



July 8, 2008

Dear employee:

We are writing to remind you about an important deadline that affects your retiree medical coverage and retiree life insurance. Based on your current participation in Trane's Retiree Medical Subsidy Account (RMSA), and your age and service through December 31, 2008, you are eligible for a special "transitional alternative" subsidy for retiree medical benefits. You are also eligible for retiree-paid retiree life insurance. However, both the **special transitional alternative subsidy and retiree life are available only to employees who retire by December 31, 2008.**

How this deadline could affect you

If you were not planning to retire from the company within the next year or so, this deadline could have little or no bearing on you. However, if you have contemplated retirement, you have from now through the end of this year to factor this deadline into your overall retirement planning.

For more information about your retiree medical subsidy options and retiree life insurance coverage, contact Trane Retiree Services at 1-866-897-6676.

Determining the right time to retire is a major decision that involves a variety of personal and financial factors. As you decide, you will need to determine the potential value of the transitional alternative subsidy and retiree-paid retiree life insurance. You'll then have to weigh that value along with other personal and financial factors to determine **what's in the best long-range interest of you and your family.**

What you need to decide

Ultimately, you will decide whether to:

- **Remain employed with the company beyond December 31, 2008** and forego the transitional alternative subsidy and retiree-paid retiree life insurance, in which case you'll retain access to the RMSA only; or
- **Retire on or before December 31, 2008:** You may then choose between the transitional alternative subsidy or the RMSA to offset costs for retiree medical coverage going forward. You will also be eligible for retiree-paid retiree life insurance.

Understanding the value of your retiree medical subsidy options

To know what is at stake, you need to understand the how the transitional alternative subsidy and the RMSA work so you can make an informed decision as to which option is better for you. Both provide you with subsidies to offset costs for retiree medical coverage through the company. Both company subsidies can only be used to offset a portion of the cost for retiree medical from Trane.

The attached guide explains how the value for each subsidy option is determined and identifies the differences between the transitional subsidy and the RMSA. Remember, the transitional alternative expires on December 31, 2008. As you know, Ingersoll Rand is working on integrating both Trane and Ingersoll Rand benefit programs. This integration process may result in benefit changes in the future. So while the RMSA does not expire at year-end, the company reserves the right to amend or terminate its benefit plans at any time.

Helping you make an informed decision

To assist you in making an informed choice, you may access a new online Retiree Medical Modeling Tool. The tool is pre-populated with data that projects health care inflation and interest rates. By using this tool, you can model your estimated cost for retiree medical coverage through the company. Please remember that the results from the tool are based on the retiree medical plan's current terms and conditions and do not represent a guarantee of any actual offset to be applied against your retiree medical costs in the future.

Where to find the tool

To assist you in making a decision, access the online [Retiree Medical Modeling Tool](#). The tool is located on iTrane, under "Human Resources," then "Value and Investment." Look for the "Retirement Planning" area.

Be prepared: Medical costs continue to escalate, particularly for retirees who tend to highly utilize these benefits. Depending on your age at retirement, your cost for retiree health care could be substantial. By inputting data based on your own situation, you'll see the degree to which the transition alternative and RMSA can offset your retiree medical costs.

You can revise and re-enter personal assumptions as often as you wish to evaluate multiple scenarios with this tool. Variables include, for example: your anticipated life expectancy; whether your spouse will be covered by Trane's retiree medical plan; the expected date you'll begin Trane's retiree medical coverage and how quickly you might draw down on the RMSA.

As the tool does not store personal information, there is no log-in or password required. To ensure that you have the appropriate personal data readily available, refer to the enclosed checklist.

Retirement: A decision of a lifetime

You have likely worked for most of your life, and only you can decide when it's the right time to retire. In addition to the impending expiration deadline for the transitional alternative and retiree life insurance, a host of personal issues can affect your retirement readiness.

Review the available materials:

- Retiree Medical Choice Guide
- Checklist to help you prepare to use the modeling tool
- Instructions for using the modeling tool and interpreting the output

For example, are you prepared to give up your current total compensation – and the opportunity to purchase active employee medical coverage at contributions that are far less than those for retiree medical coverage? Do you have sufficient savings and retirement investments to sustain you for another 20 or 30 years – maybe longer? If you retire in 2008, how soon do you qualify for Medicare? Will you or your spouse have access to medical coverage through a source other than the company? Discuss

these and other questions with your family and your financial advisor to reach a sound decision.

Making your decision

If you are considering the possibility of retiring on or before December 31, 2008, talk to your local Human Resources manager as soon as possible. From a planning perspective, he or she can point you to a variety of resources to help you evaluate your options and arrive at a decision.

While retirement is a personal decision, **there will be no negative consequences for involving Human Resources.** By discussing a potential timeline, you enable everyone to begin thinking about continuity in the event you decide to leave the company. The mere indication that you might retire will not impact your role. Once you decide, here are the next steps:

- **If you decide to stay with the company beyond December 31, 2008: NO ACTION IS REQUIRED.** You do not need to “elect” to remain employed. However, if you’ve had previous conversations with your manager or local Human Resources manager about the possibility of retiring, you may apprise him or her of your decision so your intentions are clear.
- **If you decide to retire by December 31, 2008: NOTIFY TRANE RETIREE SERVICES** so representatives can process your benefits in time for your intended retirement date. Call 1-866-897-6676 toll free to speak with a trained representative who can get the process started.

In addition, if you haven’t already done so, **contact your local Human Resources manager.** The sooner you do, the more time you give the company time to begin planning for your successor and transitioning your responsibilities for when you retire.

If you have questions

You may also access the Trane Benefit Handbooks on the iTrane portal at <http://iTrane>. Go to LifeSteps Online, 2007 Benefits Handbooks. Look for “Retirement Choice Eligibility,” “When You Retire” and “Life and Accident Insurance.”

In addition, Trane Retiree Services can provide you with more information and assist you with questions. You may call the center at 1-866-897-6676 from 8 a.m. to 7 p.m. Eastern time, Monday through Friday.

Sincerely,



Sheila Warren
Director, Global Benefits

This letter summarizes information related to the Company’s benefit programs. In the event of any conflict between these materials and the terms and conditions of the relevant plan documents, the plan documents will govern. The company reserves the right to amend or discontinue its benefit plans, in whole or in part, at any time.

