2013.
4.10	Indenture, dated as of April 1, 2005, among the American Standard Inc., Trane Inc. (formerly American Standard Companies Inc.), American Standard International Inc. and The Bank of New York Trust Company, N.A., as trustee	Incorporated by reference to Exhibit 4.1 to Trane, Inc.'s 8-K (File No. 001-11415) filed with the SEC on April 1, 2005.

Exhibit No.	Description	Method of Filing
4.11	Indenture, dated as of June 20, 2013, by and among Ingersoll-Rand Global Holding Company Limited, as issuer, Ingersoll-Rand plc, Ingersoll-Rand Company Limited and Ingersoll-Rand International Holding Limited, as guarantors and The Bank of New York Mellon, as Trustee.	Incorporated by reference to Exhibit 4.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on June 26, 2013.
4.12	First Supplemental Indenture, dated as of June 20, 2013, by and among Ingersoll-Rand Global Holding Company Limited, as issuer, Ingersoll-Rand plc, Ingersoll-Rand Company Limited and Ingersoll-Rand International Holding Limited, as guarantors and The Bank of New York Mellon, as Trustee, relating to the 2.875% Senior Notes due 2019.	Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on June 26, 2013.
4.13	Second Supplemental Indenture, dated as of June 20, 2013, by and among Ingersoll-Rand Global Holding Company Limited, as issuer, Ingersoll-Rand plc, Ingersoll-Rand Company Limited and Ingersoll-Rand International Holding Limited, as guarantors and The Bank of New York Mellon, as Trustee, relating to the 4.250% Senior Notes due 2023.	Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on June 26, 2013.
4.14	Third Supplemental Indenture, dated as of June 20, 2013, by and among Ingersoll-Rand Global Holding Company Limited, as issuer, Ingersoll-Rand plc, Ingersoll-Rand Company Limited and Ingersoll-Rand International Holding Limited, as guarantors and The Bank of New York Mellon, as Trustee, relating to the 5.750% Senior Notes due 2043.	Incorporated by reference to Exhibit 4.4 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on June 26, 2013.
4.15	Fourth Supplemental Indenture, dated as of November 20, 2013, among Ingersoll-Rand Global Holding Company Limited, a Bermuda company, Ingersoll-Rand Company Limited, a Bermuda company, Ingersoll-Rand International Holding Limited, a Bermuda company, Ingersoll-Rand plc, an Irish public limited company, Ingersoll-Rand Company, a New Jersey corporation, and The Bank of New York Mellon, as Trustee, to the Indenture dated as of June 20, 2013.	Incorporated by reference to Exhibit 4.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on November 26, 2013.

Exhibit No.	Description	Method of Filing
4.16	Fifth Supplemental Indenture, dated as of November 20, 2013, among Ingersoll-Rand Global Holding Company Limited, a Bermuda company, Ingersoll-Rand International Holding Limited, a Bermuda company, Ingersoll-Rand Company, a New Jersey corporation, and Wells Fargo Bank, N.A., as Trustee, to the Indenture dated as of August 12, 2008.	Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on November 26, 2013.
4.17	Form of Registration Rights Agreement, dated as of June 20, 2013, by and among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand plc, Ingersoll-Rand Company Limited, Ingersoll-Rand International Holding Limited and the Representatives of the Initial Purchasers named therein.	Incorporated by reference to Exhibit 4.5 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on June 26, 2013.
4.18	Form of Ordinary Share Certificate of Ingersoll-Rand plc	Incorporated by reference to Exhibit 4.6 to the Company's Form S-3 (File No. 333-161334) filed with the SEC on August 13, 2009.
10.1	Form of IR Stock Option Grant Agreement (June 2013)	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on June 10, 2013.
10.2	Form of IR Restricted Stock Unit Grant Agreement (June 2013)	Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on June 10, 2013.
10.3	Form of IR Performance Stock Unit Grant Agreement (June 2013)	Incorporated by reference to Exhibit 10.3 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on June 10, 2013.
10.4	Credit Agreement among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand plc, Ingersoll-Rand Company Limited, Ingersoll-Rand International Holding Limited, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent, Bank of America, N.A., BNP Paribas, Deutsche Bank Securities Inc., Goldman Sachs Bank USA, Morgan Stanley MUFG Loan Partners, LLC, and Mizuho Corporate Bank, Ltd., as Documentation Agents, and J.P. Morgan Securities LLC and Citigroup Global Markets Inc., as joint lead arrangers and joint bookrunners; and certain other lending institutions from time to time parties thereto	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on March 21, 2012.

Exhibit No.	Description	Method of Filing
10.5	Supplement No. 1, dated as of November 20, 2013, between Ingersoll-Rand Company, a New Jersey Corporation, and JPMorgan Chase Bank, N.A., as Administrative Agent, to the Credit Agreement dated as of March 15, 2012.	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on November 26, 2013.
10.6	Credit Agreement dated as of May 20, 2011 among the Company; Ingersoll-Rand Global Holding Company Limited; J.P. Morgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent, Bank of America, N.A., BNP Paribas, Deutsche Bank Securities Inc., Goldman Sachs Bank USA and Morgan Stanley MUFG Loan Parties, LLC , as Documentation Agents, and J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., as joint lead arrangers and joint bookrunners; and certain lending institutions from time to time parties thereto	Incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K (File No. 001-34400) filed with the SEC on May 24, 2011.
10.7	Supplement No. 1, dated as of November 20, 2013, between Ingersoll-Rand Company, a New Jersey Corporation, and JPMorgan Chase Bank, N.A., as Administrative Agent, to the Credit Agreement dated as of May 20, 2011.	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on November 26, 2013.
10.8	Issuing and Paying Agency Agreement by and among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand plc, Ingersoll-Rand Company Limited, Ingersoll-Rand International Holding Limited and JPMorgan Chase Bank, National Association, dated as of July 1, 2009	Incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K (File No. 001-34400) filed with the SEC on July 6, 2009.
10.9	Amended and Restated Commercial Paper Dealer Agreement among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand Company Limited, Ingersoll-Rand plc, Ingersoll-Rand International Holding Limited and J.P. Morgan Securities Inc., dated as of July 1, 2009	Incorporated by reference to Exhibit 10.2 to the Company’s Form 8-K (File No. 001-34400) filed with the SEC on July 6, 2009.
10.10	Amended and Restated Commercial Paper Dealer Agreement among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand Company Limited, Ingersoll-Rand plc, Ingersoll-Rand International Holding Limited and Banc of America Securities LLC, dated as of July 1, 2009	Incorporated by reference to Exhibit 10.3 to the Company’s Form 8-K (File No. 001-34400) filed with the SEC on July 6, 2009.

Exhibit No.	Description	Method of Filing
10.11	Amended and Restated Commercial Paper Dealer Agreement among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand Company Limited, Ingersoll-Rand plc, Ingersoll-Rand International Holding Limited and Citigroup Global Markets Inc., dated as of July 1, 2009	Incorporated by reference to Exhibit 10.4 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 6, 2009.
10.12	Amended and Restated Commercial Paper Dealer Agreement among Ingersoll-Rand Global Holding Company Limited, Ingersoll-Rand Company Limited, Ingersoll-Rand plc, Ingersoll-Rand International Holding Limited and Deutsche Bank Securities Inc., dated as of July 1, 2009	Incorporated by reference to Exhibit 10.5 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 6, 2009.
10.13	Deed Poll Indemnity of Ingersoll-Rand plc, an Irish public limited company, as to the directors, secretary and officers and senior executives of Ingersoll-Rand plc and the directors and officers of Ingersoll-Rand plc's subsidiaries	Incorporated by reference to Exhibit 10.5 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.14	Deed Poll Indemnity of Ingersoll-Rand Company Limited, a Bermuda company, as to the directors, secretary and officers and senior executives of Ingersoll-Rand plc and the directors and officers of Ingersoll-Rand plc's subsidiaries	Incorporated by reference to Exhibit 10.6 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.15	Tax Sharing Agreement, dated as of July 16, 2007, by and among American Standard Companies Inc. and certain of its subsidiaries and WABCO Holdings Inc. and certain of its subsidiaries	Incorporated by reference to Exhibit 10.1 to Trane Inc.'s Form 8-K (File No. 001-11415) filed with the SEC on July 20, 2007.
10.16	Tax Matters Agreement between Ingersoll-Rand plc and Allegion plc, dated November 30, 2013	Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on December 2, 2013.
10.17	Ingersoll-Rand plc Incentive Stock Plan of 2013	Incorporated by reference to Exhibit 4.5 to the Company's Form S-8 (File No. 333-189446) filed with the SEC on June 19, 2013.
10.18	Ingersoll-Rand plc Incentive Stock Plan of 2007 (amended and restated as of December 1, 2010)	Incorporated by reference to Exhibit 10.18 to the Company's Form 10-K for the fiscal year ended 2010 (File No. 001-34400) filed with the SEC on February 22, 2011.
10.19	Ingersoll-Rand plc Incentive Stock Plan of 1998 (amended and restated as of July 1, 2009)	Incorporated by reference to Exhibit 10.8 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.

Exhibit No.	Description	Method of Filing
10.20	Ingersoll-Rand Company Incentive Stock Plan of 1995 (amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.7 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.21	IR Executive Deferred Compensation Plan (as amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.9 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.22	IR Executive Deferred Compensation Plan II (as amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.10 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.23	First Amendment to IR Executive Deferred Compensation Plan II (dated December 22, 2009)	Incorporated by reference to Exhibit 10.19 to the Company's Form 10-K for the fiscal year ended 2011 (File No. 001-34400) filed with the SEC on February 21, 2012.
10.24	Second Amendment to IR Executive Deferred Compensation Plan II (dated December 23, 2010)	Incorporated by reference to Exhibit 10.20 to the Company's Form 10-K for the fiscal year ended 2011 (File No. 001-16831) filed with the SEC on February 21, 2012.
10.25	IR-plc Director Deferred Compensation and Stock Award Plan (as amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.11 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.26	IR-plc Director Deferred Compensation and Stock Award Plan II (as amended and restated effective July 1, 2009)	Incorporated by reference to Exhibit 10.12 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.27	Ingersoll-Rand Company Supplemental Employee Savings Plan (amended and restated effective October 1, 2012)	Incorporated by reference to exhibit 10.23 to the Company's Form 10-K for the fiscal year ended 2012 (File No. 001-34400) filed with the SEC on February 14, 2013.
10.28	Ingersoll-Rand Company Supplemental Employee Savings Plan II (effective January 1, 2005 and amended and restated through October 1, 2012)	Incorporated by reference to exhibit 10.24 to the Company's Form 10-K for the fiscal year ended 2012 (File No. 001-34400) filed with the SEC on February 14, 2013.
10.29	Trane Inc. 2002 Omnibus Incentive Plan (restated to include all amendments through July 1, 2009)	Incorporated by reference to Exhibit 10.17 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.30	Trane Inc. Deferred Compensation Plan (as amended and restated as of July 1, 2009, except where otherwise stated)	Incorporated by reference to Exhibit 10.19 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.

Exhibit No.	Description	Method of Filing
10.31	Trane Inc. Supplemental Savings Plan (restated to include all amendments through July 1, 2009)	Incorporated by reference to Exhibit 10.20 to the Company’s Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.32	First Amendment to Trane Inc. Supplemental Savings Plan (January 1, 2010)	Incorporated by reference to Exhibit 10.31 to the Company's Form 10-K for the fiscal year ended 2011 (File No. 001-34400) filed with the SEC on February 21, 2012.
10.33	Ingersoll-Rand Company Supplemental Pension Plan (Amended and Restated Effective January 1, 2005)	Incorporated by reference to Exhibit 10.28 to the Company’s Form 10-K for the fiscal year ended 2008 (File No. 001-16831) filed with the SEC on March 2, 2009.
10.34	First Amendment to the Ingersoll-Rand Company Supplemental Pension Plan, dated as of July 1, 2009	Incorporated by reference to Exhibit 10.21 to the Company’s Form 8-K (File No. 001-34400) filed with the SEC on July 1, 2009.
10.35	Ingersoll-Rand Company Supplemental Pension Plan II (Effective January 1, 2005 and Amended and Restated effective October 1, 2012)	Incorporated by reference to exhibit 10.31 to the Company's Form 10-K for the fiscal year ended 2012 (File No. 001-34400) filed with the SEC on February 14, 2013.
10.36	Ingersoll-Rand Company Elected Officers Supplemental Plan II (Effective January 1, 2005 and Amended and Restated effective October 1, 2012)	Incorporated by reference to exhibit 10.32 to the Company's Form 10-K for the fiscal year ended 2012 (File No. 001-34400) filed with the SEC on February 14, 2013.
10.37	Senior Executive Performance Plan	Incorporated by reference to Exhibit 10.39 to the Company's Form 10-K for the fiscal year ended 2011 (File No. 001-34400) filed with the SEC on February 21, 2012.
10.38	Description of Annual Incentive Matrix Program	Incorporated by reference to Exhibit 10.40 to the Company's Form 10-K for the fiscal year ended 2011 (File No. 001-34400) filed with the SEC on February 21, 2012.
10.39	Form of Tier 1 Change in Control Agreement (Officers before May 19, 2009)	Incorporated by reference to Exhibit 99.1 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on December 4, 2006.
10.40	Form of Tier 2 Change in Control Agreement (Officers before May 19, 2009)	Incorporated by reference to Exhibit 99.2 to the Company’s Form 8-K (File No. 001-16831) filed with the SEC on December 4, 2006.

Exhibit No.	Description	Method of Filing
10.41	Form of Tier 1 Change in Control Agreement (New Officers on or after May 19, 2009)	Incorporated by reference to Exhibit 10.32 to the Company's Form 10-Q for the period ended June 30, 2009 (File No. 001-34400) filed with the SEC on August 6, 2009.
10.42	Form of Tier 2 Change in Control Agreement (New Officers on or after May 19, 2009)	Incorporated by reference to Exhibit 10.33 to the Company's Form 10-Q for the period ended June 30, 2009 (File No. 001-34400) filed with the SEC on August 6, 2009.
10.43	Amended and Restated Major Restructuring Severance Plan (as amended and restated effective October 1, 2013)	Filed herewith.
10.44	Steven R. Shawley Offer Letter, dated June 5, 2008	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on June 10, 2008.
10.45	Addendum to Steven R. Shawley Offer Letter, dated August 7, 2008	Incorporated by reference to Exhibit 10.9 to the Company's Form 10-Q for the period ended June 30, 2008 (File No. 001-16831) filed with the SEC on August 8, 2008.
10.46	Didier Teirlinck Offer Letter, dated June 5, 2008	Incorporated by reference to Exhibit 10.4 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on June 10, 2008.
10.47	Addendum to Didier Teirlinck Offer Letter, dated July 17, 2008	Incorporated by reference to Exhibit 10.13 to the Company's Form 10-Q for the period ended June 30, 2008 (File No. 001-16831) filed with the SEC on August 8, 2008.
10.48	Addendum to Didier Teirlinck Offer Letter, dated December 9, 2013	Filed herewith.
10.49	Michael W. Lamach Letter, dated December 24, 2003	Incorporated by reference to Exhibit 10.23 to the Company's Form 10-K for the fiscal year ended 2003 (File No. 001-16831) filed with the SEC on February 27, 2004.
10.50	Michael W. Lamach Letter, dated June 4, 2008	Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K (File No. 001-16831) filed with the SEC on June 10, 2008.
10.51	Michael W. Lamach Letter, dated February 4, 2009	Incorporated by reference to Exhibit 10.43 to the Company's Form 10-K for the fiscal year ended 2008 (File No. 001-16831) filed with the SEC on March 2, 2009.

Exhibit No.	Description	Method of Filing
10.52	Michael W. Lamach Letter, dated February 3, 2010	Incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K (File No. 001-34400) filed with the SEC on February 5, 2010.
10.53	Michael W. Lamach Letter, dated December 23, 2012	Incorporated by reference to exhibit 10.48 to the Company's Form 10-K for the fiscal year ended 2012 (File No. 001-34400) filed with the SEC on February 14, 2013.
10.54	Robert Zafari Letter and Addendum, dated August 25, 2010	Incorporated by reference to Exhibit 10.1 to the Company’s Form 10-Q for the period ended September 30, 2010 (File No. 001-34400) filed with the SEC on November 1, 2010.
10.55	Addendum to Robert Zafari Offer Letter, dated December 9, 2013	Filed herewith.
10.56	Robert L. Katz Letter, dated September 28, 2010	Incorporated by reference to Exhibit 10.65 to the Company’s Form 10-K for the fiscal year ended 2010 (File No. 001-34400) filed with the SEC on February 22, 2011.
10.57	Robert L. Katz Letter, dated December 20, 2012	Incorporated by reference to exhibit 10.51 to the Company's Form 10-K for the fiscal year ended 2012 (File No. 001-34400) filed with the SEC on February 14, 2013.
10.58	Employment Agreement with Marcia J. Avedon, Senior Vice President, dated January 8, 2007	Incorporated by reference to Exhibit 10.45 to the Company's Form 10-K for the fiscal year ended December 31, 2006 (File No. 001-16831) filed with the SEC on March 1, 2007.
10.59	Marcia J. Avedon Letter, dated December 20, 2012	Incorporated by reference to exhibit 10.53 to the Company's Form 10-K for the fiscal year ended 2012 (File No. 001-34400) filed with the SEC on February 14, 2013.
10.60	Susan K. Carter Employment Agreement, dated as of August 19, 2013	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on October 2, 2013.
10.61	Employee Matters Agreement between Ingersoll-Rand plc and Allegion plc, dated November 30, 2013.	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-34400) filed with the SEC on December 2, 2013.
12	Computations of Ratios of Earnings to Fixed Charges	Filed herewith.
21	List of Subsidiaries of Ingersoll-Rand plc	Filed herewith.

Exhibit No.	Description	Method of Filing
23.1	Consent of Independent Registered Public Accounting Firm	Filed herewith.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
101	The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2013, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Comprehensive Income, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Equity, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.	Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INGERSOLL-RAND PLC
(Registrant)

By:	/s/ Michael W. Lamach
	Michael W. Lamach
	Chief Executive Officer
Date:	February 14, 2014

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael W. Lamach (Michael W. Lamach)	Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer)	February 14, 2014
/s/ Susan K. Carter (Susan K. Carter)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 14, 2014
/s/ Richard J. Weller (Richard J. Weller)	Vice President and Controller (Principal Accounting Officer)	February 14, 2014
/s/ Ann C. Berzin (Ann C. Berzin)	Director	February 14, 2014
/s/ John Bruton (John Bruton)	Director	February 14, 2014
/s/ Jared L. Cohon (Jared L. Cohon)	Director	February 14, 2014
/s/ Gary D. Forsee (Gary D. Forsee)	Director	February 14, 2014
/s/ Edward E. Hagenlocker (Edward E. Hagenlocker)	Director	February 14, 2014
/s/ Constance J. Horner (Constance J. Horner)	Director	February 14, 2014
/s/ Theodore E. Martin (Theodore E. Martin)	Director	February 14, 2014
/s/ Nelson Peltz (Nelson Peltz)	Director	February 14, 2014
/s/ John P. Surma (John P. Surma)	Director	February 14, 2014
/s/ Richard J. Swift (Richard J. Swift)	Director	February 14, 2014
/s/ Tony L. White (Tony L. White)	Director	February 14, 2014

INGERSOLL-RAND PLC
Index to Consolidated Financial Statements

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Ingersoll-Rand plc:

In our opinion, the Consolidated Financial Statements listed in the accompanying index present fairly, in all material respects, the financial position of Ingersoll-Rand plc and its subsidiaries (the "Company") at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control over Financial Reporting." Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Charlotte, North Carolina
February 14, 2014

Ingersoll-Rand plc
Consolidated Statements of Comprehensive Income
In millions, except per share amounts

For the years ended December 31,	2013	2012	2011
Net revenues	$ 12,350.5	$ 11,988.3	$ 12,760.8
Cost of goods sold	(8,675.5)	(8,538.0)	(9,280.0)
Selling and administrative expenses	(2,570.0)	(2,382.9)	(2,395.2)
Gain (loss) on sale/asset impairment	—	4.5	(646.9)
Operating income	1,105.0	1,071.9	438.7
Interest expense	(278.8)	(252.0)	(278.5)
Other, net	3.4	28.1	28.4
Earnings before income taxes	829.6	848.0	188.6
Provision for income taxes	(189.0)	(56.0)	(45.4)
Earnings from continuing operations	640.6	792.0	143.2
Discontinued operations, net of tax	13.3	252.0	226.1
Net earnings	653.9	1,044.0	369.3
Less: Net earnings attributable to noncontrolling interests	(35.1)	(25.4)	(26.1)
Net earnings attributable to Ingersoll-Rand plc	$ 618.8	$ 1,018.6	$ 343.2
Amounts attributable to Ingersoll-Rand plc ordinary shareholders:			
Continuing operations	$ 620.1	$ 772.4	$ 123.4
Discontinued operations	(1.3)	246.2	219.8
Net earnings	$ 618.8	$ 1,018.6	$ 343.2
Earnings (loss) per share attributable to Ingersoll-Rand plc ordinary shareholders:			
Basic:			
Continuing operations	$ 2.11	$ 2.54	$ 0.38
Discontinued operations	—	0.81	0.68
Net earnings	$ 2.11	$ 3.35	$ 1.06
Diluted:			
Continuing operations	$ 2.08	$ 2.49	$ 0.36
Discontinued operations	(0.01)	0.79	0.65
Net earnings	$ 2.07	$ 3.28	$ 1.01

Ingersoll-Rand plc
Consolidated Statements of Comprehensive Income (continued)
In millions, except per share amounts

For the years ended December 31,	2013	2012	2011
Net earnings	$ 653.9	$ 1,044.0	$ 369.3
Other comprehensive income (loss)			
Currency translation	15.0	85.5	(158.1)
Cash flow hedges and marketable securities			
Unrealized net gains (losses) arising during period	7.8	(0.7)	(1.4)
Net (gains) losses reclassified into earnings	12.1	2.8	2.8
Tax (expense) benefit	(0.2)	1.0	(0.5)
Total cash flow hedges and marketable securities, net of tax	19.7	3.1	0.9
Pension and OPEB adjustments:			
Prior service gains (costs) for the period	(1.2)	58.8	1.3
Net actuarial gains (losses) for the period	358.9	(185.0)	(283.0)
Amortization reclassified into earnings	63.9	62.7	54.8
Settlements/curtailments reclassified to earnings	0.7	4.9	95.9
Currency translation and other	(5.4)	(9.6)	(0.7)
Tax (expense) benefit	(153.6)	(0.2)	59.7
Total pension and OPEB adjustments, net of tax	263.3	(68.4)	(72.0)
Other comprehensive income (loss), net of tax	298.0	20.2	(229.2)
Total comprehensive income (loss), net of tax	$ 951.9	$ 1,064.2	$ 140.1
Less: Total comprehensive (income) loss attributable to noncontrolling interests	(38.4)	(13.0)	(25.5)
Total comprehensive income (loss) attributable to Ingersoll-Rand plc	$ 913.5	$ 1,051.2	$ 114.6

See accompanying notes to Consolidated Financial Statements.

Ingersoll-Rand plc
Consolidated Balance Sheets
In millions, except share amounts

December 31,	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,937.2	$ 708.4
Accounts and notes receivable, net	2,071.5	1,870.1
Inventories	1,166.1	1,144.0
Deferred taxes and current tax receivable	359.5	269.5
Other current assets	182.4	184.5
Assets held for spin-off	—	1,817.4
Total current assets	5,716.7	5,993.9
Property, plant and equipment, net	1,468.4	1,426.1
Goodwill	5,540.6	5,492.6
Intangible assets, net	3,922.0	4,050.4
Other noncurrent assets	1,010.4	1,519.1
Total assets	$ 17,658.1	$ 18,482.1
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 1,163.0	$ 1,019.4
Accrued compensation and benefits	505.2	448.2
Accrued expenses and other current liabilities	1,311.3	1,321.8
Short-term borrowings and current maturities of long-term debt	367.7	962.9
Current income taxes	61.4	41.8
Liabilities held for spin-off	—	531.8
Total current liabilities	3,408.6	4,325.9
Long-term debt	3,153.5	2,266.5
Postemployment and other benefit liabilities	1,287.8	1,685.2
Deferred and noncurrent income taxes	1,335.8	1,576.7
Other noncurrent liabilities	1,341.1	1,398.5
Total liabilities	10,526.8	11,252.8
Equity:		
Ingersoll-Rand plc shareholders' equity		
Ordinary shares, $1 par value (282,700,041 and 295,605,736 shares issued at December 31, 2013 and 2012, respectively, and net of 21,137 and 22,562 shares owned by subsidiary at December 31, 2013 and 2012, respectively)	282.7	295.6
Capital in excess of par value	158.4	1,014.5
Retained earnings	6,794.5	6,358.7
Accumulated other comprehensive income (loss)	(166.7)	(521.0)
Total Ingersoll-Rand plc shareholders' equity	7,068.9	7,147.8
Noncontrolling interest	62.4	81.5
Total equity	7,131.3	7,229.3
Total liabilities and equity	$ 17,658.1	$ 18,482.1

See accompanying notes to Consolidated Financial Statements.

Ingersoll-Rand plc
Consolidated Statements of Equity

		Ingersoll-Rand plc shareholders' equity					
		Ordinary Shares					
In millions, except per share amounts	Total equity	Amount	Shares	Capital in excess of par value	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling Interest
Balance at December 31, 2010	8,059.1	328.2	328.2	2,571.7	5,389.4	(325.0)	94.8
Net earnings	369.3	—	—	—	343.2	—	26.1
Other comprehensive income (loss)	(229.2)	—	—	—	—	(228.6)	(0.6)
Shares issued under incentive stock plans	133.6	5.2	5.2	128.4	—	—	—
Repurchase of ordinary shares	(1,157.5)	(36.3)	(36.3)	(1,121.2)	—	—	—
Accretion of Exchangeable Senior Notes from Temporary Equity	13.3	—	—	13.3	—	—	—
Share-based compensation	42.6	—	—	42.6	—	—	—
Acquisition/divestiture of noncontrolling interest	(2.4)	—	—	(1.3)	—	—	(1.1)
Dividends declared to noncontrolling interest	(30.1)	—	—	—	—	—	(30.1)
Cash dividends, declared and paid ($0.59 per share)	(184.7)	—	—	—	(184.7)	—	—
Other	(1.6)	—	—	(0.5)	(0.1)	—	(1.0)
Balance at December 31, 2011	7,012.4	297.1	297.1	1,633.0	5,547.8	(553.6)	88.1
Net earnings	1,044.0	—	—	—	1,018.6	—	25.4
Other comprehensive income (loss)	20.2	—	—	—	—	32.6	(12.4)
Shares issued under incentive stock plans	172.5	6.1	6.1	166.4	—	—	—
Settlement of Exchangeable Senior Notes	(4.7)	10.8	10.8	(15.5)	—	—	—
Repurchase of ordinary shares	(839.8)	(18.4)	(18.4)	(821.4)	—	—	—
Accretion of Exchangeable Senior Notes from Temporary Equity	3.3	—	—	3.3	—	—	—
Share-based compensation	49.8	—	—	49.8	—	—	—
Acquisition/divestiture of noncontrolling interest	(1.5)	—	—	(1.1)	—	—	(0.4)
Dividends declared to noncontrolling interest	(19.2)	—	—	—	—	—	(19.2)
Cash dividends declared ($0.69 per share)	(207.7)	—	—	—	(207.7)	—	—
Balance at December 31, 2012	$ 7,229.3	$ 295.6	295.6	$ 1,014.5	$ 6,358.7	$ (521.0)	$ 81.5

Ingersoll-Rand plc
Consolidated Statements of Equity - (Continued)

		Ingersoll-Rand plc shareholders' equity					
		Ordinary Shares					
In millions, except per share amounts	Total equity	Amount	Shares	Capital in excess of par value	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling Interest
Net earnings	653.9	—	—	—	618.8	—	35.1
Other comprehensive income (loss)	298.0	—	—	—	—	294.7	3.3
Shares issued under incentive stock plans	272.5	7.9	7.9	264.6	—	—	—
Settlement of Exchangeable Senior Notes	—	—	—	—	—	—	—
Repurchase of ordinary shares	(1,213.2)	(20.8)	(20.8)	(1,192.4)	—	—	—
Accretion of Exchangeable Senior Notes from Temporary Equity	—	—	—	—	—	—	—
Share-based compensation	71.8	—	—	71.8	—	—	—
Dividends declared to noncontrolling interest	(17.6)	—	—	—	—	—	(17.6)
Cash dividends declared ($0.63 per share)	(183.4)	—	—	—	(183.4)	—	—
Distribution of Allegion	18.5	—	—	—	0.5	59.1	(41.1)
Other	1.5	—	—	(0.1)	(0.1)	0.5	1.2
Balance at December 31, 2013	$ 7,131.3	$ 282.7	282.7	$ 158.4	$ 6,794.5	$ (166.7)	$ 62.4

See accompanying notes to Consolidated Financial Statements.

Ingersoll-Rand plc
Consolidated Statements of Cash Flows
In millions

For the years ended December 31,	2013	2012	2011
Cash flows from operating activities:			
Net earnings	$ 653.9	$ 1,044.0	$ 369.3
(Income) loss from discontinued operations, net of tax	(13.3)	(252.0)	(226.1)
Adjustments to arrive at net cash provided by (used in) operating activities:			
(Gain) loss on sale/asset impairment	—	(4.5)	646.9
Depreciation and amortization	333.7	333.8	358.5
Stock settled share-based compensation	71.8	49.8	42.6
(Gain) loss on sale of property, plant and equipment	5.3	(1.2)	(24.6)
Equity earnings, net of dividends	4.2	7.6	5.4
Deferred income taxes	29.4	(47.9)	(171.2)
Other items	194.3	122.7	15.6
Changes in other assets and liabilities			
(Increase) decrease in:			
Accounts and notes receivable	(214.3)	(34.2)	16.0
Inventories	(39.4)	(25.3)	(6.4)
Other current and noncurrent assets	68.3	(68.7)	22.5
Increase (decrease) in:			
Accounts payable	141.0	(12.5)	(55.1)
Other current and noncurrent liabilities	(357.2)	(243.5)	(207.1)
Net cash (used in) provided by continuing operating activities	877.7	868.1	786.3
Net cash (used in) provided by discontinued operating activities	292.7	312.9	400.5
Net cash provided by (used in) operating activities	1,170.4	1,181.0	1,186.8
Cash flows from investing activities:			
Capital expenditures	(242.2)	(243.1)	(217.1)
Acquisition of businesses, net of cash acquired	—	—	(1.9)
Proceeds from sale of property, plant and equipment	24.3	17.9	48.5
Proceeds from business dispositions, net of cash sold	4.7	52.7	400.3
Dividends received from equity investments	—	44.3	—
Net cash (used in) provided by continuing investing activities	(213.2)	(128.2)	229.8
Net cash (used in) provided by discontinued investing activities	(2.2)	(18.3)	(22.3)
Net cash provided by (used in) investing activities	(215.4)	(146.5)	207.5

Ingersoll-Rand plc
Consolidated Statements of Cash Flows - (Continued)
In millions

For the years ended December 31,	2013	2012	2011
Cash flows from financing activities:			
Other short-term borrowings, net	8.9	5.5	35.5
Proceeds from long-term debt	1,547.8	—	3.6
Payments of long-term debt	(1,265.0)	(418.9)	(91.9)
Net proceeds (repayments) in debt	291.7	(413.4)	(52.8)
Debt issuance costs	(13.2)	(2.5)	(2.3)
Excess tax benefit from share-based compensation	19.5	19.6	24.6
Dividends paid to ordinary shareholders	(245.5)	(192.4)	(137.3)
Dividends paid to noncontrolling interests	(12.4)	(13.9)	(20.8)
Acquisition/divestiture of noncontrolling interest	—	(1.5)	(1.3)
Proceeds from shares issued under incentive plans	253.0	152.9	109.0
Repurchase of ordinary shares	(1,213.2)	(839.8)	(1,157.5)
Transfer from Allegion	1,274.2	—	—
Other, net	—	(4.7)	(1.4)
Net cash (used in) provided by continuing financing activities	354.1	(1,295.7)	(1,239.8)
Net cash (used in) provided by discontinued financing activities	(7.5)	(8.2)	(6.6)
Net cash (used in) provided by financing activities	346.6	(1,303.9)	(1,246.4)
Effect of exchange rate changes on cash and cash equivalents	(72.8)	(9.2)	(1.5)
Net increase (decrease) in cash and cash equivalents	1,228.8	(278.6)	146.4
Cash and cash equivalents – beginning of period*	708.4	987.0	840.6
Cash and cash equivalents – end of period*	$ 1,937.2	$ 708.4	$ 987.0
Cash paid during the year for:			
Interest, net of amounts capitalized	$ 238.3	$ 223.7	$ 231.2
Income taxes, net of refunds	$ 162.3	$ 251.3	$ 189.7

*Allegion related cash balance of approximately $173.7 million was reclassified from Cash and cash equivalents to Assets held for spin-off for all reporting periods prior to the spin-off.

See accompanying notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF COMPANY

Ingersoll-Rand plc (IR-Ireland), a public limited company incorporated in Ireland in 2009, and its consolidated subsidiaries (collectively, we, our, the Company) is a diversified, global company that provides products, services and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, and increase industrial productivity and efficiency. Our business segments consist of Climate and Industrial, each with strong brands and leading positions within their respective markets. We generate revenue and cash primarily through the design, manufacture, sale and service of a diverse portfolio of industrial and commercial products that include well-recognized, premium brand names such as Ingersoll-Rand®, Trane®, American Standard®, Thermo King® and Club Car®.

NOTE 2 – SPIN-OFF TRANSACTION

On December 1, 2013 (the Distribution Date), the Company completed the previously announced separation (the spin-off) of its commercial and residential security businesses by distributing the related ordinary shares of Allegion plc (Allegion), on a pro rata basis, to the Company's shareholders of record as of November 22, 2013 (the Record Date). On the Distribution Date, each of the Company's shareholders received one ordinary share of Allegion for every three ordinary shares of the Company held by such shareholder on the Record Date. After the Distribution Date, the Company does not beneficially own any Allegion ordinary shares (other than approximately 7,045 shares received in a deferred compensation trust upon the spin-off as a result of the trust holding ordinary shares of Ingersoll-Rand plc as of the Record Date) and Allegion is an independent publicly traded company.

The results of our commercial and residential security business are presented as a discontinued operation in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows for all periods presented. The balance sheet of the commercial and residential security business has been reclassified to held for spin-off at December 31, 2012. The statement of equity of the commercial and residential security business is included within our Consolidated Statement of Equity through December 1, 2013. Except where otherwise noted, all disclosures in the related footnotes represent the results of continuing operations.

In connection with the spin-off of Allegion, the Company and Allegion entered into several agreements covering administrative and tax matters to provide or obtain services on a transitional basis, as needed, for varying periods after the spin-off. The administrative agreements cover various services such as information technology, human resources and finance. The Company expects all services to be substantially complete within one year after the spin-off. For further discussion of the tax matters agreement see Note 15.

During the years ended December 31, 2013 and 2012, the Company incurred $128.0 million and $5.7 million of professional service fees related to the spin-off, respectively. These costs are reported within discontinued operations as they represent a cost to execute the spin-off transaction. See Note 16 for further discussion of the spin-off transaction.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies used in the preparation of the accompanying Consolidated Financial Statements follows:

Basis of Presentation: The accompanying Consolidated Financial Statements reflect the consolidated operations of the Company and have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as defined by the Financial Accounting Standards Board (FASB) within the FASB Accounting Standards Codification (ASC).

The Consolidated Financial Statements include all majority-owned subsidiaries of the Company. A noncontrolling interest in a subsidiary is considered an ownership interest in a majority-owned subsidiary that is not attributable to the parent. The Company includes Noncontrolling interest as a component of Total equity in the Consolidated Balance Sheet and the Net earnings attributable to noncontrolling interests are presented as an adjustment from Net earnings used to arrive at Net earnings attributable to Ingersoll-Rand plc in the Consolidated Statement of Comprehensive Income.

Partially-owned equity affiliates represent 20-50% ownership interests in investments where we demonstrate significant influence, but do not have a controlling financial interest. Partially-owned equity affiliates are accounted for under the equity method. The Company is also required to consolidate variable interest entities in which it bears a majority of the risk to the entities' potential losses or stands to gain from a majority of the entities' expected returns. Intercompany accounts and transactions have been eliminated. The assets, liabilities, results of operations and cash flows of all discontinued operations have been separately reported as discontinued operations and held for spin-off for all periods presented.

During 2012, the company received a $44.3 million dividend from the equity investment in Hussmann Parent. The receipt of this dividend is classified in investing activities within the Consolidated Statement of Cash Flows due to the cumulative negative equity earnings to date from Hussmann Parent.

Certain changes in classification of amounts reported in prior years have been made to conform to the 2013 classification.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Estimates are based on several factors including the facts and circumstances available at the time the estimates are made, historical experience, risk of loss, general economic conditions and trends, and the assessment of the probable future outcome. Some of the more significant estimates include accounting for doubtful accounts, useful lives of property, plant and equipment and intangible assets, purchase price allocations of acquired businesses, valuation of assets including goodwill and other intangible assets, product warranties, sales allowances, pension plans, postretirement benefits other than pensions, taxes, environmental costs, product liability, asbestos matters and other contingencies. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically, and the effects of changes, if any, are reflected in the statement of operations in the period that they are determined.

Currency Translation: Assets and liabilities of non-U.S. subsidiaries, where the functional currency is not the U.S. dollar, have been translated at year-end exchange rates, and income and expense accounts have been translated using average exchange rates throughout the year. Adjustments resulting from the process of translating an entity's financial statements into the U.S. dollar have been recorded in the Equity section of the Consolidated Balance Sheet within Accumulated other comprehensive income (loss). Transactions that are denominated in a currency other than an entity's functional currency are subject to changes in exchange rates with the resulting gains and losses recorded within Net earnings.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, demand deposits and all highly liquid investments with original maturities at the time of purchase of three months or less.

Inventories: Depending on the business, U.S. inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method or the lower of cost or market using the first-in, first-out (FIFO) method. Non-U.S. inventories are primarily stated at the lower of cost or market using the FIFO method. At December 31, 2013 and 2012, approximately 45% and 55%, respectively, of all inventory utilized the LIFO method.

Allowance for Doubtful Accounts: The Company maintains an allowance for doubtful accounts receivable which represents the best estimate of probable loss inherent in the Company's accounts receivable portfolio. This estimate is based upon a two step policy that results in the total recorded allowance for doubtful accounts. The first step is to create a specific reserve for significant accounts as to which the customer's ability to satisfy their financial obligation to the Company is in doubt due to circumstances such as bankruptcy, deteriorating operating results or financial position. In these circumstances, management uses its judgment to record an allowance based on the best estimate of probable loss, factoring in such considerations as the market value of collateral, if applicable. The second step is to record a portfolio reserve based on the aging of the outstanding accounts receivable portfolio and the Company's historical experience with our end markets, customer base and products. Actual results could differ from those estimates. These estimates and assumptions are reviewed periodically, and the effects of changes, if any, are reflected in the Consolidated Statement of Comprehensive Income in the period that they are determined. The Company reserved $35.4 million and $24.8 million for doubtful accounts as of December 31, 2013 and 2012, respectively.

Property, Plant and Equipment: Property, plant and equipment are stated at cost, less accumulated depreciation. Assets placed in service are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset except for leasehold improvements, which are depreciated over the shorter of their economic useful life or their lease term. The range of useful lives used to depreciate property, plant and equipment is as follows:

Buildings	10	to	50	years
Machinery and equipment	2	to	12	years
Software	2	to	7	years

Repair and maintenance costs that do not extend the useful life of the asset are charged against earnings as incurred. Major replacements and significant improvements that increase asset values and extend useful lives are capitalized.

The Company assesses the recoverability of the carrying value of its property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of an asset to the future net undiscounted cash flows expected to be generated by the asset. If the undiscounted cash flows are less than the carrying amount of the asset, an impairment loss is recognized for the amount by which the carrying value of the asset exceeds the fair value of the assets.

Goodwill and Intangible Assets: The Company records as goodwill the excess of the purchase price over the fair value of the net assets acquired. Once the final valuation has been performed for each acquisition, adjustments may be recorded.

In accordance with GAAP, goodwill and other indefinite-lived intangible assets are tested and reviewed annually for impairment during the fourth quarter or whenever there is a significant change in events or circumstances that indicate that the fair value of the asset is more likely than not less than the carrying amount of the asset.

Recoverability of goodwill is measured at the reporting unit level and begins with a qualitative assessment to determine if it is more likely than not that the fair value of each reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test included in U.S. GAAP. For those reporting units where it is required, the first step compares the carrying amount of the reporting unit to its estimated fair value. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. To the extent that the carrying value of the reporting unit exceeds its estimated fair value, a second step is performed, wherein the reporting unit's carrying value of goodwill is compared to the implied fair value of goodwill. To the extent that the carrying value exceeds the implied fair value, impairment exists and must be recognized.

The calculation of estimated fair value is based on two valuation techniques, a discounted cash flow model (income approach) and a market adjusted multiple of earnings and revenues (market approach), with each method being equally weighted in the calculation. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. The estimated fair value of the reporting unit is allocated to all of the assets and liabilities of the reporting unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit, as determined in the first step of the goodwill impairment test, was the price paid to acquire that reporting unit.

Recoverability of other intangible assets with indefinite useful lives (i.e. Tradenames) is first assessed using a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. This assessment is used as a basis for determining whether it is necessary to calculate the fair value of an indefinite-lived intangible asset. For those indefinite-lived assets where it is required, a fair value is determined on a relief from royalty methodology (income approach) which is based on the implied royalty paid, at an appropriate discount rate, to license the use of an asset rather than owning the asset. The present value of the after-tax cost savings (i.e. royalty relief) indicates the estimated fair value of the asset. Any excess of the carrying value over the estimated fair value is recognized as an impairment loss equal to that excess.

Intangible assets such as patents, customer-related intangible assets and other intangible assets with finite useful lives are amortized on a straight-line basis over their estimated economic lives. The weighted-average useful lives approximate the following:

Customer relationships	20 years
Completed technology/patents	10 years
Other	15 years

Recoverability of intangible assets with finite useful lives is assessed in the same manner as property, plant and equipment as described above.

Income Taxes: Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. The Company recognizes future tax benefits, such as net operating losses and non-U.S. tax credits, to the extent that realizing these benefits is considered in its judgment to be more likely than not. The Company regularly reviews the recoverability of its deferred tax assets considering its historic profitability, projected future taxable income, timing of the reversals of existing temporary differences and the feasibility of its tax planning strategies. Where appropriate, the Company records a valuation allowance with respect to a future tax benefit.

Product Warranties: Standard product warranty accruals are recorded at the time of sale and are estimated based upon product warranty terms and historical experience. The Company assesses the adequacy of its liabilities and will make adjustments as necessary based on known or anticipated warranty claims, or as new information becomes available.

The Company's extended warranty liability represents the deferred revenue associated with its extended warranty contracts and is amortized into Revenue on a straight-line basis over the life of the contract, unless another method is more representative of the costs incurred. The Company assesses the adequacy of its liability by evaluating the expected costs under its existing contracts to ensure these expected costs do not exceed the extended warranty liability.

Treasury Stock: The Company, through one of its consolidated subsidiaries, has repurchased its common shares from time to time as authorized by the Board of Directors. These repurchases are at the discretion of management subject to market conditions, regulatory requirements and other considerations. Amounts are recorded at cost and included within the Equity section of the Consolidated Balance Sheet.

Revenue Recognition: Revenue is recognized and earned when all of the following criteria are satisfied: (a) persuasive evidence of a sales arrangement exists; (b) the price is fixed or determinable; (c) collectability is reasonably assured; and (d) delivery has occurred or service has been rendered. Delivery generally occurs when the title and the risks and rewards of ownership have substantially transferred to the customer. Both the persuasive evidence of a sales arrangement and fixed or determinable price criteria are deemed to be satisfied upon receipt of an executed and legally binding sales agreement or contract that clearly defines the terms and conditions of the transaction including the respective obligations of the parties. If the defined terms and conditions allow variability in all or a component of the price, revenue is not recognized until such time that the price becomes fixed or determinable. At the point of sale, the Company validates that existence of an enforceable claim that requires payment within a reasonable amount of time and assesses the collectability of that claim. If collectability is not deemed to be reasonably assured, then revenue recognition is deferred until such time that collectability becomes probable or cash is received. Delivery is not considered to have occurred until the customer has taken title and assumed the risks and rewards of ownership. Service and installation revenue are recognized when earned. In some instances, customer acceptance provisions are included in sales arrangements to give the buyer the ability to ensure the delivered product or service meets the criteria established in the order. In these instances, revenue recognition is deferred until the acceptance terms specified in the arrangement are fulfilled through customer acceptance or a demonstration that established criteria have been satisfied. If uncertainty exists about customer acceptance, revenue is not recognized until acceptance has occurred.

The Company offers various sales incentive programs to customers, dealers, and distributors. Sales incentive programs do not preclude revenue recognition, but do require an accrual for the Company's best estimate of expected activity. Examples of the sales incentives that are accrued for as a contra receivable and sales deduction at the point of sale include, but are not limited to, discounts (i.e. net 30 type), coupons, and rebates where the customer does not have to provide any additional requirements to receive the discount. Sales returns and customer disputes involving a question of quantity or price are also accounted for as a reduction in revenue and a contra receivable. At December 31, 2013 and 2012, the Company had a customer claim accrual (contra receivable) of $1.7 million and $2.1 million, respectively. All other incentives or incentive programs where the customer is required to reach a certain sales level, remain a customer for a certain period of time, provide a rebate form or is subject to additional requirements are accounted for as a reduction of revenue and establishment of a liability. At December 31, 2013 and 2012, the Company had a sales incentive accrual of $80.1 million and $62.2 million, respectively. Each of these accruals represents the best estimate the Company expects to pay related to previously sold units. These estimates are reviewed regularly for accuracy. If updated information or actual amounts are different from previous estimates, the revisions are included in the results for the period in which they become known. Historically, the aggregate differences, if any, between our estimates and actual amounts in any year have not had a material impact on the Consolidated Financial Statements.

The Company enters into maintenance and extended warranty contracts with customers. Revenue related to these services is recognized on a straight-line basis over the life of the contract, unless sufficient historical evidence indicates that the cost of providing these services is incurred on an other than straight-line basis. In these circumstances, revenue is recognized over the contract period in proportion to the costs expected to be incurred in performing the service.

The Company, primarily through its Climate segment, provides equipment (e.g. HVAC, controls), integrated solutions, and installation designed to customer specifications through construction-type contracts. The term of these types of contracts is typically less than one year, but can be as long as three years. Revenues related to these contracts are recognized using the percentage-of-completion method in accordance with GAAP. This measure of progress toward completion, utilized to recognize sales and profits, is based on the proportion of actual cost incurred to date as compared to the total estimate of contract costs at completion. The timing of revenue recognition often differs from the invoicing schedule to the customer, with revenue recognition in advance of customer invoicing recorded to unbilled accounts receivable and invoicing in advance of revenue recognition recorded to deferred revenue. At December 31, 2012, all recorded receivables (billed and unbilled) are due within one year. The Company re-evaluates its contract estimates periodically and reflects changes in estimates in the current period using the cumulative catch-up method. These periodic reviews have not historically resulted in significant adjustments. If estimated contract costs are in excess of contract revenues, then the excess costs are accrued.

The Company enters into sales arrangements that contain multiple elements, such as equipment, installation and service revenue. For multiple element arrangements, each element is evaluated to determine the separate units of accounting. The total arrangement consideration is then allocated to the separate units of accounting based on their relative selling price at the inception of the arrangement. The relative selling price is determined using vendor specific objective evidence (VSOE) of selling price, if it exists; otherwise, third-party evidence (TPE) of selling price is used. If neither VSOE nor TPE of selling price exists for a deliverable, a best estimate of the selling price is developed for that deliverable. The Company primarily utilizes VSOE to determine its relative selling price. The Company recognizes revenue for delivered elements when the delivered item has stand-alone value to the customer, the basic revenue recognition criteria have been met, and only customary refund or return rights related to the delivered elements exist.

Environmental Costs: The Company is subject to laws and regulations relating to protecting the environment. Environmental expenditures relating to current operations are expensed or capitalized as appropriate. Expenditures relating to existing conditions caused by past operations, which do not contribute to current or future revenues, are expensed. Liabilities for remediation costs are recorded when they are probable and can be reasonably estimated, generally no later than the completion of feasibility studies or the Company's commitment to a plan of action. The assessment of this liability, which is calculated based on existing technology, does not reflect any offset for possible recoveries from insurance companies, and is not discounted. Refer to Note 18 for further details of environmental matters.

Asbestos Matters: Certain wholly-owned subsidiaries of the Company are named as defendants in asbestos-related lawsuits in state and federal courts. The Company records a liability for its actual and anticipated future claims as well as an asset for anticipated insurance settlements. Asbestos related defense costs are excluded from the asbestos claims liability and are recorded separately as services are incurred. Although the Company was neither a manufacturer nor producer of asbestos, some of its formerly manufactured components from third party suppliers utilized asbestos-related components. As a result, amounts related to asbestos are recorded within Discontinued operations, net of tax, except for amounts related to Trane U.S. Inc. asbestos liabilities, which are recorded in Earnings from continuing operations. Refer to Note 18 for further details of asbestos-related matters.

Research and Development Costs: The Company conducts research and development activities for the purpose of developing and improving new products and services. These expenditures are expensed when incurred. For the years ended December 31, 2013, 2012 and 2011, these expenditures amounted to approximately $218.2 million, $235.4 million and $218.4 million, respectively.

Software Costs: The Company capitalizes certain qualified internal-use software costs during the application development stage and subsequently amortizes those costs over the software's useful life, which ranges from 2 to 7 years. Refer to Note 5 for further details on software.

Employee Benefit Plans: The Company provides a range of benefits, including pensions, postretirement and postemployment benefits to eligible current and former employees. Determining the cost associated with such benefits is dependent on various actuarial assumptions, including discount rates, expected return on plan assets, compensation increases, employee mortality, turnover rates, and healthcare cost trend rates. Actuaries perform the required calculations to determine expense in accordance with GAAP. Actual results may differ from the actuarial assumptions and are generally accumulated into Accumulated other comprehensive income (loss) and amortized into Net earnings over future periods. The Company reviews its actuarial assumptions at each measurement date and makes modifications to the assumptions based on current rates and trends, if appropriate. Refer to Note 10 for further details on employee benefit plans.

Loss Contingencies: Liabilities are recorded for various contingencies arising in the normal course of business, including litigation and administrative proceedings, environmental matters, product liability, product warranty, worker's compensation and other claims. The Company has recorded reserves in the financial statements related to these matters, which are developed using input derived from actuarial estimates and historical and anticipated experience data depending on the nature of the reserve, and in certain instances with consultation of legal counsel, internal and external consultants and engineers. Subject to the uncertainties inherent in estimating future costs for these types of liabilities, the Company believes its estimated reserves are reasonable and does not believe the final determination of the liabilities with respect to these matters would have a material effect on the financial condition, results of operations, liquidity or cash flows of the Company for any year. Refer to Note 18 for further details on loss contingencies.

Derivative Instruments: The Company periodically enters into cash flow and other derivative transactions to specifically hedge exposure to various risks related to interest rates and currency rates. The Company recognizes all derivatives on the Consolidated Balance Sheet at their fair value as either assets or liabilities. For cash flow designated hedges, the effective portion of the changes in fair value of the derivative contract are recorded in Accumulated other comprehensive income (loss), net of taxes, and are recognized in Net earnings at the time earnings are affected by the hedged transaction. For other derivative transactions, the changes in the fair value of the derivative contract are immediately recognized in Net earnings. Refer to Note 9 for further details on derivative instruments.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In December 2011, the FASB issued Accounting Standards Update (ASU) 2011-11, "Disclosures about Offsetting Assets and Liabilities." ASU 2011-11 requires enhanced disclosures including both gross and net information about financial and derivative instruments eligible for offset or subject to an enforceable master netting arrangement or similar agreement. This new guidance is effective for annual reporting periods beginning on or after January 1, 2013 and subsequent interim periods. The requirements of ASU 2011-11 did not have an impact on the Consolidated Financial Statements.

In January 2013, the FASB issued ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." ASU 2013-01 clarifies the scope of ASU 2011-11 to apply to derivative instruments that are offset or subject to an enforceable master netting arrangement or similar agreement. This clarified guidance is effective for annual reporting periods beginning on or after January 1, 2013 and subsequent interim periods. The revised requirements of ASU 2013-01 did not have an impact on the Consolidated Financial Statements.

In February 2013, the FASB issued ASU 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (AOCI). ASU 2013-02 requires a rollforward of changes in AOCI by component and information about significant reclassifications from AOCI to Net earnings to be presented in one location, either on the face of the financial statements or in the notes. This new guidance is effective for fiscal years beginning after December 15, 2012 and subsequent interim periods. The requirements of ASU 2013-02 did not have a material impact on the Company's Consolidated Financial Statements. The revised disclosure requirements are reflected in Note 11.

In July 2013, the FASB issued ASU 2013-10, “Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes.” ASU 2013-10 allows the Fed Funds Effective Swap Rate (OIS) to be designated as a U.S. benchmark interest rate for hedge accounting purposes, in addition to interest rates on direct Treasury obligations of the U.S. government and the London Interbank Offered Rate. The amendments also remove the restriction on using different benchmark rates for similar hedges. The amendments are effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. The Company will apply the new guidance, as applicable, to future interest rate hedge relationships.

Recently Issued Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-04, “Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date.” ASU 2013-04 provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements where the total obligation is fixed at the reporting date, and for which no specific guidance currently exists. This new guidance is effective for annual reporting periods beginning on or after December 15, 2013 and subsequent interim periods. The Company is currently assessing the impact, if any, on the Consolidated Financial Statements.

In March 2013, the FASB issued ASU 2013-05, “Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity.” ASU 2013-05 clarifies the application of GAAP to the release of cumulative translation adjustments related to changes of ownership in or within foreign entities, including step acquisitions. This new guidance is effective for annual reporting periods beginning on or after December 15, 2013 and subsequent interim periods.

In July 2013, the FASB issued ASU 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.” ASU 2013-11 clarifies guidance and eliminates diversity in practice on the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. This new guidance is effective for annual reporting periods beginning on or after December 15, 2013 and subsequent interim periods. The Company is currently assessing the impact, if any, on the Consolidated Financial Statements.

NOTE 4 – INVENTORIES

At December 31, the major classes of inventory were as follows:

In millions	2013	2012
Raw materials	$ 378.0	$ 423.2
Work-in-process	100.7	87.2
Finished goods	760.2	704.8
	1,238.9	1,215.2
LIFO reserve	(72.8)	(71.2)
Total	$ 1,166.1	$ 1,144.0

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

At December 31, the major classes of property, plant and equipment were as follows:

In millions	2013	2012
Land	$ 64.2	$ 67.1
Buildings	654.8	582.5
Machinery and equipment	1,612.0	1,544.9
Software	511.3	539.6
	2,842.3	2,734.1
Accumulated depreciation	(1,373.9)	(1,308.0)
Total	$ 1,468.4	$ 1,426.1

Depreciation expense for the years ended December 31, 2013, 2012 and 2011 was $199.5 million, $194.5 million and $202.9 million, which include amounts for software amortization of $44.3 million, $48.5 million and $48.7 million, respectively.

NOTE 6 – GOODWILL

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

In millions	Climate	Industrial	Total
December 31, 2011 (gross)	$ 7,593.2	$ 366.8	$ 7,960.0
Acquisitions and adjustments *	(3.8)	—	(3.8)
Currency translation	30.5	1.9	32.4
December 31, 2012 (gross)	7,619.9	368.7	7,988.6
Acquisitions and adjustments	(1.1)	1.1	—
Currency translation	44.8	3.2	48.0
December 31, 2013 (gross)	7,663.6	373.0	8,036.6
Accumulated impairment **	(2,496.0)	—	(2,496.0)
Goodwill (net)	$ 5,167.6	$ 373.0	$ 5,540.6

* During 2012, the Company recorded certain purchase accounting adjustments within the Climate sector of $4.8 million.
** Accumulated impairment relates to a charge of $2,496.0 million recorded in the fourth quarter of 2008 as a result of the Company's annual impairment testing.

The Company records as goodwill the excess of the purchase price over the fair value of the net assets acquired. Once the final valuation has been performed for each acquisition, adjustments may be recorded.

In accordance with the Company's goodwill impairment testing policy outlined in Note 3, the Company performed its annual impairment test on goodwill in the fourth quarter of each 2013, 2012, and 2011. In each year, the Company determined that the fair values of all identified reporting units exceeded their respective carrying values. Therefore, no impairment charges were recorded during 2013, 2012, and 2011.

The Company performed an interim impairment test on goodwill of its former Security Technologies Europe, Middle East, India, and Africa (EMEIA) reporting unit during the third quarter of 2013. The results of the third quarter 2013 interim impairment test indicated that the estimated fair value of the Security Technologies EMEIA reporting unit was less than its carrying value; consequently, the Company completed the second step of the interim impairment test which resulted in a $111.4 million non-cash pre-tax goodwill impairment charge. Such charge is recorded within discontinued operations for the year ended December 31, 2013. See Note 16 for further discussion.

NOTE 7 – INTANGIBLE ASSETS

The following table sets forth the gross amount and related accumulated amortization of the Company's intangible assets at December 31:

	2013			2012		
In millions	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Completed technologies/patents	$ 174.1	$ (128.7)	$ 45.4	$ 179.1	$ (112.7)	$ 66.4
Customer relationships	1,865.9	(599.5)	1,266.4	1,863.1	(490.7)	1,372.4
Other	60.4	(52.2)	8.2	56.2	(46.6)	9.6
Total finite-lived intangible assets	2,100.4	$ (780.4)	1,320.0	2,098.4	$ (650.0)	1,448.4
Trademarks (indefinite-lived)	2,602.0		2,602.0	2,602.0		2,602.0
Total	$ 4,702.4		$ 3,922.0	$ 4,700.4		$ 4,050.4

The Company amortizes intangible assets with finite useful lives on a straight-line basis over their estimated economic lives in accordance with GAAP. Indefinite-lived intangible assets are not subject to amortization, but instead, are tested for impairment at least annually (more frequently if certain indicators are present).

Intangible asset amortization expense for 2013, 2012 and 2011 was $128.9 million, $129.2 million and $132.2 million, respectively. Future estimated amortization expense on existing intangible assets in each of the next five years amounts to approximately $118 million for 2014, $116 million for 2015, $101 million for 2016, $101 million for 2017, and $100 million for 2018.

In accordance with the Company's indefinite-lived intangible asset impairment testing policy outlined in Note 3, the Company performed its annual impairment test in the fourth quarter of each 2013, 2012 and 2011. In each year, the Company determined the fair value of all indefinite-lived intangible assets to exceed their respective carrying values. Therefore, no impairment charges were recorded during 2013, 2012 and 2011.

NOTE 8 – DEBT AND CREDIT FACILITIES

At December 31, short-term borrowings and current maturities of long-term debt consisted of the following:

In millions	2013	2012
Debentures with put feature	$ 343.0	$ 343.0
6.000% Senior notes due 2013	—	600.0
Other current maturities of long-term debt	8.0	10.0
Other short-term borrowings	16.7	9.9
Total	$ 367.7	$ 962.9

The weighted-average interest rate for total short-term borrowings and current maturities of long-term debt at December 31, 2013 and 2012 was 6.5% and 6.2%, respectively.

At December 31, long-term debt excluding current maturities consisted of:

In millions	2013	2012
9.500% Senior notes due 2014	—	655.0
5.50% Senior notes due 2015	198.1	196.4
4.75% Senior notes due 2015	299.8	299.7
6.875% Senior notes due 2018	749.5	749.4
2.875% Senior notes due 2019	349.5	—
9.00% Debentures due 2021	125.0	125.0
4.250% Senior notes due 2023	698.8	—
7.20% Debentures due 2014-2025	82.5	90.0
6.48% Debentures due 2025	149.7	149.7
5.750% Senior notes due 2043	498.0	—
Other loans and notes, at end-of-year average interest rates of 3.01% in 2013 and 1.00% in 2012, maturing in various amounts to 2019	2.6	1.3
Total	$ 3,153.5	$ 2,266.5

At December 31, 2013, long-term debt retirements are as follows:

In millions	
2014	$ 351.0
2015	507.2
2016	7.8
2017	7.7
2018	757.2
Thereafter	1,873.6
Total	$ 3,504.5

Commercial Paper Program

The maximum aggregate amount of unsecured commercial paper notes available to be issued, on a private placement basis, under the commercial paper program is $2 billion as of December 31, 2013. Under the commercial paper program, Ingersoll-Rand Global Holding Company Limited (IR-Global), may issue notes from time to time, and the proceeds of the financing will be used for general corporate purposes. Each of IR-Ireland, Ingersoll-Rand Company Limited (IR-Limited), and Ingersoll-Rand International Holding Limited (IR-International) has provided an irrevocable and unconditional guarantee for the notes issued under the commercial paper program. The Company had no commercial paper outstanding at December 31, 2013 and December 31, 2012.

Debentures with Put Feature

At December 31, 2013 and December 31, 2012, the Company had outstanding $343.0 million of fixed rate debentures which only require early repayment at the option of the holder. These debentures contain a put feature that the holders may exercise on each anniversary of the issuance date. If exercised, the Company is obligated to repay in whole or in part, at the holder's option, the outstanding principal amount (plus accrued and unpaid interest) of the debentures held by the holder. If these options are not exercised, the final maturity dates would range between 2027 and 2028.

Holders of these debentures had the option to exercise the put feature on $37.2 million of the outstanding debentures in February 2013, subject to the notice requirement. No exercises were made. Holders of the remaining $305.8 million in outstanding debentures had the option to exercise the put feature, subject to the notice requirement, in November 2013. No material exercises were made.

Senior Notes due 2019, 2023, and 2043

In June 2013, we issued $1.55 billion principal amount of Senior Notes in three tranches through our wholly-owned subsidiary, IR-Global pursuant to Rule 144A of the Securities Act. The tranches consist of $350 million of 2.875% Senior Notes due in 2019, $700 million of 4.250% Senior Notes due in 2023, and $500 million of 5.750% Senior Notes due in 2043. The notes are fully and unconditionally guaranteed by each of IR-Ireland, Ingersoll-Rand Company Limited (IR-Limited), and Ingersoll-Rand International Holding Limited (IR-International). Interest on the notes will be paid twice a year in arrears. The Company has the option to redeem the notes in whole or in part at any time, and from time to time, prior to their stated maturity date at redemption prices set forth in the indenture agreement. The notes are subject to certain customary covenants, however, none of these covenants are considered restrictive to the Company's operations. In connection with the issuance of each series of notes, IR-Global, the

Guarantors and the initial purchasers of the notes entered into a Registration Rights Agreement. Each Registration Rights Agreement requires IR-Global and the Guarantors to use their commercially reasonable efforts to execute an effective exchange offer registration statement with the SEC no later than 365 days after the closing date of the notes offering and to complete an exchange offer within 30 business days of such effective date. If a registration default occurs additional interest shall accrue on the notes. The proceeds from these notes were used to fund the July 2013 redemption of $600 million of 6.000% Senior Notes due 2013 and $655 million of 9.500% Senior Notes due 2014 and to fund expenses related to the spin-off of the commercial and residential security businesses, with any remaining proceeds used for general corporate purposes. The July 2013 redemption resulted in $45.6 million of premium expense, which was recorded in 2013 in Interest expense.

Other Debt

As of December 31, 2013, the Company has a 4-year, $1.0 billion revolving credit facility maturing on May 20, 2015 and a 5-year, $1.0 billion revolving credit facility maturing on March 15, 2017, through its wholly-owned subsidiary, IR-Global.

IR-Ireland, IR-Limited, and IR-International have each provided an irrevocable and unconditional guarantee for these credit facilities. During 2013, the credit facilities were modified to include IR-New Jersey as a guarantor. The total committed revolving credit facilities of $2.0 billion are unused and provide support for the Company's commercial paper program, as well as other general corporate purposes.

In addition, other available non-U.S. lines of credit were $907.3 million, of which $660.0 million was unused at December 31, 2013. These lines provide support for bank guarantees, letters of credit and other general corporate purposes.

Fair Value of Debt

The carrying value of the Company's short-term borrowings is a reasonable estimate of fair value due to the short-term nature of the instruments. The Company measures the fair value of its long-term debt instruments based upon observable market prices quoted on public exchanges for similar assets. These fair value inputs are considered Level 2 within the fair value hierarchy discussed in Note 10. The methodologies used by the Company to determine the fair value of its long-term debt instruments at December 31, 2013 are the same as those used at December 31, 2012. There have been no transfers between levels of the fair value hierarchy. The fair value of the Company's debt instruments at December 31, 2013 and December 31, 2012 was $3,803.8 million and $3,663.1 million, respectively.

Guarantees

Subsequent to the Company's reorganization as an Irish plc, IR-Ireland and IR-Limited guaranteed fully and unconditionally the outstanding public debt of IR-International, IR-Global and IR-New Jersey. During 2013, IR-Global and IR-International public outstanding indentures were modified to include IR-New Jersey as a co-obligor.

NOTE 9 – FINANCIAL INSTRUMENTS

In the normal course of business, the Company may use various financial instruments, including derivative instruments, to manage the risks associated with interest rate and currency rate exposures. These financial instruments are not used for trading or speculative purposes.

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

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

The Company assesses at inception and at least quarterly thereafter, whether the derivatives used in cash flow hedging transactions are highly effective in offsetting the changes in the cash flows of the hedged item. To the extent the derivative is deemed to be a highly effective hedge, the fair market value changes of the instrument are recorded to Accumulated other comprehensive income (AOCI).

Any ineffective portion of a derivative instrument's change in fair value is recorded in Net earnings in the period of change. If the hedging relationship ceases to be highly effective, or it becomes probable that a forecasted transaction is no longer expected to occur, the hedging relationship will be undesignated and any future gains and losses on the derivative instrument will be recorded in Net earnings.

Currency Hedging Instruments

The notional amount of the Company's currency derivatives was $1,510.0 million and $1,613.6 million at December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, a loss of $3.1 million and $3.8 million, net of tax, respectively, was included in AOCI related to the fair value of the Company's currency derivatives designated as accounting hedges. The amount expected to be reclassified into Net earnings over the next twelve months is a loss of $3.1 million. The actual amounts that will be reclassified to Net earnings may vary from this amount as a result of changes in market conditions. Gains and losses associated with the Company's currency derivatives not designated as hedges are recorded in Net earnings as changes in fair value occur. At December 31, 2013, the maximum term of the Company's currency derivatives was approximately 12 months.

Other Derivative Instruments

In February 2013, the Company entered into forward starting interest rate swaps for $750.0 million of the forecasted issuance of $1.2 billion of Senior Notes due in 2023 and 2043. These interest rate swaps met the criteria to be accounted for as cash flow hedges of a forecasted transaction. Consequently, the changes in fair value of the interest rate swaps were recognized in AOCI. No further gain or loss will be recognized in AOCI related to these interest rate swaps as the contracts were terminated upon the June 2013 issuance of the underlying debt. The amount of AOCI associated with these interest rate swaps at the time of termination will be recognized in Interest expense over the term of the notes. At December 31, 2013, $10.1 million of gains remained in AOCI related to these interest rate swaps. The amount expected to be reclassified into Interest expense over the next twelve months is $0.7 million.

The Company previously entered into interest rate locks for the forecasted issuance of approximately $1.7 billion of Senior Notes due in 2013, 2015 and 2018. These interest rate locks met the criteria to be accounted for as cash flow hedges of a forecasted transaction. Consequently, the changes in fair value of the interest rate locks were recognized in AOCI. No further gain or loss will be recognized in AOCI related to these interest rate locks as the contracts were effectively terminated upon issuance of the underlying debt. However, the amount of AOCI associated with these interest rate locks at the time of termination are recognized into Interest expense over the term of the notes. During 2013, the Company repaid $600 million due under the Senior Notes due in 2013, at which time any amounts remaining in AOCI related to such notes were reclassified into Interest expense. At December 31, 2013 and 2012, $7.4 million and $10.3 million, respectively, of losses remained in AOCI related to these interest rate locks. The amount expected to be reclassified into Interest expense over the next twelve months is $2.5 million.

The Company measures the fair value of its derivative instruments on a recurring basis based on a pricing model that uses spot rates and forward prices from actively quoted currency markets that are readily accessible and observable. These fair value inputs are considered Level 2 within the fair value hierarchy discussed in Note 10. The methodologies used by the Company to determine the fair value of its derivative instruments at December 31, 2013 are the same as those used at December 31, 2012. There have been no transfers between levels of the fair value hierarchy.

The fair values of derivative instruments included within the Consolidated Balance Sheet as of December 31 were as follows:

	Asset derivatives		Liability derivatives	
In millions	**2013**	**2012**	**2013**	**2012**
Derivatives designated as hedges:				
Currency derivatives	$ 0.1	$ —	$ 3.4	$ 4.3
Derivatives not designated as hedges:				
Currency derivatives	3.1	4.6	13.6	7.1
Total derivatives	$ 3.2	$ 4.6	$ 17.0	$ 11.4

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

The amounts associated with derivatives designated as hedges affecting Net earnings and AOCI for the years ended December 31 were as follows:

	Amount of gain (loss) recognized in AOCI			Location of gain (loss) reclassified from AOCI and recognized into Net earnings	Amount of gain (loss) reclassified from AOCI and recognized into Net earnings		
In millions	2013	2012	2011		2013	2012	2011
Currency derivatives - continuing	$ (9.8)	$ (6.1)	$ 2.1	Cost of goods sold	$ (10.8)	$ 0.4	$ 1.4
Currency derivatives - discontinued	2.0	(1.1)	0.3	Discontinued operations	1.1	(0.2)	(1.3)
Interest rate swaps	10.5	—	—	Interest expense	0.4	—	—
Interest rate locks	—	—	—	Interest expense	(2.8)	(3.0)	(2.9)
Total	$ 2.7	$ (7.2)	$ 2.4		$ (12.1)	$ (2.8)	$ (2.8)

The amounts associated with derivatives not designated as hedges affecting Net earnings for the years ended December 31 were as follows:

	Location of gain (loss) recognized in Net earnings	Amount of gain (loss) recognized in Net earnings		
In millions		2013	2012	2011
Currency derivatives	Other, net	$ (42.2)	$ 28.5	$ (7.4)
Total		$ (42.2)	$ 28.5	$ (7.4)

The gains and losses associated with the Company's undesignated currency derivatives are materially offset in Net earnings by changes in the fair value of the underlying transactions.

Concentration of Credit Risk

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

Fair Value of Other Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable and accounts payable are a reasonable estimate of their fair value due to the short-term nature of these instruments. See Note 8 for a discussion of the fair value measurement of the Company's debt instruments and Note 10 for a discussion of the fair value measurement of the Company's pension assets and liabilities.

NOTE 10 – PENSIONS AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company sponsors several U.S. defined benefit and defined contribution plans covering substantially all of our U.S. employees. Additionally, the Company has many non-U.S. defined benefit and defined contribution plans covering eligible non-U.S. employees. Postretirement benefits, other than pensions, provide healthcare benefits, and in some instances, life insurance benefits for certain eligible employees.

Pension Plans

The noncontributory defined benefit pension plans covering non-collectively bargained U.S. employees provide benefits on a final average pay formula while plans for most collectively bargained U.S. employees provide benefits on a flat dollar benefit formula or a percentage of pay formula. The non-U.S. pension plans generally provide benefits based on earnings and years of service. The Company also maintains additional other supplemental plans for officers and other key or highly compensated employees.

In connection with the 2013 spin-off, the Company transferred its obligations for pension benefits for all current and former employees of the commercial and residential security businesses to Allegion. The transfer of these obligations reduced our pension liabilities by $631.1 million, pension assets by $543.5 million, and accumulated other comprehensive losses by $164.8 million.

On June 8, 2012, the Board of Directors approved amendments to the Company's retirement plans for certain U.S. and Puerto Rico non-bargained employees. Eligible non-bargained employees hired prior to July 1, 2012 were given a choice of remaining in their respective defined benefit plan until the plan freezes on December 31, 2022 or freezing their accrued benefits in their respective defined benefit plan as of December 31, 2012 and receiving an additional 2% non-matching Company contribution into the Company's applicable defined contribution plan. Eligible employees hired or rehired on or after July 1, 2012 will automatically receive the 2% non-matching Company contribution into the applicable defined contribution plan in lieu of participating in the defined benefit plan. Beginning January 1, 2023, all eligible employees will receive the 2% non-matching contribution into the applicable defined contribution plan . As a result of these changes, the Company's projected benefit obligations for the amended plans were remeasured as of June 8, 2012, which included updating the discount rate assumption to 4.00% from the 4.25% assumed at December 31, 2011. The amendments resulted in a 2012 curtailment loss of $4.0 million. The amendment and remeasurement resulted in an increase of $1.0 million to the projected benefit obligation, an increase of $29.4 million to the plan assets, an actuarial gain of $28.4 million and a credit of $4.0 million to prior service cost during 2012.

The following table details information regarding the Company's pension plans at December 31:

In millions	2013	2012
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 4,228.6	$ 3,841.1
Service cost	88.5	96.8
Interest cost	156.9	163.6
Employee contributions	1.5	1.5
Amendments	1.2	3.4
Actuarial (gains) losses	(314.4)	374.3
Benefits paid	(211.6)	(217.2)
Currency translation	19.5	37.4
Curtailments and settlements	(3.7)	(63.4)
Impact of spin-off	(631.1)	—
Other, including expenses paid	(2.2)	(8.9)
Benefit obligation at end of year	$ 3,333.2	$ 4,228.6
Change in plan assets:		
Fair value at beginning of year	$ 3,310.2	$ 3,100.4
Actual return on assets	98.9	320.5
Company contributions	109.7	89.1
Employee contributions	1.5	1.5
Benefits paid	(211.6)	(217.2)
Currency translation	17.7	31.0
Settlements	(1.6)	(5.6)
Impact of spin-off	(543.5)	—
Other, including expenses paid	(2.1)	(9.5)
Fair value of assets end of year	$ 2,779.2	$ 3,310.2
Funded status:		
Plan assets less than the benefit obligations	$ (554.0)	$ (918.4)
Amounts included in the balance sheet:		
Other noncurrent assets	$ 4.3	$ 5.1
Accrued compensation and benefits	(30.8)	(9.0)
Postemployment and other benefit liabilities	(527.5)	(799.6)
Liabilities held for spin-off	—	(114.9)
Net amount recognized	$ (554.0)	$ (918.4)

It is the Company's objective to contribute to the pension plans to ensure adequate funds, and no less than required by law, are available in the plans to make benefit payments to plan participants and beneficiaries when required. However, certain plans are not or cannot be funded due to either legal, accounting, or tax requirements in certain jurisdictions. As of December 31, 2013, approximately six percent of our projected benefit obligation relates to plans that cannot be funded.

The pretax amounts recognized in Accumulated other comprehensive income (loss) were as follows:

In millions	Prior service cost	Net actuarial losses	Total
December 31, 2012	$ (23.5)	$ (1,318.9)	$ (1,342.4)
Current year changes recorded to Accumulated other comprehensive income (loss)	(1.2)	249.0	247.8
Amortization reclassified to earnings	4.7	63.0	67.7
Settlements/curtailments reclassified to earnings	—	0.7	0.7
Impact of spin-off	2.3	162.5	164.8
Currency translation and other	—	(5.4)	(5.4)
December 31, 2013	$ (17.7)	$ (849.1)	$ (866.8)

Weighted-average assumptions used:

Benefit obligations at December 31,	2013	2012
Discount rate:		
U.S. plans	4.75%	3.75%
Non-U.S. plans	4.25%	4.25%
Rate of compensation increase:		
U.S. plans	4.00%	4.00%
Non-U.S. plans	4.25%	4.00%

The accumulated benefit obligation for all defined benefit pension plans was $3,194.8 million and $4,032.2 million at December 31, 2013 and 2012, respectively. The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with accumulated benefit obligations more than plan assets were $3,291.3 million, $3,159.3 million and $2,735.5 million, respectively, as of December 31, 2013, and $4,182.8 million, $3,994.0 million and $3,263.9 million, respectively, as of December 31, 2012.

Pension benefit payments are expected to be paid as follows:

In millions	
2014	$ 219.3
2014	201.0
2016	199.0
2017	205.2
2018	214.6
2019 — 2023	1,142.9

The components of the Company's net periodic pension benefit costs for the years ended December 31 include the following:

In millions	2013	2012	2011
Service cost	$ 88.5	$ 96.8	$ 93.5
Interest cost	156.9	163.6	185.5
Expected return on plan assets	(166.3)	(173.6)	(219.6)
Net amortization of:			
Prior service costs	4.7	5.1	5.6
Transition amount	—	—	—
Plan net actuarial losses	63.0	60.6	51.1
Net periodic pension benefit cost	146.8	152.5	116.1
Net curtailment and settlement (gains) losses	0.7	4.9	62.5
Net periodic pension benefit cost after net curtailment and settlement (gains) losses	$ 147.5	$ 157.4	$ 178.6
Amounts recorded in continuing operations	$ 119.2	$ 125.5	$ 160.8
Amounts recorded in discontinued operations	28.3	31.9	17.8
Total	$ 147.5	$ 157.4	$ 178.6

The curtailment and settlement losses in 2012 are associated with the recent amendments to the pension plans and lump sum distributions under the supplemental benefit plans for officers and other key employees. The curtailment and settlement losses in 2011 are associated with the divestiture of Hussmann and lump sum distributions under supplemental benefit plans for officers and other key employees.

Pension expense for 2014 is projected to be approximately $105.2 million, utilizing the assumptions for calculating the pension benefit obligations at the end of 2013. The amounts expected to be recognized in net periodic pension cost during the year ended 2014 for prior service cost and plan net actuarial losses are $4.1 million and $35.9 million, respectively.

Weighted-average assumptions used:

Net periodic pension cost for the year ended December 31,	2013	2012	2011
Discount rate:			
U.S. plans			
For the period January 1 to June 7	3.75%	4.25%	5.00%
For the period June 8 to November 30	3.75%	4.00%	5.00%
For the period December 1 to December 31	4.50%	4.00%	5.00%
Non-U.S. plans	4.25%	5.00%	5.50%
Rate of compensation increase:			
U.S. plans	4.00%	4.00%	4.00%
Non-U.S. plans	4.00%	4.00%	4.50%
Expected return on plan assets:			
U.S. plans	5.25%	5.75%	7.25%
Non-U.S. plans	5.00%	5.75%	6.25%

The expected long-term rate of return on plan assets reflects the average rate of returns expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. The expected long-term rate of return on plan assets is based on what is achievable given the plan's investment policy, the types of assets held and target asset allocations. The expected long-term rate of return is determined as of the measurement date. The Company reviews each plan and its historical returns and target asset allocations to determine the appropriate expected long-term rate of return on plan assets to be used.

The Company's objective in managing its defined benefit plan assets is to ensure that all present and future benefit obligations are met as they come due. It seeks to achieve this goal while trying to mitigate volatility in plan funded status, contribution, and expense by better matching the characteristics of the plan assets to that of the plan liabilities. The Company utilizes a dynamic approach to asset allocation whereby a plan's allocation to fixed income assets increases as the plan's funded status improves. The Company monitors plan funded status and asset allocation regularly in addition to investment manager performance.

Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurements are based on a framework that utilizes the inputs market participants use to determine the fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs. The fair value hierarchy is comprised of three levels that are described below:

- Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 quoted prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 - Unobservable inputs based on little or no market activity and that are significant to the fair value of the assets and liabilities.

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are obtained from independent sources and can be validated by a third party, whereas unobservable inputs reflect assumptions regarding what a third party would use in pricing an asset or liability based on the best information available under the circumstances. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's pension plan assets at December 31, 2013 by asset category are as follows:

In millions	Fair value measurements Level 1	Level 2	Level 3	Total fair value
Cash and cash equivalents	$ 4.1	$ 37.9	$ —	$ 42.0
Equity investments:				
Registered mutual funds – equity specialty[a]	6.0	—	—	6.0
Commingled funds – equity specialty[a]	—	826.8	—	826.8
	6.0	826.8	—	832.8
Fixed income investments:				
U.S. government and agency obligations	—	702.9	—	702.9
Corporate and non-U.S. bonds[b]	—	748.4	—	748.4
Asset-backed and mortgage-backed securities	—	59.4	—	59.4
Registered mutual funds – fixed income specialty[c]	32.3	—	—	32.3
Commingled funds – fixed income specialty[c]	—	268.5	—	268.5
Other fixed income[d]	—	—	22.6	22.6
	32.3	1,779.2	22.6	1,834.1
Derivatives	—	—	—	—
Real estate[e]	—	—	19.3	19.3
Other[f]	—	—	58.1	58.1
Total assets at fair value	$ 42.4	$ 2,643.9	$ 100.0	$ 2,786.3
Receivables and payables, net[g]				(7.1)
Net assets available for benefits				$ 2,779.2

(a) This class comprises commingled and registered mutual funds that focus on equity investments. It includes both indexed and actively managed funds.

(b) This class includes state and municipal bonds.

(c) This class comprises commingled and registered mutual funds that focus on fixed income securities.

(d) This class includes group annuity and guaranteed interest contracts.

(e) This class includes private equity funds that invest in real estate, including funds of funds.

(f) This investment comprises the Company's non-significant, non-U.S. pension plan assets. It mostly includes insurance contracts.

(g) Includes an estimated $20.0 million payable to Allegion in accordance with the terms of the Employee Matters Agreement.

The fair values of the Company's pension plan assets at December 31, 2012 by asset category are as follows:

In millions	Fair value measurements Level 1	Level 2	Level 3	Total fair value
Cash and cash equivalents	$ 5.8	$ 25.5	$ —	$ 31.3
Equity investments:				
Registered mutual funds – equity specialty[(a)]	5.9	—	—	5.9
Commingled funds – equity specialty[(a)]	—	935.2	—	935.2
	5.9	935.2	—	941.1
Fixed income investments:				
U.S. government and agency obligations	—	817.0	—	817.0
Corporate and non-U.S. bonds[(b)]	—	890.2	—	890.2
Asset-backed and mortgage-backed securities	—	53.0	—	53.0
Registered mutual funds – fixed income specialty[(c)]	33.8	—	—	33.8
Commingled funds – fixed income specialty[(c)]	—	439.1	—	439.1
Other fixed income[(d)]	—	—	21.9	21.9
	33.8	2,199.3	21.9	2,255.0
Derivatives	—	(0.1)	—	(0.1)
Real estate[(e)]	—	—	29.2	29.2
Other[(f)]	—	—	54.4	54.4
Total assets at fair value	$ 45.5	$ 3,159.9	$ 105.5	$ 3,310.9
Receivables and payables, net				(0.7)
Net assets available for benefits				$ 3,310.2

(a) This class comprises commingled and registered mutual funds that focus on equity investments. It includes both indexed and actively managed funds.

(b) This class includes state and municipal bonds.

(c) This class comprises commingled and registered mutual funds that focus on fixed income securities.

(d) This class includes group annuity and guaranteed interest contracts.

(e) This class includes private equity funds that invest in real estate. It includes both direct investment funds and funds-of-funds.

(f) This investment comprises the Company's non-significant, non-U.S. pension plan assets. It mostly includes insurance contracts.

Cash equivalents are valued using a market approach with inputs including quoted market prices for either identical or similar instruments. Fixed income securities are valued through a market approach with inputs including, but not limited to, benchmark yields, reported trades, broker quotes and issuer spreads. Commingled funds are valued at their daily net asset value (NAV) per share or the equivalent. NAV per share or the equivalent is used for fair value purposes as a practical expedient. NAVs are calculated by the investment manager or sponsor of the fund. Private real estate fund values are reported by the fund manager and are based on valuation or appraisal of the underlying investments.

The methodologies used by the Company to determine the fair value of its financial assets and liabilities at December 31, 2013 are the same as those used at December 31, 2012. There have been no significant transfers between levels of the fair value hierarchy.

The Company made required and discretionary contributions to its pension plans of $109.7 million in 2013, $89.1 million in 2012, and $57.3 million in 2011. The Company currently projects that it will contribute approximately $154.1 million to its plans worldwide in 2014. The Company's policy allows it to fund an amount, which could be in excess of or less than the pension cost expensed, subject to the limitations imposed by current tax regulations. The Company anticipates funding the plans in 2014 in accordance with contributions required by funding regulations or the laws of each jurisdiction.

Most of the Company's U.S. employees are covered by defined contribution plans. Employer contributions are determined based on criteria specific to the individual plans and amounted to approximately $89.0 million, $76.8 million, and $79.2 million in 2013, 2012 and 2011, respectively. The Company's contributions relating to non-U.S. defined contribution plans and other non-U.S. benefit plans were $33.8 million, $27.1 million and $28.8 million in 2013, 2012 and 2011, respectively.

Multiemployer Pension Plans

The Company also participates in a number of multiemployer defined benefit pension plans related to collectively bargained U.S. employees of Trane. The Company's contributions, and the administration of the fixed retirement payments, are determined by the terms of the related collective-bargaining agreements. These multiemployer plans pose different risks to the Company than single-employer plans, including:

1. The Company's contributions to multiemployer plans may be used to provide benefits to all participating employees of the program, including employees of other employers.
2. In the event that another participating employer ceases contributions to a plan, the Company may be responsible for any unfunded obligations along with the remaining participating employers.
3. If the Company chooses to withdraw from any of the multiemployer plans, the Company may be required to pay a withdrawal liability, based on the underfunded status of the plan.

As of December 31, 2013, the Company does not contribute to any plans which are individually significant, nor is the Company an individually significant contributor to any of these plans. Total contributions to multiemployer plans, excluding Hussmann, for the years ended December 31 were as follows:

In millions	2013	2012	2011
Total contributions	$ 5.4	$ 5.4	$ 5.2

Contributions to these plans may increase in the event that any of these plans are underfunded.

During 2011, the Company divested the Hussmann Business and Branches which participated in various multiemployer pension plans. For the year ended December 31, 2011, the Company contributed approximately $6.4 million to such plans. These contributions will not occur in future periods.

Postretirement Benefits Other Than Pensions

The Company sponsors several postretirement plans that provide for healthcare benefits, and in some instances, life insurance benefits that cover certain eligible employees. These plans are unfunded and have no plan assets, but are instead funded by the Company on a pay-as-you-go basis in the form of direct benefit payments. Generally, postretirement health benefits are contributory with contributions adjusted annually. Life insurance plans for retirees are primarily noncontributory.

In connection with the 2013 spin-off, the Company transferred its obligations for post retirement benefits other than pension for all current and former employees of the commercial and residential security businesses to Allegion. The transfer of these obligations reduced our post retirement plan liabilities by $14.1 million, and increased our accumulated other comprehensive income by $5.6 million.

The Board of Directors approved amendments on February 1, 2012 to its postretirement medical plan with respect to post-65 retiree medical coverage. Effective January 1, 2013, the Company discontinued offering company-sponsored retiree medical coverage for certain individuals age 65 and older. The Company transitioned affected individuals to coverage through the individual Medicare market and will provide a tax-advantaged subsidy to those retirees eligible for subsidized company coverage that can be used toward reimbursing premiums and other qualified medical expenses for individual Medicare supplemental coverage that is purchased through our third-party Medicare coordinator.

As a result of these changes, the Company's projected benefit obligations were remeasured as of February 1, 2012, which included updating the discount rate assumption to 3.75% from the 4.00% assumed at December 31, 2011. The remeasurement resulted in a decrease of $40.5 million to the projected benefit obligation, an actuarial loss of $21.3 million and a credit of $61.8 million to prior service cost.

The following table details information regarding the Company's postretirement plans at December 31:

In millions	2013	2012
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 851.4	$ 919.9
Service cost	6.6	7.3
Interest cost	26.0	30.8
Plan participants' contributions	11.2	19.1
Actuarial (gains) losses	(109.8)	15.4
Benefits paid, net of Medicare Part D subsidy *	(56.4)	(78.8)
Settlements/curtailments	—	—
Amendments	—	(62.3)
Impact of spin-off	(14.1)	—
Other	(1.6)	—
Benefit obligations at end of year	$ 713.3	$ 851.4

* Amounts are net of Medicare Part D subsidy of $12.8 million and $0.7 million in 2013 and 2012, respectively

Funded status:		
Plan assets less than benefit obligations	$ (713.3)	$ (851.4)
Amounts included in the balance sheet:		
Accrued compensation and benefits	$ (65.2)	$ (67.2)
Postemployment and other benefit liabilities	(648.1)	(766.2)
Liabilities held for spin-off	—	(18.0)
Total	$ (713.3)	$ (851.4)

The pretax amounts recognized in Accumulated other comprehensive income (loss) were as follows:

In millions	Prior service gains	Net actuarial losses	Total
Balance at December 31, 2012	$ 56.9	$ (180.3)	$ (123.4)
Current year changes recorded to Accumulated other comprehensive income (loss)	—	109.9	109.9
Amortization reclassified to earnings	(10.3)	6.5	(3.8)
Impact of spin-off	(7.2)	1.6	(5.6)
Balance at December 31, 2013	$ 39.4	$ (62.3)	$ (22.9)

The components of net periodic postretirement benefit (income) cost for the years ended December 31 were as follows:

In millions	2013	2012	2011
Service cost	$ 6.6	$ 7.3	$ 8.4
Interest cost	26.0	30.8	42.0
Net amortization of:			
Prior service gains	(10.3)	(10.3)	(3.5)
Net actuarial losses	6.5	7.3	1.6
Net periodic postretirement benefit cost	28.8	35.1	48.5
Net curtailment and settlement (gains) losses	—	—	(10.1)
Net periodic postretirement benefit (income) cost after net curtailment and settlement (gains) losses	$ 28.8	$ 35.1	$ 38.4
Amounts recorded in continuing operations	$ 19.8	$ 22.2	$ 18.7
Amounts recorded in discontinued operations	9.0	12.9	19.7
Total	$ 28.8	$ 35.1	$ 38.4

The curtailment and settlement gains in 2011 are associated with the divestiture of Hussmann. Postretirement cost for 2014 is projected to be $25.8 million. The amount expected to be recognized in net periodic postretirement benefits cost in 2014 for prior service gains is $8.9 million.

Assumptions:	2013	2012	2011
Weighted-average discount rate assumption to determine:			
Benefit obligations at December 31	4.25%	3.25%	4.00%
Net periodic benefit cost			
For the period January 1 to January 31	3.25%	4.00%	5.00%
For the period February 1 to November 30	3.25%	3.75%	5.00%
For the period November 30 to December 31	4.00%	3.75%	5.00%
Assumed health-care cost trend rates at December 31:			
Current year medical inflation	7.65%	8.05%	8.45%
Ultimate inflation rate	5.00%	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2021	2021	2021

A 1% change in the medical trend rate assumed for postretirement benefits would have the following effects at December 31, 2013:

In millions	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 1.2	$ (1.0)
Effect on postretirement benefit obligation	27.9	(24.5)

Benefit payments for postretirement benefits, which are net of expected plan participant contributions and Medicare Part D subsidy, are expected to be paid as follows:

In millions	
2014	$ 66.6
2015	66.7
2016	64.7
2017	62.4
2018	59.8
2019 — 2023	264.3

NOTE 11 – EQUITY

Ordinary Shares

At December 31, 2013, a reconciliation of ordinary shares is as follows:

In millions	Total
December 31, 2012	295.6
Shares issued under incentive plans	7.9
Repurchase of ordinary shares	(20.8)
December 31, 2013	282.7

In December 2012, the Board of Directors authorized the repurchase of up to $2.0 billion of the Company's ordinary shares under a share repurchase program. During 2013, the Company repurchased 20.8 million shares for approximately $1.2 billion, excluding commissions. These repurchases were accounted for as a reduction of Ordinary shares and Capital in excess of par value as they were canceled upon repurchase.

In December 2012, the Company declared a dividend of $0.21 per ordinary share payable on March 28, 2013 to shareholders of record on March 12, 2013. This represents a non-cash financing activity and has been excluded from the 2012 Consolidated Statement of Cash Flows. The cash impact of the dividend will be reflected in the 2013 Consolidated Statement of Cash Flows in 2013 as the dividend was paid in 2013.

The authorized share capital of IR-Ireland is 1,185,040,000 shares, consisting of (1) 1,175,000,000 ordinary shares, par value $1.00 per share, (2) 40,000 ordinary shares, par value EUR 1.00 and (3) 10,000,000 preference shares, par value $0.001 per share. No preference shares were outstanding at December 31, 2013 or 2012.

Other Comprehensive Income (Loss)

The changes in Accumulated other comprehensive income (loss) are as follows:

In millions	Cash flow hedges and marketable securities	Pension and OPEB Items	Foreign Currency Items	Total
December 31, 2011	$ (4.5)	$ (897.1)	$ 348.0	$ (553.6)
Other comprehensive income (loss), net of tax	3.1	(67.1)	96.6	32.6
December 31, 2012	$ (1.4)	$ (964.2)	$ 444.6	$ (521.0)
Other comprehensive income (loss), net of tax	19.7	263.3	11.7	294.7
Impact of spin-off and other activities	$ (17.9)	$ 138.1	$ (60.6)	$ 59.6
December 31, 2013	$ 0.4	$ (562.8)	$ 395.7	$ (166.7)

The amounts of Other comprehensive income (loss) attributable to noncontrolling interests are as follows:

In millions	2013	2012	2011
Pension and OPEB items	$ —	$ (1.3)	$ (0.6)
Foreign currency items	3.3	(11.1)	—
Total other comprehensive income (loss) attributable to noncontrolling interests	$ 3.3	$ (12.4)	$ (0.6)

During 2012, the Company reclassified a $11.5 million currency translation loss to Noncontrolling interests from IR-Ireland shareholders' equity related to activity from prior to 2012. This reclassification corrects the allocation of currency translation gains (losses) between the Equity components. The Company does not believe this reclassification adjustment is material to 2012 or to any of its previously issued annual or interim financial statements.

NOTE 12 – SHARE-BASED COMPENSATION

The Company records share-based compensation awards using a fair value method and recognizes compensation expense for an amount equal to the fair value of the share-based payment issued in its financial statements. The Company's share-based compensation plans include programs for stock options, stock appreciation rights (SARs), restricted stock units (RSUs), performance share units (PSUs), and deferred compensation.

In connection with the spin-off of the commercial and residential security businesses, the provisions of our existing compensation plans required adjustments to the number and terms of outstanding employee stock options, SARs, RSUs and PSUs to preserve the intrinsic value of the awards immediately before and after the spin-off. The outstanding awards will continue to vest over the original vesting period, which is generally three years from the grant date.

The stock awards held as of December 1, 2013 were adjusted as follows:

- *Stock options and SARs*: Holders of Ingersoll Rand vested stock option and SARs awards received one stock option of Allegion for every three Ingersoll Rand vested and exercisable stock options held. The exercise price for each award was also adjusted to preserve the overall intrinsic value of the awards. Unvested stock options held at the time of the spin-off were converted into stock options of the holder's employer following the spin-off, with the number of underlying shares and the exercise price adjusted accordingly to preserve the overall intrinsic value of the awards.
- *Restricted stock units*: Ingersoll Rand restricted stock units were converted into restricted stock units of the holder's employer following the spin-off with adjustments to the number of underlying shares as appropriate to preserve the intrinsic value of such awards immediately prior to the spin-off.
- *Performance share units*: Participants with active and outstanding performance share units had the number of units held adjusted for the change in Ingersoll Rand stock price before and after the spin-off. A corresponding adjustment was made to the calculation of earnings per share and total shareholder return to appropriately reflect the spin-off.

Under the Company's incentive stock plan, the total number of ordinary shares authorized by the shareholders is 20.0 million, of which 19.5 million remains available as of December 31, 2013 for future incentive awards.

Compensation Expense

Share-based compensation expense related to continuing operations is included in Selling and administrative expenses. The following table summarizes the expenses recognized:

In millions	2013	2012	2011
Stock options	$ 23.0	$ 5.7	$ 22.3
RSUs	29.9	22.0	21.1
PSUs	20.2	22.5	(0.5)
Deferred compensation	1.9	0.1	1.1
Other	2.9	2.3	(0.9)
Pre-tax expense	77.9	52.6	43.1
Tax benefit	29.8	20.1	16.5
After-tax expense	$ 48.1	$ 32.5	$ 26.6
Amounts recorded in continuing operations	$ 43.4	$ 28.6	$ 24.0
Amounts recorded in discontinued operations	4.7	3.9	2.6
Total	$ 48.1	$ 32.5	$ 26.6

During 2012, the Company recorded a correcting adjustment resulting in the reversal of $13.5 million ($8.3 million after tax) of previously charged compensation expense related to the accounting for stock option forfeitures. The Company does not believe the correcting adjustment is material to 2012 or to any of its previously issued annual or interim financial statements.

Stock Options / RSUs

Eligible participants may receive (i) stock options, (ii) RSUs or (iii) a combination of both stock options and RSUs. The fair value of each of the Company's stock option and RSU awards is expensed on a straight-line basis over the required service period, which is generally the 3-year vesting period. However, for stock options and RSUs granted to retirement eligible employees, the Company recognizes expense for the fair value at the grant date.

The average fair value of the stock options granted for the year ended December 31, 2013 and 2012 was estimated to be $16.55 per share and $13.67 per share, respectively, using the Black-Scholes option-pricing model. The following assumptions were used:

	2013	2012
Dividend yield	1.60%	1.33%
Volatility	42.15%	43.60%
Risk-free rate of return	0.85%	0.92%
Expected life	5.1	5.1

Expected volatility is based on the historical volatility from traded options on the Company's stock. The risk-free rate of return is based on the yield curve of a zero-coupon U.S. Treasury bond on the date the award is granted with a maturity equal to the expected term of the award. Historical data is used to estimate forfeitures within the Company's valuation model. The expected life of the Company's stock option awards is derived from historical experience and represents the period of time that awards are expected to be outstanding.

For stock options granted prior to the spin-off, the weighted-average exercise prices in the table below reflect the historical exercise prices. Changes in options outstanding under the plans for the years 2013, 2012 and 2011 are as follows:

	Shares subject to option	Weighted-average exercise price	Aggregate intrinsic value (millions)	Weighted-average remaining life
December 31, 2010	21,706,228	$ 32.30		
Granted	1,834,564	44.99		
Exercised	(4,275,088)	30.00		
Cancelled	(650,428)	35.36		
December 31, 2011	18,615,276	33.97		
Granted	1,463,352	40.67		
Exercised	(5,578,783)	28.87		
Cancelled	(408,883)	41.30		
December 31, 2012	14,090,962	36.47		
Granted	1,341,602	52.71		
Exercised	(6,994,024)	35.33		
Cancelled	(110,496)	44.57		
Impact of spin-off	371,984	****		
Outstanding December 31, 2013	8,700,028	$ 31.87	$ 258.7	5.6
Exercisable December 31, 2013	5,695,290	$ 29.71	$ 184.5	4.2

The following table summarizes information concerning currently outstanding and exercisable options as adjusted for the spin-off as discussed above:

Range of exercise price			Options outstanding			Options exercisable		
			Number outstanding at December 31, 2013	Weighted-average remaining life	Weighted-average exercise price	Number outstanding at December 31, 2013	Weighted-average remaining life	Weighted-average exercise price
10.01	—	20.00	850,559	3.5	14.81	850,559	3.5	14.81
20.01	—	30.00	1,635,997	5.1	25.53	1,378,461	4.6	25.69
30.01	—	40.00	4,648,123	5.2	33.81	3,263,037	4.3	33.66
40.01	—	50.00	1,561,333	8.3	41.97	203,233	3.8	41.85
50.01	—	60.00	4,016	9.8	51.92	—	0.0	—
$ 14.80	—	$ 51.92	8,700,028	5.6	$ 31.87	5,695,290	4.2	$ 29.21

At December 31, 2013, there was $13.6 million of total unrecognized compensation cost from stock option arrangements granted under the plan, which is primarily related to unvested shares of non-retirement eligible employees. The aggregate intrinsic value of options exercised during the year ended December 31, 2013 and 2012 was $155.5 million and $89.7 million, respectively. Generally, stock options expire ten years from their date of grant.

For restricted stock awarded prior to the spin-off, grant price information in the table below reflects historical market prices. The following table summarizes RSU activity for the years 2013, 2012 and 2011:

	RSUs	Weighted-average grant date fair value
Outstanding and unvested at December 31, 2010	1,300,174	$ 26.14
Granted	672,185	43.87
Vested	(512,614)	24.20
Cancelled	(152,572)	34.87
Outstanding and unvested at December 31, 2011	1,307,173	$ 35.00
Granted	643,822	40.74
Vested	(575,214)	30.05
Cancelled	(91,089)	38.92
Outstanding and unvested at December 31, 2012	1,284,692	$ 39.81
Granted	685,441	53.78
Vested	(669,079)	38.44
Cancelled	(63,954)	43.98
Impact of spin-off	103,882	****
Outstanding and unvested at December 31, 2013	1,340,982	$ 38.49

At December 31, 2013, there was $21.5 million of total unrecognized compensation cost from RSU arrangements granted under the plan, which is related to unvested shares of non-retirement eligible employees.

Performance Shares

The Company has a Performance Share Program (PSP) for key employees. The program provides awards in the form of PSUs based on performance against pre-established objectives. The annual target award level is expressed as a number of the Company's ordinary shares. All PSUs are settled in the form of ordinary shares.

Awards granted in 2011 and 2010 are based upon the Company's relative earnings-per-share (EPS) growth as compared to the industrial group of companies in the S&P 500 Index over the 3-year performance period.

In 2011 the Compensation Committee approved certain changes to the Company's PSP to be implemented beginning with the 2012 grant year. Under these changes, PSU awards are based 50% upon a performance condition, measured at each reporting period by relative EPS growth to the industrial group of companies in the S&P 500 Index and the fair market value of the Company's stock on the date of grant, and 50% upon a market condition, measured by the Company's relative total shareholder return (TSR) as compared to the TSR of the industrial group of companies in the S&P 500 Index over the 3-year performance period. The fair value of the market condition is estimated using a Monte Carlo Simulation approach in a risk-neutral framework based upon historical volatility, risk-free rates and correlation matrix.

In 2012 the Compensation Committee approved a change to fix the measurement of EPS for all outstanding 2010 and 2011 PSU awards, effective January 31, 2012. This change results in fixed accounting being applied as of the date of change. The fair value of the Company's stock price used to fix the remaining amount of expense to be recorded over the life of the awards was $34.94.

The grant price information for performance share units awarded prior to the spin-off reflects historical market prices which were not adjusted to reflect the spin-off. The following table summarizes PSU activity for the maximum number of shares that may be issued for the years 2013, 2012 and 2011:

	PSUs	Weighted-average grant date fair value
Outstanding and unvested at December 31, 2010	3,768,706	$ 20.36
Granted	614,006	46.66
Vested	(633,504)	16.95
Forfeited	(1,116,212)	19.31
Outstanding and unvested at December 31, 2011	2,632,996	$ 27.76
Granted	649,668	50.75
Vested	—	—
Forfeited	(1,423,028)	18.68
Outstanding and unvested at December 31, 2012	1,859,636	$ 40.30
Granted	580,910	61.24
Vested	(718,040)	34.94
Forfeited	(150,636)	51.43
Impact of spin-off	380,780	****
Outstanding and unvested at December 31, 2013	1,952,650	$ 39.20

At December 31, 2013, there was $12.9 million of total unrecognized compensation cost from the PSP based on current performance, which is related to unvested shares. This compensation will be recognized over the required service period, which is generally the three-year vesting period.

Deferred Compensation

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

Other Plans

The Company has not granted stock appreciation rights (SARs) since 2006 and does not anticipate additional grants in the future. As of December 31, 2013, there were 96,415 SARs outstanding, all of which are vested and expire 10 years from the date of grant. All SARs exercised are settled with the Company's ordinary shares.

The Company has issued stock grants as an incentive plan for certain key employees, with varying vesting periods. All stock grants are settled with the Company's ordinary shares. At December 31, 2013, there were 52,565 stock grants outstanding, all of which were vested.

NOTE 13 – RESTRUCTURING ACTIVITIES

Restructuring charges recorded during the years ended December 31 were as follows:

In millions	2013	2012	2011
Climate	$ 47.5	$ 12.9	$ 17.1
Industrial	14.5	7.6	6.7
Corporate and Other	20.3	2.8	0.3
Total	$ 82.3	$ 23.3	$ 24.1
Cost of goods sold	$ 15.2	$ 10.3	$ 6.8
Selling and administrative expenses	67.1	13.0	17.3
Total	$ 82.3	$ 23.3	$ 24.1

The changes in the restructuring reserve were as follows:

In millions	Climate	Industrial	Corporate and Other	Total
December 31, 2011	$ 5.1	$ 4.2	$ 1.7	$ 11.0
Additions, net of reversals	12.9	7.6 *	2.8	23.3
Cash and non-cash uses	(13.4)	(9.7)	(2.6)	(25.7)
Currency translation	0.1	—	—	0.1
December 31, 2012	4.7	2.1	1.9	8.7
Additions, net of reversals	47.5	14.5	20.3	82.3
Cash and non-cash uses	(34.2)	(7.1)	(17.2)	(58.5)
Currency translation	—	—	—	—
December 31, 2013	$ 18.0	$ 9.5	$ 5.0	$ 32.5

* Amount includes the reversal of $6.7 million of previously accrued restructuring charges.

During 2013, 2012, and 2011, the Company incurred costs of $82.3 million, $23.3 million, and $24.1 million respectively, associated with ongoing restructuring actions. These actions included workforce reductions as well as the closure and consolidation of manufacturing facilities in an effort to improve the Company's cost structure. Due to changes in various economic factors, the Company made a decision in the first quarter of 2011 to continue operating a facility for which the Company had previously accrued approximately $6.7 million of restructuring charges. As of December 31, 2013, the Company had $32.5 million accrued for costs associated with its ongoing restructuring actions, of which a majority is expected to be paid within one year.

In addition to the 2013 restructuring charges described above, the Company incurred $0.7 million of non-qualified restructuring charges during the year ended December 31, 2013, which represent costs that are directly attributable to restructuring activities, but do not fall into the severance, exit or disposal category. These non-qualified restructuring charges were incurred to improve the Company's cost structure.

NOTE 14 – OTHER, NET

At December 31, the components of Other, net were as follows:

In millions	2013	2012	2011
Interest income	$ 12.8	$ 16.3	$ 25.5
Exchange gain (loss)	(14.0)	0.2	(1.3)
Earnings (loss) from equity investments	(2.6)	(5.9)	(3.5)
Other	7.2	17.5	7.7
Other, net	$ 3.4	$ 28.1	$ 28.4

Exchange gain (loss) for the year ended December 31, 2013 includes a loss of approximately $3.8 million related to the devaluation of the Venezuela Bolivar. Included within Earnings (loss) from equity investments for the years ended December 31, 2013, 2012 and 2011 is $2.6 million, $5.9 million and $3.5 million of equity loss, respectively, on the Hussmann equity investment incurred subsequent to the Hussmann divestiture transaction dates. The activity included within Other for the year ended December 31, 2012 is primarily related to adjustments to actual and expected insurance recoveries as a result of a settlement.

NOTE 15 – INCOME TAXES

Earnings before income taxes for the years ended December 31 were taxed within the following jurisdictions:

In millions	2013	2012	2011
United States	$ (147.4)	$ (49.3)	$ (1,066.3)
Non-U.S.	977.0	897.3	1,254.9
Total	$ 829.6	$ 848.0	$ 188.6

The components of the Provision for income taxes for the years ended December 31 were as follows:

In millions	2013	2012	2011
Current tax expense (benefit):			
United States	$ 2.1	$ (70.1)	$ 46.7
Non-U.S.	157.5	174.0	170.0
Total:	159.6	103.9	216.7
Deferred tax expense (benefit):			
United States	19.2	116.9	(215.4)
Non-U.S.	10.2	(164.8)	44.2
Total:	29.4	(47.9)	(171.2)
Total tax expense (benefit):			
United States	21.3	46.8	(168.7)
Non-U.S.	167.7	9.2	214.1
Total	$ 189.0	$ 56.0	$ 45.4

The Provision for income taxes differs from the amount of income taxes determined by applying the applicable U.S. statutory income tax rate to pretax income, as a result of the following differences:

	Percent of pretax income		
	2013	2012	2011
Statutory U.S. rate	35.0%	35.0%	35.0%
Increase (decrease) in rates resulting from:			
Non-U.S. tax rate differential	(26.8)	(22.5)	(120.4)
Tax on U.S. subsidiaries on non-U.S. earnings	2.0	4.1	24.0
State and local income taxes (1)	6.3	0.3	(6.1)
Valuation allowances	2.5	(16.6)	(0.8)
Change in permanent reinvestment assertion (2)	6.2	—	—
Non-deductible goodwill write-off - Hussmann	—	—	75.4
Reserves for uncertain tax positions	(2.9)	2.4	15.3
Impact of change in taxation of retiree drugs subsidy	—	1.9	—
Provision to return and other true-up adjustments	(0.7)	(0.1)	(0.8)
Other adjustments	1.2	2.1	2.5
Effective tax rate	22.8%	6.6%	24.1%

(1) Net of changes in valuation allowances
(2) Net of foreign tax credits

Tax incentives, in the form of tax holidays, have been granted to the Company in certain jurisdictions to encourage industrial development. The expiration of these tax holidays varies by country. The tax holidays are conditional on the Company meeting certain employment and investment thresholds. The most significant tax holidays relate to the Company's qualifying locations in China, Puerto Rico, and Belgium. The benefit for the tax holidays for the years ended December 31, 2013 and 2012 was $25.3 million and $13.7 million, respectively.

At December 31, a summary of the deferred tax accounts were as follows:

In millions	2013	2012
Deferred tax assets:		
Inventory and accounts receivable	$ 19.7	$ 21.1
Fixed assets and intangibles	3.3	3.6
Postemployment and other benefit liabilities	643.1	755.0
Product liability	221.7	237.6
Other reserves and accruals	198.5	174.6
Net operating losses and credit carryforwards	707.1	868.8
Other	59.2	63.2
Gross deferred tax assets	1,852.6	2,123.9
Less: deferred tax valuation allowances	(218.5)	(156.2)
Deferred tax assets net of valuation allowances	$ 1,634.1	$ 1,967.7
Deferred tax liabilities:		
Inventory and accounts receivable	$ (46.8)	$ (48.8)
Fixed assets and intangibles	(2,046.8)	(2,090.6)
Postemployment and other benefit liabilities	(3.3)	(0.3)
Other reserves and accruals	(6.0)	(3.4)
Other	(49.1)	(6.0)
Gross deferred tax liabilities	(2,152.0)	(2,149.1)
Net deferred tax assets (liabilities)	$ (517.9)	$ (181.4)

At December 31, 2013, no deferred taxes have been provided for any portion of the approximately $7.4 billion of undistributed earnings of the Company's subsidiaries, since these earnings have been, and under current plans will continue to be, permanently reinvested in these subsidiaries. Due to the number of legal entities and jurisdictions involved and the complexity of the legal entity structure of the Company, the complexity of the tax laws in the relevant jurisdictions, including, but not limited to the rules pertaining to the utilization of foreign tax credits in the United States and the impact of projections of income for future years to any calculations, the Company believes it is not practicable to estimate, within any reasonable range, the amount of additional taxes which may be payable upon distribution of these earnings.

As a result of the Allegion spin-off and certain internal restructurings, the Company believes it is advantageous to fully repay an intercompany debt obligation between two of its subsidiaries. In order to facilitate the repayment of this intercompany debt, in the fourth quarter of 2013, the Company decided to change its permanent reinvestment assertion as it relates to approximately $740 million of earnings primarily related to subsidiaries in Hong Kong, Australia and Canada. The Company has recorded the tax effects of this change in the fourth quarter of 2013, which resulted in a charge of approximately $51 million. Except where otherwise noted, the Company continues with its permanent reinvestment assertion on its remaining unremitted earnings.

At December 31, 2013, the Company had the following operating loss and tax credit carryforwards available to offset taxable income in prior and future years:

In millions	Amount	Expiration Period
U.S. Federal net operating loss carryforwards	$ 895.0	2014-2033
U.S. Federal credit carryforwards	42.7	2014-Unlimited
U.S. State net operating loss carryforwards	3,044.2	2014-2033
U.S. State credit carryforwards	29.8	2014-Unlimited
Non-U.S. net operating loss carryforwards	1,128.0	2014-Unlimited
Non-U.S. credit carryforwards	1.0	Unlimited

The amount of net operating loss carryforwards for which a benefit would be recorded in additional paid in capital when realized is $158.7 million.

The U.S. state net operating loss carryforwards were incurred in various jurisdictions. The non-U.S. net operating loss carryforwards were incurred in various jurisdictions, predominantly in Barbados, Belgium, Brazil, India, Spain, and the United Kingdom.

Activity associated with the Company's valuation allowance is as follows:

In millions	2013	2012	2011
Beginning balance	$ 156.2	$ 308.4	$ 351.2
Increase to valuation allowance	89.3	44.5	14.9
Decrease to valuation allowance	(26.3)	(192.4)	(22.3)
Other deductions	—	—	(0.3)
Accumulated other comprehensive income (loss)	(0.7)	(4.3)	(35.1)
Ending balance	$ 218.5	$ 156.2	$ 308.4

The Company has total unrecognized tax benefits of $363.3 million and $497.5 million as of December 31, 2013, and December 31, 2012, respectively. The amount of unrecognized tax benefits that, if recognized, would affect the continuing operations effective tax rate are $278.3 million as of December 31, 2013. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

In millions	2013	2012	2011
Beginning balance	$ 497.5	$ 503.4	$ 505.6
Additions based on tax positions related to the current year	19.9	8.5	16.1
Additions based on tax positions related to acquisitions	—	—	—
Additions based on tax positions related to prior years	152.9	88.2	56.7
Reductions based on tax positions related to prior years	(215.3)	(24.1)	(62.2)
Reductions related to settlements with tax authorities	(84.7)	(50.6)	(3.7)
Reductions related to lapses of statute of limitations	(8.4)	(29.5)	(9.2)
Translation (gain) loss	1.4	1.6	0.1
Ending balance	$ 363.3	$ 497.5	$ 503.4

In connection with the Company's spin-off of Allegion, the Company and Allegion entered into a tax sharing agreement for the allocation of taxes. Of the total unrecognized tax benefit of $363.3 million at December 31, 2013, Allegion has agreed to indemnify Ingersoll Rand for $4.1 million, which is reflected in an other long-term receivable account. Additionally, included in this other long-term receivable account is an indemnity receivable from Allegion in the amount of $55.8 million related to a filing for competent authority relief in connection with an unrecognized tax benefit included in the table above. The $55.8 million is exclusive of interest and penalties in the amount of $10.4 million. The Company also has an indemnity payable to Allegion in the amount of $9.5 million of tax and interest primarily related to competent authority relief filings.

In connection with Trane's spin-off of WABCO Holdings Inc. (WABCO), Trane and WABCO entered into a tax sharing agreement for the allocation of pre spin-off taxes. Of the total unrecognized tax benefit of $363.3 million at December 31, 2013, WABCO has agreed to indemnify Trane for $3.7 million, which is reflected in an other long-term receivable account.

The Company records interest and penalties associated with the uncertain tax positions within its Provision for income taxes. The Company had reserves associated with interest and penalties, net of tax, of $71.9 million and $85.3 million at December 31, 2013 and December 31, 2012, respectively. For the year ended December 31, 2013 and December 31, 2012, the Company recognized $(5.9) million and $11.8 million, respectively, in interest and penalties net of tax in continuing operations related to these uncertain tax positions.

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, the settlements of ongoing audits and/or the expiration of applicable statutes of limitations. Although the outcomes and timing of such events are highly uncertain, it is reasonably possible that the balance of gross unrecognized tax benefits, excluding interest and penalties, could potentially be reduced by up to approximately $4.5 million during the next 12 months.

The provision for income taxes involves a significant amount of management judgment regarding interpretation of relevant facts and laws in the jurisdictions in which the Company operates. Future changes in applicable laws, projected levels of taxable income and tax planning could change the effective tax rate and tax balances recorded by the Company. In addition, tax authorities periodically review income tax returns filed by the Company and can raise issues regarding its filing positions, timing and amount of income or deductions, and the allocation of income among the jurisdictions in which the Company operates. A significant period of time may elapse between the filing of an income tax return and the ultimate resolution of an issue raised by a revenue authority with respect to that return. In the normal course of business the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Brazil, Canada, China, France, Germany, Ireland, Italy, Mexico, Switzerland, the

Netherlands and the United States. In general, the examination of the Company’s material tax returns is complete for the years prior to 2001, with certain matters being resolved through appeals and litigation.

In 2007, the Company received a notice from the IRS containing proposed adjustments to the Company's tax filings in connection with an audit of the 2001 and 2002 tax years. The IRS did not contest the validity of the Company's reincorporation in Bermuda. The IRS proposed to ignore the entities that hold the intercompany debt incurred in connection with the Company's reincorporation in Bermuda (the “2001 Debt”) and to which the interest was paid and impose 30% withholding tax on a portion of the interest payments as if they were made directly to a company that was not eligible for reduced U.S. withholding tax under a U.S. income tax treaty. The IRS asserted that the Company owed additional taxes with respect to 2002 of approximately $84 million plus interest. The Company strongly disagreed with the view of the IRS and filed a protest. In 2010, the Company received an amended notice from the IRS assessing penalties of 30% on the asserted underpayment of tax described above.

The Company has so far been unsuccessful in resolving this dispute and recently received a Notice of Deficiency from the IRS for 2002. The Company filed a petition in the United States Tax Court in November 2013 contesting this deficiency. In its January 2014 answer to the Company’s petition, the IRS asserted that the Company also owes 30% withholding tax on the portion of 2002 interest payments made on the 2001 Debt upon which it did not previously assert withholding tax. A 30% withholding tax on this $85.0 million interest payment would increase the total tax liability proposed for 2002 to $109.0 million ($84 million referred to in the paragraph above plus this additional $25.0 million) plus 30% penalties and interest.

Recently the Company received notices from the IRS containing proposed adjustments to the Company's tax filings in connection with an audit of the 2003-2006 tax years. In these notices, the IRS asserts that the Company owes a total of approximately $665.0 million of additional taxes, as described more fully below, in connection with the Company's interest payments on the 2001 Debt for the 2003-2006 period, plus penalties and interest on these unpaid taxes.

The IRS continues to take the position on the 2001 Debt, which was retired at the end of 2011, that it previously took for the Company's 2002 tax year and which is described above. As a result of this recharacterization, the IRS asserts that the Company owes approximately $455.0 million of withholding tax for 2003-2006 plus 30% penalties.

The IRS also proposes to extend its position further and to treat all of the interest income from the 2001 Debt as creating earnings and profits at IR-Limited and, as a result, recharacterize the distributions made by IR-Limited during the 2002-2006 tax years as taxable dividends instead of as a return of capital. Consequently the IRS asserts that the Company owes approximately $210.0 million of income tax on these dividends plus penalties of 20%.

Although the Company expects it to do so, the IRS has not yet proposed any similar adjustments for years subsequent to 2006, as the federal income tax audits for those years are still in process or have not yet begun. In addition, the Company does not know how the IRS will apply its position to the different facts presented in those years or whether the IRS will take a similar position in future audits with respect to intercompany debt instruments not outstanding in prior years.

The Company has vigorously contested all of these proposed adjustments and intends to continue to do so. Although the outcome of these matters cannot be predicted with certainty, based upon an analysis of the merits of the Company's position the Company believes that it is adequately reserved under the applicable accounting standards for these matters and does not expect that the ultimate resolution will have a material adverse impact on its future results of operations, financial condition, or cash flows. As the Company moves forward to resolve these matters with the IRS, the reserves established may be adjusted. Although the Company continues to contest the IRS's position, there can be no assurance that it will be successful. If the IRS's position with respect to the 2002-2006 tax years is ultimately sustained the Company would be required to record additional charges and the resulting liability will have a material adverse impact on its future results of operations, financial condition and cash flows.

The Company believes that it has adequately provided for any reasonably foreseeable resolution of any tax disputes, but will adjust its reserves if events so dictate in accordance with GAAP. To the extent that the ultimate results differ from the original or adjusted estimates of the Company, the effect will be recorded in the Provision for income taxes.

As a result of the Patient Protection and Affordable Care Act and the Healthcare and Education Reform Reconciliation Bill of 2010 (collectively, the Healthcare Reform Legislation), effective 2013, the tax benefits available to the Company are reduced to the extent its prescription drug expenses are reimbursed under the Medicare Part D retiree drug subsidy program. Although the provisions of the Healthcare Reform Legislation relating to the retiree drug subsidy program did not take effect until 2013, the Company is required to recognize the full accounting impact in its financial statements in the reporting period in which the Healthcare Reform Legislation is enacted. As retiree healthcare liabilities and related tax impacts were already reflected in the Company’s financial statements, the Healthcare Reform Legislation resulted in a non-cash charge to income tax expense in the first quarter of 2010 of $36.6 million. In 2012, the Company recorded a $15.8 million non-cash charge to income tax expense related to the required tax accounting between the enactment date of March 30, 2010 and the effective date of January 1, 2013 of the Healthcare Reform Legislation.

During 2012, the Company identified certain accounting errors associated with its previously reported income tax balances and tax positions. The Company corrected these errors in 2012 resulting in a tax charge of $24.0 million primarily related to the accrual of previously unrecorded unrecognized tax benefits. The Company does not believe that the accounting errors are material to 2012 or to any of its previously issued financial statements. As a result, the Company did not adjust any prior period amount.

During 2013, the Company recorded to continuing operations a tax charge of approximately $74.3 million as result of increases to its deferred tax asset valuation allowance for non-U.S. and U.S. state and local net operating losses and other net deferred tax assets. During 2013, the Company also recorded to continuing operations a net tax benefit of $36.0 million related to its liability for unrecognized tax benefits primarily driven by a tax benefit of $75.0 million as a result of the settlement of an audit in a major tax jurisdiction, partially offset by an increase in our liability for unrecognized tax benefits in non-U.S. tax jurisdictions.

During 2012 the Company recorded to continuing operations a tax benefit of approximately $140.0 million as a result of reducing its deferred tax asset valuation allowance for state net operating losses.

During 2011, the Company identified certain accounting errors associated with its previously reported income tax balances and tax positions. The Company corrected these errors in 2011 resulting in a tax charge of approximately $38.2 million, of which $3.9 million related to discontinued operations, primarily related to the accrual of a previously unrecorded future withholding tax liability. The Company does not believe that the accounting errors are material to 2011 or to any of its previously issued financial statements. As a result, the Company did not adjust any prior period amounts.

NOTE 16 – DISCONTINUED OPERATIONS AND DIVESTITURES

Discontinued Operations

The components of discontinued operations for the years ended December 31 are as follows:

In millions	2013	2012	2011
Net revenues	$ 1,889.9	$ 2,046.6	$ 2,093.4
Pre-tax earnings (loss) from operations	$ 84.7	$ 379.5	$ 355.7
Pre-tax gain (loss) on sale	—	2.3	(57.7)
Tax benefit (expense)	(71.4)	(129.8)	(71.9)
Discontinued operations, net of tax	$ 13.3	$ 252.0	$ 226.1

Discontinued operations by business for the years ended December 31 are as follows:

In millions	2013	2012	2011
Allegion, net of tax	$ 12.4	$ 254.2	$ 275.7
Other discontinued operations, net of tax	0.9	(2.2)	(49.6)
Discontinued operations, net of tax	$ 13.3	$ 252.0	$ 226.1

Allegion Spin Off

On December 1, 2013, the Company completed the previously announced separation of its commercial and residential security businesses by distributing the related ordinary shares of Allegion, on a pro rata basis, to the Company's shareholders of record as of November 22, 2013. On the Distribution Date, each of the Company's shareholders received one ordinary share of Allegion for every three ordinary shares of the Company held by such shareholder on the Record Date. After the Distribution Date, the Company does not beneficially own any Allegion ordinary shares (other than approximately 7,045 shares received in a deferred compensation trust upon the spin-off as a result of the trust holding ordinary shares of Ingersoll-Rand plc as of the Record Date) and Allegion is an independent publicly traded company.

The results of our commercial and residential security businesses are presented as a discontinued operation on the Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows for all periods presented. The balance sheet of the commercial and residential security business has been reclassified to held for spin-off at December 31, 2012. The statement of equity of the commercial and residential security business is included within our Consolidated Statement of Equity through December 1, 2013.

Net revenues and after-tax earnings of Allegion for the year ended December 31 were as follows:

In millions	2013	2012	2011
Net revenues	$ 1,889.9	$ 2,046.6	$ 2,021.2
After-tax earnings (loss) from operations *	$ 12.4	$ 254.2	$ 275.7

* Included in After-tax earnings (loss) from operations for the year ended December 31, 2013 and 2012 are spin costs of $128 million and $5.7 million, respectively, and tax charges of $148.2 million. Also, the 2013 results include a $111.4 million non-cash goodwill impairment charge. See below for further discussion of the impairment.

During the third quarter of 2013, the Company determined that it was required to complete the first step of the two-step impairment test related to the former Security Technologies -Europe, Middle East, India and Africa (EMEIA) reporting unit. The results of the impairment test indicated that the estimated fair value of the Security Technologies-EMEIA reporting unit was less than its carrying value; consequently, the Company performed the second step of the impairment test to quantify the amount of the non-cash, goodwill impairment charge. For the three months ended September 30, 2013, the Company recorded a non-cash, pre-tax goodwill impairment charge of $111.4 million ($106.2 million after-tax). This charge is recorded within Allegion's After-tax earnings (loss) from operations for the year ended December 31, 2013.

The components of Allegion assets and liabilities recorded as held for spin-off on the Consolidated Balance Sheet at December 31, 2012 are as follows:

In millions	December 31, 2012
Assets	
Current assets	$ 726.1
Property, plant and equipment, net	226.5
Goodwill	646.3
Intangible assets, net	150.5
Other assets and deferred income taxes	68.0
Assets held for spin-off	$ 1,817.4
Liabilities	
Current liabilities	$ 362.9
Noncurrent liabilities	168.9
Liabilities held for spin-off	$ 531.8

In November 2013, prior to the spin-off, the commercial and residential security businesses borrowed $1,274.2 million. The proceeds of the borrowing remained with the Company. On December 1, 2013 we made a distribution of $(0.5) million to the Company's shareholders in connection with the spin-off of Allegion. The distribution included $1,953.7 million of assets, $1,974.2 million of liabilities, $61.1 million of accumulated other comprehensive loss and $41.1 million of noncontrolling interest.

Other Discontinued Operations

The components of other discontinued operations for the years ended December 31 were as follows:

In millions	2013	2012	2011
Retained costs, net of tax	$ 0.9	$ (16.2)	$ (34.8)
Net gain (loss) on disposals, net of tax	—	14.0	(14.8)
Discontinued operations, net of tax	$ 0.9	$ (2.2)	$ (49.6)

On November 30, 2007, the Company completed the sale of its Bobcat, Utility Equipment and Attachments businesses (collectively, Compact Equipment) to Doosan Infracore for gross proceeds of approximately $4.9 billion, subject to post-closing purchase price adjustments. Compact Equipment manufactured and sold compact equipment, including skid-steer loaders, compact track loaders, mini-excavators and telescopic tool handlers; portable air compressors, generators and light towers; general-purpose light construction equipment; and attachments. The Company was in dispute regarding post-closing matters with Doosan Infracore. During the second quarter of 2011, the Company collected approximately $48.3 million of its outstanding receivable from Doosan Infracore related to certain purchase price adjustments. During the second quarter of 2012, Doosan Infracore paid the Company a total of $46.5 million to settle the outstanding receivable and remaining disputed post-closing matters.

Other discontinued operations, net of tax from previously sold businesses is mainly related to postretirement benefits, product liability, worker's compensation, and legal costs (mostly asbestos-related) and tax effects of post-closing purchase price adjustments.

Divested Operations

Hussmann Divestiture

On September 30, 2011, the Company completed a transaction to sell its Hussmann refrigerated display case business to a newly-formed affiliate (Hussmann Parent) of private equity firm Clayton Dubilier & Rice, LLC (CD&R). This transaction included the equipment business and certain of the service branches in the U.S. and Canada, and the equipment, service and installation businesses in Mexico, Chile, Australia, New Zealand, and Japan (Hussmann Business). The final transaction allowed Hussmann Parent the option to acquire the remaining North American Hussmann service and installation branches (Hussmann Branches). Hussmann Parent completed the acquisition of the Hussmann Branches on November 30, 2011. The Hussmann Business and Branches, which are reported as part of the Climate segment, manufacture, market, distribute, install, and service refrigerated display merchandising equipment, refrigeration systems, over the counter parts, and other commercial and industrial refrigeration applications.

The Hussmann Business divestiture was originally announced on April 21, 2011 and met the criteria for classification as held for sale treatment in accordance with GAAP during the first quarter of 2011. During the third quarter of 2011, the Company negotiated the final transaction to sell the Hussmann Business and Branches to CD&R in exchange for $370 million in cash, subject to purchase price adjustments, and common stock of Hussmann Parent, such that following the sale, CD&R would own cumulative convertible participating preferred stock of Hussmann Parent, initially representing 60% of the outstanding capital stock (on an as-converted basis) of Hussmann Parent, and the Company would own all of the common stock, initially representing the remaining 40% of the outstanding capital stock (on an as-converted basis) of Hussmann Parent. The Company's ownership of common stock of Hussmann Parent represents significant continuing involvement. Therefore, the results of the Hussmann Business and Branches are included in continuing operations for all periods presented. Based on these terms, the Company recorded a total pre-tax loss on sale/asset impairment charge of $646.9 million during the full year of 2011.

Results for the Hussmann Business and Branches for the years ended December 31, 2011 are as follows:

In millions	2011*
Net revenues	$ 818.5
Gain (loss) on sale/asset impairment	(646.9) **
Net earnings (loss) attributable to Ingersoll-Rand plc	(513.1)
Diluted earnings (loss) per share attributable to Ingersoll-Rand plc ordinary shareholders:	(1.51)

* Results represent the operating results of Hussmann Business and Branches through their respective divestiture transaction dates.
** Included in Gain (loss) on sale/asset impairment for the year ended December 31, 2011 are transaction costs of $12.2 million.

Hussmann Parent is required to pay a quarterly preferred dividend payment to CD&R in the form of cash or additional preferred shares. The Company's ownership percentage as of December 31, 2013 was 37.2%. The Company's ownership interest in Hussmann Parent is reported using the equity method of accounting subsequent to September 30, 2011. The Company's equity investment in the Hussmann Parent is reported within Other noncurrent assets and the related equity earnings reported in Other, net within Net earnings.

NOTE 17 – EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing Net earnings attributable to Ingersoll-Rand plc by the weighted-average number of ordinary shares outstanding for the applicable period. Diluted EPS is calculated after adjusting the denominator of the basic EPS calculation for the effect of all potentially dilutive ordinary shares, which in the Company’s case, includes shares issuable under share-based compensation plans and the effects of the Exchangeable Senior Notes issued in April 2009. The following table summarizes the weighted-average number of ordinary shares outstanding for basic and diluted earnings per share calculations:

In millions	2013	2012	2011
Weighted-average number of basic shares	294.1	303.9	324.8
Shares issuable under incentive stock plans	4.2	3.7	3.8
Exchangeable Senior Notes	—	3.0	10.7
Weighted-average number of diluted shares	298.3	310.6	339.3
Anti-dilutive shares	19.1	5.2	5.0

The Company settled all remaining outstanding Exchangeable Senior Notes during 2012. As a result, the Company issued 10.8 million ordinary shares related to the equity portion of the Notes. See Note 8 for a further discussion.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

The Company is involved in various litigations, claims and administrative proceedings, including those related to environmental, asbestos, and product liability matters. Amounts recorded for identified contingent liabilities are estimates, which are reviewed periodically and adjusted to reflect additional information when it becomes available. Subject to the uncertainties inherent in estimating future costs for contingent liabilities, except as expressly set forth in this note, management believes that any liability which may result from these legal matters would not have a material adverse effect on the financial condition, results of operations, liquidity or cash flows of the Company.

Environmental Matters

The Company continues to be dedicated to an environmental program to reduce the utilization and generation of hazardous materials during the manufacturing process and to remediate identified environmental concerns. As to the latter, the Company is currently engaged in site investigations and remediation activities to address environmental cleanup from past operations at current and former manufacturing facilities.

The Company is sometimes a party to environmental lawsuits and claims and has received notices of potential violations of environmental laws and regulations from the Environmental Protection Agency and similar state authorities. It has also been identified as a potentially responsible party (PRP) for cleanup costs associated with off-site waste disposal at federal Superfund and state remediation sites. For all such sites, there are other PRPs and, in most instances, the Company's involvement is minimal.

In estimating its liability, the Company has assumed it will not bear the entire cost of remediation of any site to the exclusion of other PRPs who may be jointly and severally liable. The ability of other PRPs to participate has been taken into account, based on our understanding of the parties' financial condition and probable contributions on a per site basis. Additional lawsuits and claims involving environmental matters are likely to arise from time to time in the future.

The Company incurred $(0.5) million, $3.1 million, and $1.2 million of expenses during the years ended December 31, 2013, 2012 and 2011, respectively, for environmental remediation at sites presently or formerly owned or leased by us. As of December 31, 2013 and 2012, the Company has recorded reserves for environmental matters of $47.9 million and $55.6 million, respectively. Of these amounts $42.1 million and $41.2 million, respectively, relate to remediation of sites previously disposed by the Company. Environmental reserves are classified as Accrued expenses and other current liabilities, or Other noncurrent liabilities based on their expected term. The Company's total current environmental reserve at December 31, 2013 and 2012 was $13.5 million and $18.0 million, respectively. Given the evolving nature of environmental laws, regulations and technology, the ultimate cost of future compliance is uncertain.

Asbestos-Related Matters

Certain wholly-owned subsidiaries of the Company are named as defendants in asbestos-related lawsuits in state and federal courts. In virtually all of the suits, a large number of other companies have also been named as defendants. The vast majority of those claims have been filed against either Ingersoll-Rand Company (IR-New Jersey) or Trane U.S. Inc. (Trane) and generally allege injury caused by exposure to asbestos contained in certain historical products sold by IR-New Jersey or Trane, primarily pumps, boilers and railroad brake shoes. Neither IR-New Jersey nor Trane was a producer or manufacturer of asbestos, however, some formerly manufactured products utilized asbestos-containing components such as gaskets and packings purchased from third-party suppliers.

The Company engages an outside expert to assist in calculating an estimate of the Company's total liability for pending and unasserted future asbestos-related claims and annually performs a detailed analysis with the assistance of an outside expert to update its estimated asbestos-related assets and liabilities. The methodology used to project the Company's total liability for pending and unasserted potential future asbestos-related claims relied upon and included the following factors, among others:

- the outside expert's interpretation of a widely accepted forecast of the population likely to have been occupationally exposed to asbestos;
- epidemiological studies estimating the number of people likely to develop asbestos-related diseases such as mesothelioma and lung cancer;
- the Company's historical experience with the filing of non-malignancy claims and claims alleging other types of malignant diseases filed against the Company relative to the number of lung cancer claims filed against the Company;
- the outside expert's analysis of the number of people likely to file an asbestos-related personal injury claim against the Company based on such epidemiological and historical data and the Company's most recent three-year claims history;
- an analysis of the Company's pending cases, by type of disease claimed and by year filed;
- an analysis of the Company's most recent three-year history to determine the average settlement and resolution value of claims, by type of disease claimed;

- an adjustment for inflation in the future average settlement value of claims, at a 2.5% annual inflation rate, adjusted downward to 1.5% to take account of the declining value of claims resulting from the aging of the claimant population; and
- an analysis of the period over which the Company has and is likely to resolve asbestos-related claims against it in the future.

At December 31, 2013, over 80 percent of the open claims against the Company are non-malignancy claims, many of which have been placed on inactive or deferral dockets and the vast majority of which have little or no settlement value against the Company, particularly in light of recent changes in the legal and judicial treatment of such claims.

The Company's liability for asbestos-related matters and the asset for probable asbestos-related insurance recoveries are included in the following balance sheet accounts:

In millions	December 31, 2013	December 31, 2012
Accrued expenses and other current liabilities	$ 69.1	$ 69.1
Other noncurrent liabilities	777.1	810.4
Total asbestos-related liabilities	$ 846.2	$ 879.5
Other current assets	$ 22.3	$ 22.5
Other noncurrent assets	299.5	297.8
Total asset for probable asbestos-related insurance recoveries	$ 321.8	$ 320.3

The Company's asbestos insurance receivable related to IR-New Jersey and Trane was $137.6 million and $172.0 million at December 31, 2013, and $125.5 million and $194.8 million at December 31, 2012, respectively.

The (costs) income associated with the settlement and defense of asbestos-related claims after insurance recoveries, for the years ended December 31, were as follows:

In millions	2013	2012	2011
Continuing operations	$ (0.4)	$ 10.1	$ (1.9)
Discontinued operations	(55.8)	(17.9)	(14.5)
Total	$ (56.2)	$ (7.8)	$ (16.4)

IR-New Jersey records income and expenses associated with its asbestos liabilities and corresponding insurance recoveries within discontinued operations, as they relate to previously divested businesses, primarily Ingersoll-Dresser Pump, which was sold in 2000. Income and expenses associated with Trane's asbestos liabilities and corresponding insurance recoveries are recorded within continuing operations.

Trane has now settled claims regarding asbestos coverage with most of its insurers. The settlements collectively account for approximately 95% of its recorded asbestos-related insurance receivable as of December 31, 2013. Most of Trane's settlement agreements constitute "coverage-in-place" arrangements, in which the insurer signatories agree to reimburse Trane for specified portions of its costs for asbestos bodily injury claims and Trane agrees to certain claims-handling protocols and grants to the insurer signatories certain releases and indemnifications. Trane remains in litigation in an action that Trane filed in November 2010 in the Circuit Court for La Crosse County, Wisconsin, relating to claims for insurance coverage for a subset of Trane's historical asbestos-related liabilities.

On January 12, 2012, IR-New Jersey filed an action in the Superior Court of New Jersey, Middlesex County, seeking a declaratory judgment and other relief regarding the Company's rights to defense and indemnity for asbestos claims. The defendants are several dozen solvent insurance companies, including companies that have been paying a portion of IR-New Jersey's asbestos claim defense and indemnity costs. The action involves certain of IR-New Jersey's unexhausted insurance policies applicable to the asbestos claims that are not subject to any settlement agreement. The responding defendants generally challenged the Company's right to recovery, and raised various coverage defenses. In December 2013, IR-New Jersey filed a similar action in the same court against an insurer that was not a party to the 2012 action.

The Company continually monitors the status of pending litigation that could impact the allocation of asbestos claims against the Company's various insurance policies. The Company has concluded that its IR-New Jersey insurance receivable is probable of recovery because of the following factors:

- a review of other companies in circumstances comparable to IR-New Jersey, including Trane, and the success of other companies in recovering under their insurance policies, including Trane's favorable settlement discussed above;

- the Company's confidence in its right to recovery under the terms of its policies and pursuant to applicable law; and
- the Company's history of receiving payments under the IR-New Jersey insurance program, including under policies that had been the subject of prior litigation.

The amounts recorded by the Company for asbestos-related liabilities and insurance-related assets are based on currently available information. The Company's actual liabilities or insurance recoveries could be significantly higher or lower than those recorded if assumptions used in the calculations vary significantly from actual results. Key variables in these assumptions include the number and type of new claims to be filed each year, the average cost of resolution of each such new claim, the resolution of coverage issues with insurance carriers, and the solvency risk with respect to the Company's insurance carriers. Furthermore, predictions with respect to these variables are subject to greater uncertainty as the projection period lengthens. Other factors that may affect the Company's liability include uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, reforms that may be made by state and federal courts, and the passage of state or federal tort reform legislation.

The aggregate amount of the stated limits in insurance policies available to the Company for asbestos-related claims acquired over many years and from many different carriers, is substantial. However, limitations in that coverage, primarily due to the considerations described above, are expected to result in the projected total liability to claimants substantially exceeding the probable insurance recovery.

Warranty Liability

Standard product warranty accruals are recorded at the time of sale and are estimated based upon product warranty terms and historical experience. The Company assesses the adequacy of its liabilities and will make adjustments as necessary based on known or anticipated warranty claims, or as new information becomes available.

The changes in the standard product warranty liability for the year ended December 31, were as follows:

In millions	**2013**	**2012**
Balance at beginning of period	$ 253.4	$ 255.3
Reductions for payments	(156.7)	(146.3)
Accruals for warranties issued during the current period	153.9	144.6
Changes to accruals related to preexisting warranties	(5.5)	(0.8)
Translation	0.6	0.6
Balance at end of period	$ 245.7	$ 253.4

Standard product warranty liabilities are classified as Accrued expenses and other current liabilities, or Other noncurrent liabilities based on their expected term. The Company's total current standard product warranty reserve at December 31, 2013 and December 31, 2012 was $127.9 million and $137.8 million, respectively.

The Company's extended warranty liability represents the deferred revenue associated with its extended warranty contracts and is amortized into Revenue on a straight-line basis over the life of the contract, unless another method is more representative of the costs incurred. The Company assesses the adequacy of its liability by evaluating the expected costs under its existing contracts to ensure these expected costs do not exceed the extended warranty liability.

The changes in the extended warranty liability for the year ended December 31, were as follows:

In millions	**2013**	**2012**
Balance at beginning of period	$ 375.1	$ 372.0
Amortization of deferred revenue for the period	(105.6)	(102.6)
Additions for extended warranties issued during the period	87.1	105.2
Changes to accruals related to preexisting warranties	3.0	0.2
Translation	(0.5)	0.3
Balance at end of period	$ 359.1	$ 375.1

The extended warranty liability is classified as Accrued expenses and other current liabilities or Other noncurrent liabilities based on the timing of when the deferred revenue is expected to be amortized into Revenue. The Company's total current extended warranty liability at December 31, 2013 and December 31, 2012 was $98.5 million. For the years ended December 31, 2013 and 2012, the Company incurred costs of $61.6 million and $60.3 million, respectively, related to extended warranties.

Other Commitments and Contingencies

Certain office and warehouse facilities, transportation vehicles and data processing equipment are leased by the Company. Total rental expense was $165.0 million in 2013, $167.0 million in 2012 and $192.3 million in 2011. Minimum lease payments required under non-cancelable operating leases with terms in excess of one year for the next five years are as follows: $111.6 million in 2014, $85.2 million in 2015, $64.0 million in 2016, $42.7 million in 2017, and $28.9 million in 2018.

Trane has commitments and performance guarantees, including energy savings guarantees, totaling $422.4 million extending from 2013-2032. These guarantees are provided under long-term service and maintenance contracts related to its air conditioning equipment and system controls. Through 2013, the Company has experienced no significant losses under such arrangements and considers the probability of any significant future losses to be remote.

NOTE 19 – BUSINESS SEGMENT INFORMATION

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies except that the operating segments' results are prepared on a management basis that is consistent with the manner in which the Company prepares financial information for internal review and decision making. The Company largely evaluates performance based on Segment operating income and Segment operating margins. Intercompany sales between segments are considered immaterial.

In the fourth quarter of 2013, the Company realigned its organizational structure to provide a greater focus on growth, continue implementation of business operating systems, build on our successful operational excellence philosophy and reduce complexity and costs. The Company's new reporting structure includes the Climate and Industrial segments. The Company's historical segment results have been recast for the new reporting structure.

Our Climate segment delivers energy-efficient solutions globally and includes Trane® and American Standard® Heating & Air Conditioning which provide heating, ventilation and air conditioning (HVAC) systems, and commercial and residential building services, parts, support and controls; and Thermo King® transport temperature control solutions.

Our Industrial segment delivers products and services that enhance energy efficiency, productivity and operations. It includes Ingersoll Rand® compressed air systems and services, power tools, material handling systems, ARO® fluid management equipment, as well as Club Car® golf, utility and rough terrain vehicles.

Segment operating income is the measure of profit and loss that the Company's chief operating decision maker uses to evaluate the financial performance of the business and as the basis for performance reviews, compensation and resource allocation. For these reasons, the Company believes that Segment operating income represents the most relevant measure of segment profit and loss. The Company may exclude certain charges or gains from Operating income to arrive at a Segment operating income that is a more meaningful measure of profit and loss upon which to base its operating decisions.

On September 30, 2011 and November 30, 2011, the Company completed transactions to sell the Hussmann Business and Branches, respectively, to a newly-formed affiliate (Hussmann Parent) of private equity firm Clayton Dubilier & Rice, LLC (CD&R). During 2011, the Company recorded a pre-tax loss on sale and impairment charges related to the Hussmann divestiture of $646.9 million. These charges, as well as related adjustments recorded in 2012, have been excluded from Segment operating income within the Climate segment as management excludes these charges from Operating income when making operating decisions about the business. See Note 16 for a further discussion of the Hussmann divestiture.

2011 Net revenues and Segment operating income for the Climate segment includes the operating results of the Hussmann Business and Branches prior to the sale. The operating results for the Hussmann Business and Branches are included in Net revenues and Segment operating income for the Climate segment for the years ended December 31 as follows:

In millions	2011
Net revenues	$ 818.5
Segment operating income	$ 58.6

A summary of operations by reportable segments for the years ended December 31 were as follows:

Dollar amounts in millions	2013	2012	2011
Climate			
Net revenues	$ 9,414.0	$ 9,042.5	$ 9,907.9
Segment operating income *	930.2	817.6	837.1
Segment operating income as a percentage of revenues	9.9%	9.0%	8.4%
Depreciation and amortization	252.8	257.0	273.6
Capital expenditures	129.4	105.1	105.3
Industrial			
Net revenues	2,936.5	2,945.8	2,852.9
Segment operating income	456.0	455.8	415.5
Segment operating income as a percentage of revenues	15.5%	15.5%	14.6%
Depreciation and amortization	43.9	42.9	40.3
Capital expenditures	44.0	62.6	57.2
Total net revenues	$ 12,350.5	$ 11,988.3	$ 12,760.8
Reconciliation to Operating Income			
Segment operating income from reportable segments	1,386.2	1,273.4	1,252.6
Gain (loss) on sale/asset impairment *	—	4.5	(646.9)
Unallocated corporate expense	(281.2)	(206.0)	(167.0)
Total operating income	$ 1,105.0	$ 1,071.9	$ 438.7
Total operating income as a percentage of revenues	8.9%	8.9%	3.4%
Depreciation and amortization from reportable segments	296.7	299.9	313.9
Unallocated depreciation and amortization	37.0	33.9	44.6
Total depreciation and amortization	$ 333.7	$ 333.8	$ 358.5
Capital expenditures from reportable segments	173.4	167.7	162.5
Corporate capital expenditures	68.8	51.8	54.6
Total capital expenditures	$ 242.2	$ 219.5	$ 217.1

* During year ended December 31, 2011, the Company recorded a pre-tax loss on sale/asset impairment charge related to the Hussmann divestiture totaling $646.9 million. During the year ended December 31, 2012, the Company recorded $4.5 million of purchase price adjustments related to the Hussmann sale. These amounts have been excluded from Segment operating income within the Climate segment as management excludes these charges from Operating income when making operating decisions about the business.

Included in Segment operating income for Climate for the year ended December 31, 2011 is a $23 million gain associated with the sale of assets from a restructured business in China.

Revenues by destination and long-lived assets by geographic area for the years ended December 31 were as follows:

In millions	2013	2012	2011
Revenues			
United States	$ 7,298.0	$ 7,039.0	$ 7,442.4
Non-U.S.	5,052.5	4,949.3	5,318.4
Total	$ 12,350.5	$ 11,988.3	$ 12,760.8

In millions	2013	2012
Long-lived assets		
United States	$ 2,216.8	$ 2,090.9
Non-U.S.	571.6	783.6
Total	$ 2,788.4	$ 2,874.5

NOTE 20 – GUARANTOR FINANCIAL INFORMATION

Ingersoll-Rand plc, a public limited company incorporated in Ireland in 2009 (IR-Ireland), is the successor to Ingersoll-Rand Company Limited, a Bermuda company (IR-Limited), following a corporate reorganization that became effective on July 1, 2009 (the Ireland Reorganization). IR-Limited is the successor to Ingersoll-Rand Company, a New Jersey corporation (IR-New Jersey), following a corporate reorganization that occurred on December 31, 2001 (the Bermuda Reorganization). Both the Ireland Reorganization and the Bermuda Reorganization were accounted for as a reorganization of entities under common control and accordingly, did not result in any changes to the consolidated amounts of assets, liabilities and equity.

As a part of the Bermuda Reorganization, IR-Limited issued non-voting, Class B common shares to IR-New Jersey and certain IR-New Jersey subsidiaries in exchange for a $3.6 billion note and shares of certain IR-New Jersey subsidiaries. The note had a fixed rate of interest of 11% per annum payable semi-annually and imposed certain restrictive covenants upon IR-New Jersey. In 2002, IR-Limited contributed the note to a wholly-owned subsidiary, which subsequently transferred portions of the note to several other subsidiaries, all of which are included in the "Other Subsidiaries" column below. In the fourth quarter of 2011, the Company repaid the remaining $1.0 billion outstanding of the original $3.6 billion note. In the fourth quarter of 2013, the Class B common shares were redeemed.

In addition, as part of the Bermuda Reorganization, IR-Limited fully and unconditionally guaranteed all of the issued public debt securities of IR-New Jersey. IR-New Jersey unconditionally guaranteed payment of the principal, premium, if any, and interest on IR-Limited's 4.75% Senior Notes due in 2015 in the aggregate principal amount of $300 million. See Note 8 for a discussion of the 2013 financing activities which included the payment in full of of the 2015 Senior Notes. The guarantee was unsecured and provided on an unsubordinated basis. The guarantee ranked equally in right of payment with all of the existing and future unsecured and unsubordinated debt of IR-New Jersey.

As part of the Ireland Reorganization, the guarantor financial statements were revised to present IR-Ireland as the ultimate parent company and Ingersoll-Rand International Holding Limited (IR-International) as a stand-alone subsidiary. In addition, the guarantee structure was updated to reflect the newly created legal structure under which (i) IR-International assumed the obligations of IR-Limited as issuer or guarantor, as the case may be, and (ii) IR-Ireland and IR-Limited fully and unconditionally guaranteed the obligations under the various indentures covering the currently outstanding public debt of IR-International, Ingersoll-Rand Global Holding Company Limited (IR-Global), and IR-New Jersey. Also as part of the Ireland Reorganization, IR-Limited transferred all the shares of IR-Global to IR-International in exchange for a note payable that initially approximated $15 billion, which was then immediately reduced by the settlement of net intercompany payables of $4.1 billion. In the fourth quarter of 2013, this note payable was fully repaid by IR-International.

During 2013, IR-Global and IR-International public outstanding indentures were modified to include IR-New Jersey as a co-obligor.

The Condensed Consolidating Financial Statements present the investments of IR-Ireland, IR-Limited, IR-Global, IR-International and IR-New Jersey and their subsidiaries using the equity method of accounting. Intercompany investments in the non-voting Class B common shares are accounted for on the cost method and are reduced by intercompany dividends. In accordance with generally accepted accounting principles, the amounts related to the issuance of the Class B shares have been recorded as a reduction of Total equity. The Notes payable affiliate continues to be reflected on the Condensed Consolidating Balance Sheet of IR-International and is enforceable in accordance with their terms.

See Note 8 for a further discussion of public debt issuances and related guarantees.

The following condensed consolidating financial information for IR-Ireland, IR-Limited, IR-Global, IR-International and IR-New Jersey, and all their other subsidiaries is included so that separate financial statements of IR-Ireland, IR-Limited, IR-Global, IR-International, and IR-New Jersey are not required to be filed with the U.S. Securities and Exchange Commission. IR-Ireland's subsidiary debt issuers and guarantors are directly or indirectly 100% owned by IR-Ireland and the guarantees are full and unconditional and joint and several.

Condensed Consolidating Statement of Comprehensive Income
For the year ended December 31, 2013

In millions	IR Ireland	IR Limited	IR International	IR Global	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Ireland Consolidated
Net revenues	$ —	$ —	$ —	$ —	$ 1,674.0	$ 10,676.5	$ —	$ 12,350.5
Cost of goods sold	0.7	—	—	—	(1,100.4)	(7,575.8)	—	(8,675.5)
Selling and administrative expenses	(60.0)	(0.1)	—	(1.1)	(509.0)	(1,999.8)	—	(2,570.0)
Operating income (loss)	(59.3)	(0.1)	—	(1.1)	64.6	1,100.9	—	1,105.0
Equity earnings (loss) in affiliates, net of tax	696.2	696.7	791.0	1,008.0	161.8	792.1	(4,145.8)	—
Interest expense	—	—	(15.8)	(196.4)	(75.1)	8.5	—	(278.8)
Intercompany interest and fees	(14.1)	(0.4)	(33.8)	(34.0)	(13.7)	96.0	—	—
Other, net	(3.9)	—	1.6	0.8	38.5	(30.6)	(3.0)	3.4
Earnings (loss) before income taxes	618.9	696.2	743.0	777.3	176.1	1,966.9	(4,148.8)	829.6
Benefit (provision) for income taxes	(0.3)	—	—	—	39.5	(228.2)	—	(189.0)
Earnings (loss) from continuing operations	618.6	696.2	743.0	777.3	215.6	1,738.7	(4,148.8)	640.6
Discontinued operations, net of tax	0.2	—	—	—	(165.2)	178.3	—	13.3
Net earnings (loss)	618.8	696.2	743.0	777.3	50.4	1,917.0	(4,148.8)	653.9
Less: Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	(1.2)	(36.9)	3.0	(35.1)
Net earnings (loss) attributable to Ingersoll-Rand plc	$ 618.8	$ 696.2	$ 743.0	$ 777.3	$ 49.2	$ 1,880.1	$ (4,145.8)	$ 618.8
Total comprehensive income (loss)	913.5	1,050.3	744.2	789.0	138.8	2,173.5	(4,857.4)	951.9
Less: Total comprehensive (income) loss attributable to noncontrolling interests	—	0.4	—	—	2.1	(43.9)	3.0	(38.4)
Total comprehensive income (loss) attributable to Ingersoll-Rand plc	$ 913.5	$ 1,050.7	$ 744.2	$ 789.0	$ 140.9	$ 2,129.6	$ (4,854.4)	$ 913.5

Condensed Consolidating Statement of Comprehensive Income
For the year ended December 31, 2012

In millions	IR Ireland	IR Limited	IR International	IR Global	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Ireland Consolidated
Net revenues	$ —	$ —	$ —	$ —	$ 932.7	$ 11,055.6	$ —	$ 11,988.3
Cost of goods sold	—	—	—	—	(613.7)	(7,924.3)	—	(8,538.0)
Selling and administrative expenses	(14.9)	(0.3)	—	(0.6)	(327.6)	(2,039.5)	—	(2,382.9)
Gain (loss) on sale/asset impairment	—	—	—	—	—	4.5	—	4.5
Operating income (loss)	(14.9)	(0.3)	—	(0.6)	(8.6)	1,096.3	—	1,071.9
Equity earnings (loss) in affiliates, net of tax	1,048.8	848.3	919.1	1,339.9	198.3	979.3	(5,333.7)	—
Interest expense	—	(0.1)	(15.8)	(168.3)	(50.0)	(17.8)	—	(252.0)
Intercompany interest and fees	(10.5)	—	(44.3)	(48.8)	0.6	103.0	—	—
Other, net	(4.8)	—	0.7	(200.6)	53.9	1.2	177.7	28.1
Earnings (loss) before income taxes	1,018.6	847.9	859.7	921.6	194.2	2,162.0	(5,156.0)	848.0
Benefit (provision) for income taxes	(0.3)	—	—	—	(56.2)	0.5	—	(56.0)
Earnings (loss) from continuing operations	1,018.3	847.9	859.7	921.6	138.0	2,162.5	(5,156.0)	792.0
Discontinued operations, net of tax	0.3	—	—	—	(18.3)	270.0	—	252.0
Net earnings (loss)	1,018.6	847.9	859.7	921.6	119.7	2,432.5	(5,156.0)	1,044.0
Less: Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	—	(48.7)	23.3	(25.4)
Net earnings (loss) attributable to Ingersoll-Rand plc	$ 1,018.6	$ 847.9	$ 859.7	$ 921.6	$ 119.7	$ 2,383.8	$ (5,132.7)	$ 1,018.6
Total comprehensive income (loss)	1,051.2	880.6	860.9	922.0	185.4	2,386.0	(5,221.9)	1,064.2
Less: Total comprehensive (income) loss attributable to noncontrolling interests	—	—	—	—	—	(36.3)	23.3	(13.0)
Total comprehensive income (loss) attributable to Ingersoll-Rand plc	$ 1,051.2	$ 880.6	$ 860.9	$ 922.0	$ 185.4	$ 2,349.7	$ (5,198.6)	$ 1,051.2

Condensed Consolidating Statement of Comprehensive Income
For the year ended December 31, 2011

In millions	IR Ireland	IR Limited	IR International	IR Global Holding	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Ireland Consolidated
Net revenues	$ —	$ —	$ —	$ —	$ 867.8	$ 11,893.0	$ —	$ 12,760.8
Cost of goods sold	—	—	—	—	(584.8)	(8,695.2)	—	(9,280.0)
Selling and administrative expenses	(9.2)	(0.1)	—	(0.4)	(276.7)	(2,108.8)	—	(2,395.2)
Gain (loss) on sale/asset impairment	—	—	—	—	—	(646.9)	—	(646.9)
Operating income (loss)	(9.2)	(0.1)	—	(0.4)	6.3	442.1	—	438.7
Equity earnings (loss) in affiliates, net of tax	358.8	614.8	757.5	653.0	116.0	595.2	(3,095.3)	—
Interest expense	—	—	(15.7)	(193.2)	(50.7)	(18.9)	—	(278.5)
Intercompany interest and fees	(2.5)	—	(129.4)	52.5	(117.9)	197.3	—	—
Other, net	(3.9)	(5.2)	1.7	251.5	77.9	(33.5)	(260.1)	28.4
Earnings (loss) before income taxes	343.2	609.5	614.1	763.4	31.6	1,182.2	(3,355.4)	188.6
Benefit (provision) for income taxes	—	—	—	—	18.9	(64.3)	—	(45.4)
Earnings (loss) from continuing operations	343.2	609.5	614.1	763.4	50.5	1,117.9	(3,355.4)	143.2
Discontinued operations, net of tax	—	—	—	—	(69.3)	295.4	—	226.1
Net earnings (loss)	343.2	609.5	614.1	763.4	(18.8)	1,413.3	(3,355.4)	369.3
Less: Net (earnings) loss attributable to noncontrolling interests	—	—	—	—	—	(35.5)	9.4	(26.1)
Net earnings (loss) attributable to Ingersoll-Rand plc	$ 343.2	$ 609.5	$ 614.1	$ 763.4	$ (18.8)	$ 1,377.8	$ (3,346.0)	$ 343.2
Total comprehensive income (loss)	114.3	380.6	615.3	757.1	(115.7)	1,291.3	(2,902.8)	140.1
Less: Total comprehensive (income) loss attributable to noncontrolling interests	—	—	—	—	—	(34.9)	9.4	(25.5)
Total comprehensive income (loss) attributable to Ingersoll-Rand plc	$ 114.3	$ 380.6	$ 615.3	$ 757.1	$ (115.7)	$ 1,256.4	$ (2,893.4)	$ 114.6

Condensed Consolidating Balance Sheet
December 31, 2013

In millions	IR Ireland	IR Limited	IR International	IR Global	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Ireland Consolidated
Current assets:								
Cash and cash equivalents	$ —	$ —	$ —	$ 975.3	$ 1,038.5	$ —	$ (76.6)	$ 1,937.2
Accounts and notes receivable, net	—	—	—	—	1,518.8	552.7	—	2,071.5
Inventories	—	—	—	—	846.2	319.9	—	1,166.1
Other current assets	0.1	—	—	0.2	607.3	(65.7)	—	541.9
Accounts and notes receivable affiliates	1,086.9	309.6	2.3	1,496.6	2,368.3	15,729.2	(20,992.9)	—
Total current assets	1,087.0	309.6	2.3	2,472.1	6,379.1	16,536.1	(21,069.5)	5,716.7
Investment in affiliates	8,697.8	13,696.0	11,339.0	7,144.5	34,774.1	23,921.0	(99,572.4)	—
Property, plant and equipment, net	—	—	—	—	1,088.8	379.6	—	1,468.4
Intangible assets, net	—	—	—	—	8,582.4	880.2	—	9,462.6
Other noncurrent assets	—	(4.3)	0.3	18.8	689.5	306.1	—	1,010.4
Total assets	$ 9,784.8	$ 14,001.3	$ 11,341.6	$ 9,635.4	$ 51,513.9	$ 42,023.0	$ (120,641.9)	$ 17,658.1
Current liabilities:								
Accounts payable and accruals	$ 30.6	$ —	$ 12.1	$ 27.5	$ 2,189.1	$ 858.2	$ (76.6)	$ 3,040.9
Short-term borrowings and current maturities of long-term debt	—	—	—	—	354.2	13.5	—	367.7
Accounts and note payable affiliates	2,685.3	3,780.6	4,803.3	5,982.2	6,905.6	(3,082.0)	(21,075.0)	—
Total current liabilities	2,715.9	3,780.6	4,815.4	6,009.7	9,448.9	(2,210.3)	(21,151.6)	3,408.6
Long-term debt	—	—	299.8	2,295.7	557.5	0.5	—	3,153.5
Other noncurrent liabilities	—	—	3.8	—	3,749.3	211.6	—	3,964.7
Total liabilities	2,715.9	3,780.6	5,119.0	8,305.4	13,755.7	(1,998.2)	(21,151.6)	10,526.8
Equity:								
Total equity	7,068.9	10,220.7	6,222.6	1,330.0	37,758.2	44,021.2	(99,490.3)	7,131.3
Total liabilities and equity	$ 9,784.8	$ 14,001.3	$ 11,341.6	$ 9,635.4	$ 51,513.9	$ 42,023.0	$ (120,641.9)	$ 17,658.1

Condensed Consolidating Balance Sheet
December 31, 2012

In millions	IR Ireland	IR Limited	IR International	IR Global	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Ireland Consolidated
Current assets:								
Cash and cash equivalents	$ —	$ —	$ —	$ 61.9	$ 59.1	$ 587.4	$ —	$ 708.4
Accounts and notes receivable, net	—	—	—	—	128.8	1,741.3	—	1,870.1
Inventories	—	—	—	—	73.1	1,070.9	—	1,144.0
Other current assets	0.1	—	0.1	0.2	149.3	304.3	—	454.0
Accounts and notes receivable affiliates	148.9	3,039.2	2.0	2,189.0	8,669.5	23,772.0	(37,820.6)	—
Assets held for spin-off	—	—	—	—	—	1,817.4	—	1,817.4
Total current assets	149.0	3,039.2	2.1	2,251.1	9,079.8	29,293.3	(37,820.6)	5,993.9
Investment in affiliates	8,885.1	7,095.3	21,185.6	18,589.8	8,179.9	99,205.0	(163,140.7)	—
Property, plant and equipment, net	—	—	—	0.2	254.0	1,171.9	—	1,426.1
Intangible assets, net	—	—	—	—	83.8	9,459.2	—	9,543.0
Other noncurrent assets	—	—	0.5	10.0	867.3	641.3	—	1,519.1
Total assets	$ 9,034.1	$ 10,134.5	$ 21,188.2	$ 20,851.1	$ 18,464.8	$ 139,770.7	$ (200,961.3)	$ 18,482.1
Current liabilities:								
Accounts payable and accruals	$ 70.5	$ —	$ 4.0	$ 46.0	$ 420.2	$ 2,290.5	$ —	$ 2,831.2
Short-term borrowings and current maturities of long-term debt	—	—	—	600.0	350.5	12.4	—	962.9
Accounts and note payable affiliates	1,734.3	34.3	4,888.9	7,602.2	13,337.7	9,867.6	(37,465.0)	—
Liabilities held for spin-off	—	—	—	—	—	531.8	—	531.8
Total current liabilities	1,804.8	34.3	4,892.9	8,248.2	14,108.4	12,702.3	(37,465.0)	4,325.9
Long-term debt	—	—	299.7	1,404.4	364.7	197.7	—	2,266.5
Note payable affiliate	—	—	10,755.7	—	—	—	(10,755.7)	—
Other noncurrent liabilities	—	4.3	3.8	—	1,620.0	3,032.3	—	4,660.4
Total liabilities	1,804.8	38.6	15,952.1	9,652.6	16,093.1	15,932.3	(48,220.7)	11,252.8
Equity:								
Total equity	7,229.3	10,095.9	5,236.1	11,198.5	2,371.7	123,838.4	(152,740.6)	7,229.3
Total liabilities and equity	$ 9,034.1	$ 10,134.5	$ 21,188.2	$ 20,851.1	$ 18,464.8	$ 139,770.7	$ (200,961.3)	$ 18,482.1

Condensed Consolidating Statement of Cash Flows
For the year ended December 31, 2013

In millions	IR Ireland	IR Limited	IR International	IR Global	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Ireland Consolidated
Net cash provided by (used in) continuing operating activities	$ (63.2)	$ (0.1)	$ (14.2)	$ (196.7)	$ 540.8	$ 3,927.7	$ (3,316.6)	$ 877.7
Net cash provided by (used in) discontinued operating activities	—	—	—	—	(78.5)	371.2	—	292.7
Net cash provided by (used in) operating activities	(63.2)	(0.1)	(14.2)	(196.7)	462.3	4,298.9	(3,316.6)	1,170.4
Cash flows from investing activities:								—
Capital expenditures	—	—	—	—	(151.9)	(90.3)	—	(242.2)
Proceeds from sale of property, plant and equipment	—	—	—	—	11.2	13.1	—	24.3
Proceeds from business disposition, net of cash sold	—	—	—	—	—	4.7	—	4.7
Net cash provided by (used in) continuing investing activities	—	—	—	—	(140.7)	(72.5)	—	(213.2)
Net cash provided by (used in) discontinued investing activities	—	—	—	—	—	(2.2)	—	(2.2)
Net cash provided by (used in) investing activities	—	—	—	—	(140.7)	(74.7)	—	(215.4)
Cash flows from financing activities:								—
Net proceeds (repayments) in debt	—	—	—	291.2	(6.7)	7.2	—	291.7
Debt issuance costs	—	—	—	(13.2)	—	—	—	(13.2)
Excess tax benefit from share based compensation	19.5	—	—	—	—	—	—	19.5
Net inter-company proceeds (payments)	(24.8)	1,274.3	699.7	2,106.3	664.5	(4,720.0)	—	—
Dividends paid to ordinary shareholderrs	(245.5)	(1,274.2)	(685.5)	(1,274.2)	—	(1.2)	3,235.1	(245.5)
Dividends paid to noncontrolling interests	—	—	—	—	—	(12.4)	—	(12.4)
Proceeds from shares issued under incentive plans	253.0	—	—	—	—	—	—	253.0
Repurchase of ordinary shares	(1,213.2)	—	—	—	—	—	—	(1,213.2)
Transfer from Allegion	1,274.2	—	—	—	—	—	—	1,274.2
Net cash provided by (used in) continuing financing activities	63.2	0.1	14.2	1,110.1	657.8	(4,726.4)	3,235.1	354.1
Net cash provided by (used in) discontinued financing activities	—	—	—	—	—	(12.4)	4.9	(7.5)
Net cash provided by (used in) financing activities	63.2	0.1	14.2	1,110.1	657.8	(4,738.8)	3,240.0	346.6
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	—	(72.8)	—	(72.8)
Net increase (decrease) in cash and cash equivalents	—	—	—	913.4	979.4	(587.4)	(76.6)	1,228.8
Cash and cash equivalents - beginning of period	—	—	—	61.9	59.1	587.4	—	708.4
Cash and cash equivalents - end of period	$ —	$ —	$ —	$ 975.3	$ 1,038.5	$ —	$ (76.6)	$ 1,937.2

Condensed Consolidating Statement of Cash Flows
For the year ended December 31, 2012

In millions	IR Ireland	IR Limited	IR International	IR Global	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Ireland Consolidated
Net cash provided by (used in) continuing operating activities	$ (19.7)	$ (0.4)	$ (15.1)	$ (570.5)	$ (103.5)	$ 1,896.8	$ (319.5)	$ 868.1
Net cash provided by (used in) discontinued operating activities	—	—	—	—	(18.3)	331.2	—	312.9
Net cash provided by (used in) operating activities	(19.7)	(0.4)	(15.1)	(570.5)	(121.8)	2,228.0	(319.5)	1,181.0
Cash flows from investing activities:								
Capital expenditures	—	—	—	—	(74.9)	(168.2)	—	(243.1)
Proceeds from sale of property, plant and equipment	—	—	—	—	3.1	14.8	—	17.9
Proceeds from business disposition, net of cash sold	—	—	—	—	—	52.7	—	52.7
Dividends received from equity investments	—	—	—	—	—	44.3	—	44.3
Net cash provided by (used in) continuing investing activities	—	—	—	—	(71.8)	(56.4)	—	(128.2)
Net cash provided by (used in) discontinued investing activities	—	—	—	—	—	(18.3)	—	(18.3)
Net cash provided by (used in) investing activities	—	—	—	—	(71.8)	(74.7)	—	(146.5)
Cash flows from financing activities:								
Net proceeds (repayments) in debt	—	—	—	(344.5)	(9.2)	(59.7)	—	(413.4)
Debt issuance costs	—	—	—	(2.5)	—	—	—	(2.5)
Excess tax benefit from share based compensation	19.6	—	—	—	—	—	—	19.6
Net inter-company proceeds (payments)	884.5	0.4	15.1	737.6	184.1	(1,821.7)	—	—
Dividends paid to ordinary shareholders	(192.4)	—	—	—	—	(314.0)	314.0	(192.4)
Dividends paid to noncontrolling interests	—	—	—	—	—	(13.9)	—	(13.9)
Acquisition/divestiture of noncontrolling interests	(0.4)	—	—	—	—	(1.1)	—	(1.5)
Proceeds from shares issued under incentive plans	152.9	—	—	—	—	—	—	152.9
Repurchase of ordinary shares	(839.8)	—	—	—	—	—	—	(839.8)
Transfer from discontinued operations	—	—	—	—	—	—	—	—
Other, net	(4.7)	—	—	—	—	—	—	(4.7)
Net cash provided by (used in) continuing financing activities	19.7	0.4	15.1	390.6	174.9	(2,210.4)	314.0	(1,295.7)
Net cash provided by (used in) discontinued financing activities	—	—	—	—	—	(13.7)	5.5	(8.2)
Net cash provided by (used in) financing activities	19.7	0.4	15.1	390.6	174.9	(2,224.1)	319.5	(1,303.9)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	—	(9.2)	—	(9.2)
Net increase (decrease) in cash and cash equivalents	—	—	—	(179.9)	(18.7)	(80.0)	—	(278.6)
Cash and cash equivalents - beginning of period	—	—	—	241.8	77.8	667.4	—	987.0
Cash and cash equivalents - end of period	$ —	$ —	$ —	$ 61.9	$ 59.1	$ 587.4	$ —	$ 708.4

Condensed Consolidating Statement of Cash Flows
For the year ended December 31, 2011

In millions	IR Ireland	IR Limited	IR International	IR Global	IR New Jersey	Other Subsidiaries	Consolidating Adjustments	IR Ireland Consolidated
Net cash provided by (used in) continuing operating activities	$ (13.1)	$ (5.3)	$ (14.0)	$ (185.3)	$ 133.2	$ 892.3	$ (21.5)	$ 786.3
Net cash provided by (used in) discontinued operating activities	—	—	—	—	(69.3)	469.8	—	400.5
Net cash provided by (used in) operating activities	(13.1)	(5.3)	(14.0)	(185.3)	63.9	1,362.1	(21.5)	1,186.8
Cash flows from investing activities:								
Capital expenditures	—	—	—	—	(47.6)	(169.5)	—	(217.1)
Acquisition of businesses, net of cash acquired	—	—	—	—	—	(1.9)	—	(1.9)
Proceeds from sale of property, plant and equipment	—	—	—	—	3.1	45.4	—	48.5
Proceeds from business disposition, net of cash sold	—	—	—	—	—	400.3	—	400.3
Net cash provided by (used in) continuing investing activities	—	—	—	—	(44.5)	274.3	—	229.8
Net cash provided by (used in) discontinued investing activities	—	—	—	—	—	(22.3)	—	(22.3)
Net cash provided by (used in) investing activities	—	—	—	—	(44.5)	252.0	—	207.5
Cash flows from financing activities:								
Net proceeds (repayments) in debt	—	—	—	(0.2)	(7.7)	(44.9)	—	(52.8)
Debt issuance costs	—	—	—	(2.3)	—	—	—	(2.3)
Excess tax benefit from share based compensation	—	—	—	—	11.8	12.8	—	24.6
Net inter-company proceeds (payments)	1,199.0	5.3	2.0	329.7	(81.2)	(1,454.8)	—	—
Dividends paid to ordinary shareholders	(137.3)	—	—	—	—	(12.5)	12.5	(137.3)
Dividends paid to noncontrolling interests	—	—	—	—	—	(20.8)	—	(20.8)
Acquisition/divestiture of noncontrolling interests	—	—	—	—	—	(1.3)	—	(1.3)
Proceeds from shares issued under incentive plans	109.0	—	—	—	—	—	—	109.0
Repurchase of ordinary shares	(1,157.5)	—	—	—	—	—	—	(1,157.5)
Other, net	(0.5)	—	—	—	—	(0.9)	—	(1.4)
Net cash provided by (used in) continuing financing activities	12.7	5.3	2.0	327.2	(77.1)	(1,522.4)	12.5	(1,239.8)
Net cash provided by (used in) discontinued financing activities	—	—	—	—	—	(15.6)	9.0	(6.6)
Net cash provided by (used in) financing activities	12.7	5.3	2.0	327.2	(77.1)	(1,538.0)	21.5	(1,246.4)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	—	(1.5)	—	(1.5)
Net increase (decrease) in cash and cash equivalents	(0.4)	—	(12.0)	141.9	(57.7)	74.6	—	146.4
Cash and cash equivalents - beginning of period	0.4	—	12.0	99.9	135.5	592.8	—	840.6
Cash and cash equivalents - end of period	$ —	$ —	$ —	$ 241.8	$ 77.8	$ 667.4	$ —	$ 987.0

SCHEDULE II

INGERSOLL-RAND PLC
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED December 31, 2013, 2012 AND 2011
(Amounts in millions)

Allowances for Doubtful Accounts:	
Balance December 31, 2010	$ 36.4
Additions charged to costs and expenses	11.7
Deductions*	(23.9)
Business acquisitions and divestitures, net	(0.2)
Currency translation	(0.3)
Balance December 31, 2011	23.7
Additions charged to costs and expenses	13.7
Deductions*	(12.8)
Currency translation	(0.6)
Other	0.8
Balance December 31, 2012	24.8
Additions charged to costs and expenses	20.8
Deductions*	(9.7)
Business acquisitions and divestitures, net	(7.2)
Currency translation	(0.5)
Other	7.2
Balance December 31, 2013	$ 35.4

(*) "Deductions" include accounts and advances written off, less recoveries.

Executive Leadership Team

From Left to Right: Robert L. Katz, *Senior Vice President and General Counsel;* **Robert G. Zafari,** *Executive Vice President, Industrial Segment;* **Todd D. Wyman,** *Senior Vice President, Global Operations and Integrated Supply Chain;* **M. Stephen Hagood,** *Vice President and Chief Information Officer;* **Allen W. Ge,** *President, HVAC and Transport, Asia Pacific and India;* **Didier P. M. Teirlinck,** *Executive Vice President, Climate Segment;* **Michael W. Lamach,** *Chairman and Chief Executive Officer;* **Paul A. Camuti,** *Senior Vice President, Innovation and Chief Technology Officer;* **Raymond D. Pittard,** *President, Transport, North America and EMEA;* **Marcia J. Avedon,** *Senior Vice President, Human Resources, Communications and Corporate Affairs;* **Manlio Valdés,** *President, Compressed Air Systems and Services;* **Venkatesh Valluri,** *President, Ingersoll Rand India;* **Susan K. Carter,** *Senior Vice President and Chief Financial Officer;* **David S. Regnery,** *President, Commercial HVAC, North America and EMEA;* **Gary S. Michel,** *Senior Vice President and President, Residential HVAC*

Directors

Ann C. Berzin
Former Chairman and Chief Executive Officer, Financial Guaranty Insurance Company

John Bruton
Former Prime Minister of the Republic of Ireland and Former European Union Commission Head of Delegation to the United States

Jared L. Cohon
President Emeritus of Carnegie Mellon University

Gary D. Forsee
Former President of University of Missouri System and Former Chairman of the Board and Chief Executive Officer of Sprint Nextel Corporation

Edward E. Hagenlocker
Former Vice Chairman, Ford Motor Company

Constance J. Horner
Former Commissioner of U.S. Commission on Civil Rights

Michael W. Lamach
Chairman and Chief Executive Officer of the Company

Theodore E. Martin
Retired President and Chief Executive Officer, Barnes Group Inc.

Nelson Peltz
Chief Executive Officer, Trian Fund Management, L.P.

John P. Surma
Former Chairman and Chief Executive Officer, United States Steel Corporation

Richard J. Swift
Former Chairman of Financial Accounting Standards Advisory Council and Former Chairman, President and Chief Executive Officer, Foster Wheeler Ltd.

Tony L. White
Retired Chairman, President and Chief Executive Officer, Applied Biosystems Inc.

Executive Leadership Team

Michael W. Lamach
Chairman and Chief Executive Officer

Marcia J. Avedon
Senior Vice President, Human Resources, Communications and Corporate Affairs

Paul A. Camuti
Senior Vice President, Innovation and Chief Technology Officer

Susan K. Carter
Senior Vice President and Chief Financial Officer

Allen W. Ge
President, HVAC and Transport, Asia Pacific and India

M. Stephen Hagood
Vice President and Chief Information Officer

Robert L. Katz
Senior Vice President and General Counsel

Gary S. Michel
Senior Vice President and President, Residential HVAC

Raymond D. Pittard
President, Transport, North America and EMEA

David S. Regnery
President, Commercial HVAC, North America and EMEA

Didier P. M. Teirlinck
Executive Vice President, Climate Segment

Manlio Valdés
President, Compressed Air Systems and Services

Venkatesh Valluri
President, Ingersoll Rand India

Todd D. Wyman
Senior Vice President, Global Operations and Integrated Supply Chain

Robert G. Zafari
Executive Vice President, Industrial Segment

Other Senior Leaders

Lawrence R. Kurland
Vice President, Tax

Evan M. Turtz
Vice President and Secretary

Janet C. M. Pfeffer
Treasurer and Vice President, Treasury and Investor Relations

Richard J. Weller
Vice President and Controller

Corporate Data

Shareholder Information Services
The company's 2013 Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission, and other company information, is available through Ingersoll Rand's website, www.ingersollrand.com. Securities analysts, portfolio managers and representatives of institutional investors seeking information about the company should contact:

Joe Fimbianti
Director, Investor Relations
704-655-4721

Annual General Meeting
June 5, 2014, 2:30 p.m.

Adare Manor Hotel,
Adare, County Limerick
Ireland

Stock Exchange
New York
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