

American Standard Companies

Retirement Choice Eligibility as of January 1, 2006

This Retirement Choice Eligibility section of your summary plan description (SPD), along with the Plan Administration, the Flexible Benefits Eligibility, or Flexible Benefits Eligibility for TCS Americas Sales – District Offices, and the sections detailing the actual plan benefits, comprise your SPD for Retirement Choice Eligibility.

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OVERVIEW

American Standard offers a retirement program that allows you to make choices about saving for retirement while also providing you with a solid foundation of retirement income to help you meet your future financial goals. We recognize the need to provide benefits that are competitive and flexible enough to allow for the many changes in your life, as individuals and as families. The company offers you the retirement choice program as part of our commitment to making American Standard the best place to work.

Our retirement choice program, which consists of the retirement savings choice program and the retiree medical choice program, offers you the opportunity to accumulate savings for your future financial needs. Here's an overview of its components.

RETIREMENT SAVINGS CHOICE

As part of this program, you have a choice to make as to how you plan to save for retirement. Options to consider under the retirement choice program include:

<i>Option 1:</i> Participate in the savings plan	OR	<i>Option 2:</i> Participate in the pension plan and the savings plan
Participate in the savings plan with a company matching contribution of \$1.00 for every \$1.00 you contribute, up to six percent of your eligible pay.		Participate in the pension plan. Under this plan, the company credits an amount equal to three percent of your eligible pay, plus interest. AND Participate in the savings plan with a company matching contribution of 50 cents for every \$1.00 you contribute, up to six percent of your eligible pay.
AND		
Employee stock ownership plan (ESOP)		
Regardless of which option you choose, you'll receive a company contribution to the ESOP equal to three percent of your eligible pay.		

Please refer to the *Pension Plan* or *Employee Stock Ownership and Savings Plan* sections of the summary plan descriptions for detailed information on these plans.

RETIREE MEDICAL CHOICE

As part of this program, you have a choice to make as to how you plan to save for retiree medical coverage. Options to consider under the retiree medical choice program include:

<i>Option 1:</i> Receive annual company allocation to a retiree medical subsidy account	<i>Option 2:</i> Receive annual company contribution to your ESOP account
\$1,200 per year for each full year of future service, prorated for partial years <i>PLUS</i> \$600 for each year of service prior to September 1, 2003, prorated for partial years.	\$400 per year to your ESOP account, prorated for partial years. Eligible part-time employees receive \$300 contribution each year.

OR

The remainder of this summary includes important information about our retirement program, including who is eligible and how to enroll.

How the retiree medical subsidy account works

If you choose the retiree medical subsidy account, the company will allocate \$1,200 to an account set up in your name for each year that you participate in the program. The company will also make a one-time contribution based on any service earned prior to September 1, 2003. You are not required or permitted to make any contributions.

Your account balance will grow with interest. Both the company credits and interest accumulate tax-free.

You can begin using your account to help you pay for American Standard retiree medical coverage when you retire after reaching:

- Age 55 with at least 10 years of service, or
- Age 65 with at least three years of service.

If you leave the company before meeting these age and service requirements, you will forfeit your account. It's also important to remember that this account can only be used to help pay for retiree medical coverage provided by American Standard.

Company credits

The company will credit \$100 (one-twelfth of the \$1,200 annual contribution) to your retiree medical subsidy account for each month that you are enrolled in the account (Option 1). These credits are made to your account on the first day of each month.

Contributions will continue for as long as you are actively employed, on a paid leave of absence or disabled.

For all purposes under the retirement choice program disabled is defined in the ESOP and means:

- You have a total and permanent disability that is expected to last at least 12 months,
- You have been disabled for at least six months, and
- You are receiving long-term disability (LTD) payments from a company-sponsored LTD plan.

Past service credits

If you worked for American Standard prior to September 1, 2003, the company will make a one-time credit to your account based on your service prior to that date. The past-service credit will equal \$600 for each year of service prior to September 1, 2003. For example, if you completed 10 years of service as of September 1, 2003, you will receive a past service credit equal to \$6,000. The past-service credit will be prorated for any partial years of service before September 1, 2003.

Note: If you did not elect Option 1 when you were first eligible to do so, you do not lose the opportunity to receive the \$600 per year benefit for service prior to September 1, 2003. You will receive the \$600 per year benefit for service prior to September 1, 2003 if you enroll in Option 1 during a subsequent open enrollment period or because of a qualifying life event. However, you will not begin receiving interest on your benefit service prior to September 1, 2003, until you enroll in Option 1.

Interest credits

In addition to company credits, your account balance will grow with interest. Interest is credited daily and posted to your account monthly. Your account will continue to receive interest until all your money is distributed.

Although the company has the flexibility to use a different interest rate, your retiree medical subsidy account generally receives the same interest rate credited to the pension plan. The interest credit is based on five-year U.S. Treasury securities. The maximum rate will be 8%. The interest rate will be reset each year to an amount equal to the average annual rate for five-year Treasury securities for the 12-month period as of August 31 of the previous year. In 2006, the interest rate for the retiree medical subsidy account is 3.77 %. In 2007, the interest rate will be 4.64%.

Service

You are credited with service, including past service credits for your September 1, 2003, starting account balance, beginning on your date of hire and ending on the date you terminate employment.

This includes prior service with:

- Any independently owned Trane Company field sales office,
- Alliance Compressors (provided American Standard maintains a 20% equity interest in this company),
- Transamerica Joint Ventures, Inc., or
- Cummins Engine Company, Inc (if you are employed by WABCO Compressors Manufacturing Company).

Service also includes:

- Time you worked as a leased employee,
- Qualified military service, and
- Any period of absence less than one year.

A retiree medical subsidy account example

To see how your retiree medical subsidy, account could grow, let's look an example.

Assume Jane was 45 years old on September 1, 2003, and was hired by American Standard on January 1, 1998. On September 1, 2003, she elected retiree medical choice Option 1 (retiree medical subsidy account). Jane's past service credits, based on five years and eight months of service prior to September 1, 2003, would be \$3,400 (5.67 years x \$600). Assuming the account receives 6% annual interest credits, her account would grow as follows:

Age	Account Balance
55	\$21,098
60	\$35,404
65	\$54,549

How the additional ESOP contribution works

The employee stock ownership plan (ESOP) is a company-sponsored savings plan designed to help you build income for retirement. The company will contribute an amount to your ESOP account for each year you elect this retiree medical choice option (Option 2). Your account will be invested in company stock.

Unlike the retiree medical subsidy account, there are no restrictions on how you can use this money. In other words, you do not need to apply this money toward the cost of your retiree medical coverage with American Standard.

For more information about the ESOP, refer to the *Employee Stock Ownership and Savings Plan* section of the summary plan descriptions.

Company contribution

The company will credit \$33.33 (one-twelfth of the \$400 annual contribution—or \$300 for part-time employees) to your ESOP account for each month that you are enrolled in Option 2. The ESOP contribution will be credited to your account on the first day of that month. ESOP contributions will continue for as long as you are actively employed, on a paid leave of absence, on military leave or disabled.

Investment results

All contributions to your ESOP account are invested in the ESOP's Company Stock Fund and are eligible for diversification based on the ESOP's diversification rules. Any investment gains or losses in this fund are credited to your account daily.

Vesting

You become vested in your ESOP benefits after three years of service. You will also become 100% vested in your ESOP benefits if you become disabled or die while employed with American Standard. For more information about vesting service, see the American Standard *Employee Stock Ownership and Savings Plan* section of the summary plan descriptions.

An ESOP example

To see how your ESOP benefits could grow, let's look an example.

Assume Mike is 40 years old and elected Option 2 (ESOP benefits) as his retiree medical choice. If Mike retires at age 65, and assuming 6% investment return per year on the Company Stock Fund, his ESOP benefits would grow as follows:

Age	ESOP Account
55	\$9,869
60	\$15,597
65	\$23,263

ELIGIBILITY

You're eligible to participate in the retirement savings choice program at hire if you're a full-time or part-time employee of the company or a participating subsidiary regularly scheduled to work 20 or more hours per week. Other part-time employees, and other non-excluded employees, are eligible to participate on the January 1 or July 1 following any calendar year, or their initial employment year, during which they worked at least 1,000 hours.

You're eligible to participate in the retiree medical choice program at hire if you're a full-time employee of the company or a participating subsidiary. Part-time or other employees are not eligible for retiree medical benefits or retiree medical choice. However, part-time

or other eligible employees are eligible for a \$300 per year contribution to the ESOP based on the same eligibility rules that apply to the retirement savings choice program.

The following employees are not eligible to participate in any of the retirement programs:

- Student interns
- Leased employees
- Employees covered by a collective bargaining agreement, unless the terms of the agreement provides for participation
- Employees who participate in any other qualified company sponsored retirement plan to which the company or an affiliate contributes (other than the ESOP, savings plan or pension plan)
- Employees of FACServices, Inc. (employees are eligible effective December 16, 2005)

How to enroll

When you enroll, you choose your coverage under the retirement choice program, as well as whether or not you want to participate in the savings plan. Prior to enrolling, you'll receive packages with information on retirement choice and the savings plan.

<p>How to enroll</p>	<p>Retirement choice: You make your retirement savings and retiree medical choices and can enroll online at work through American Standard's retirement choice Web site by going to our company portal at http://MyStandard if you have portal access or through the American Standard benefits Web site at http://www.asdemployeeservices.com from anywhere you have Internet access.</p> <p>Savings Plan (your contributions): You can enroll through Fidelity's NetBenefits Web site at www.401k.com or by calling the American Standard Retirement Services Line at 1-800-209-4015 (call collect at 1-508-787-9494 if calling from outside the U.S. or Canada).</p>	
	<p>As a new hire</p>	<p>As a current employee</p>
<p>When to enroll</p>	<p>ESOP: You are automatically enrolled, and start participating on the date you become eligible. Part-time employees scheduled to work less than 20 hours per week will be eligible to participate on the January 1 or July 1 following completion of 1,000 hours:</p> <ul style="list-style-type: none"> ▪ In their initial year of employment, or ▪ In any calendar year. 	<p>Retirement choice: There is a retirement choice election period every five years. The next open enrollment will be in 2008. Any election change you make during the 2008 open enrollment period will go into effect January 1, 2009, and remain until the next retirement choice election period.</p> <p>If you experience a qualifying life event you can make a change to your choices within 12 months of the event.</p>

	<p>Retirement choice: When you join the company, you have 60 calendar days from your date of hire to enroll.</p> <p>Savings plan: You may enroll at any time.</p>	<p>Savings plan: You can change the amount you contribute to the savings plan at any time.</p>
<p>When coverage begins</p>	<p>Retirement savings/retiree medical: Your choices become effective when you make your election.</p> <p>Savings plan: Your savings plan election becomes effective as soon as administratively possible once you make your retirement savings choice election.</p>	<p>Retirement savings/retiree medical: The January 1 following the retirement choice election period.</p> <p>Savings plan: As soon as administratively possible following your enrollment.</p>
<p>If you don't enroll</p>	<p>If you do not enroll by the 60-day deadline:</p> <p>Retirement savings: You'll automatically participate in Option 2: the pension plan and the savings plan with a company matching contribution of 50 cents for every \$1.00 you contribute, up to six percent of your eligible pay.</p> <p>Retiree medical: Full-time employees automatically participate in Option 1: the retiree medical subsidy account. Part-time employees scheduled to work 20 or more hours per week automatically participate in the ESOP.</p>	<p>Retirement savings/retiree medical: If you do not enroll during the retirement choice election period, your current retirement savings and retiree medical choices will remain in effect until the next open enrollment period. The only exception is if you experience a qualifying life event.</p>

PAYING FOR BENEFITS

Who pays for coverage—the company or you—varies by benefit plan.

What you pay

You make contributions to the savings plan, deducted from your pay, on a before-tax or after-tax basis depending on what you elect. Before-tax dollars are deducted from your

pay before federal income taxes and—in most states—state income taxes are withheld. This reduces your taxable income and provides you with a tax savings.

What the company pays

American Standard automatically provides:

- A 3% contribution to the ESOP
- A 3% credit to the pension plan, depending on the retirement savings choice that you make
- A \$1,200 a year credit toward the cost for retiree medical, or an additional \$400 a year contribution to the ESOP (\$300 for eligible part-time employees)

The company also matches a portion of your contribution to the savings plan—either 100% or 50% of the first 6% of the pay you contribute, depending on the retirement savings choice that you make and subject to IRS limits.

WHEN LIFE CHANGES

Changing coverage during the year

In general, the retirement savings and retiree medical choices you make will stay in effect until the next retirement choice election period. However, during your career with American Standard, you may experience life changes (referred to as “*qualifying life events*”) and want to adjust your retirement benefit program choices.

You may be able to change your choices between retirement choice election periods if you have a qualifying life event as listed below:

- You have a change in marital status
- You gain or lose an eligible dependent (for example, the birth of a child)
- Your spouse becomes employed or loses his or her job
- You or your spouse gains or loses eligibility for retiree medical coverage

If any of these apply to you, you can change one or both of your choices. You must make an election within 12 months of the date of the qualifying life event. In order to have the election take effect by January 1 of the following year, you must make your election by November 30 of the year in which the qualifying life event occurs.

To make a change, you must notify your human resources representative.

How changing retiree medical elections affects account balances

If you change your election for any reason, you will maintain your account—either your retiree medical subsidy account or your ESOP account—after your change takes effect. Although company contributions will end, you will continue to receive interest (or investment gains or losses, in the case of the ESOP account) for as long as you have an

account balance. For example, if you change your election from Option 1 to Option 2, you will no longer receive the \$1,200 retiree medical credit each year, but you will continue to receive interest credits on your account balance. Future company credits would not be credited unless you changed your election back to the retiree medical subsidy account at a later date.

If you become disabled

If you become disabled, you remain eligible for the retiree medical choice program until the earlier of:

- Age 65 (at which point you could elect retiree medical for non-disabled retirees)
- The date you are no longer disabled and receiving LTD benefits
- The date you elect early retirement for non-disabled retirees (at which point you could elect retiree medical).

Your period of disability counts toward the age and service requirements for retiree medical coverage for non-disabled retirees. You can also change your election during subsequent open enrollments or if you have a qualifying life event.

If you die while employed or on disability

If you die while actively at work with American Standard or while on disability, your surviving spouse and eligible dependents may be eligible for employee-paid retiree medical coverage. To qualify, you must die on or after age 55 with at least three years of service. In the event of death, your retiree medical subsidy or ESOP account would be affected as follows:

- ***Retiree medical subsidy account.*** Your surviving spouse and covered dependents can use your account balance to offset a portion of the cost for retiree medical if you die on or after age 55 with at least 10 years of service or age 65 with at least three years of service.
- ***ESOP account.*** If you die, your account becomes 100% percent vested and payable to your designated beneficiary.

Participation during FMLA

A federal law allows eligible employees to take up to 12 weeks of leave each year for serious illness, the birth or adoption of a child, or to care for a spouse, child or parent who has a serious health condition. This law is called the Family and Medical Leave Act (FMLA).

If you take a *paid leave of absence*, your savings plan contributions continue to be deducted from your pay and your participation in retirement choice remains unaffected.

If you take an *unpaid leave of absence* under FMLA, you are still considered to be an active participant in the plans. Since leave is unpaid, you are not eligible for contributions.

If you do not return to work at the end of your FMLA leave, participation ends when your employment is terminated.

Participation during military leave

If you take military leave, whether for active duty or training, you are entitled to continue to participate in the plans. Under the company's current policy for employees called to active military duty:

- You continue to earn vesting service in the ESOP, savings plan and pension plan and the period of time on military leave counts toward the eligibility requirements for the retiree medical subsidy account.
- For any "pay differential" you receive from the company while on military leave—your contributions to the savings plan, company matching and basic contributions to the savings plan and ESOP, and pay credits to the pension plan continue. You also receive the additional ESOP contribution, or retiree medical subsidy account credit.

After active military service ends, if you return to the company within the time allowed by law:

- The company will make up the basic ESOP contributions, and credits to the pension plan (including interest credits), for the period of military leave (less any contributions already made on the "pay differential") based on your regular rate of pay in effect prior to your military leave.
- The company will make up the missed additional ESOP contribution, or retiree medical subsidy account credit (including interest credits), for the period of military leave.
- You also have the opportunity to make up missed employee before-tax and after-tax contributions to the savings plan (less any contributions already made on the "pay differential") based on your regular rate of pay in effect prior to your military leave. The company will then make up the missed company match on these contributions based on your retirement choice election. You can contribute your missed savings plan contributions (subject to any IRS limits that applied in the years you were on military leave) over a period not greater than three times your period of military leave, not to exceed five years.

The following chart highlights how different life occurrences affect your ESOP, savings plan, pension plan and retiree medical choice benefits:

Occurrence	ESOP	Savings plan	Pension	Retiree medical choice
<ul style="list-style-type: none"> ▪ Laid-off ▪ Resign ▪ Terminated ▪ Retired 	Active participation ends - Vested account balance continues to share in investment gains and loses	Active participation ends—Vested account balance continues to share in investment gains and losses	Active participation ends—Vested account balance continues to receive interest credits	Active participation ends—Account balance continues to receive interest credits. You lose subsidy account if you leave prior to age 55 with 10 or more years of service or age 65 with at least three years of service.
<ul style="list-style-type: none"> ▪ Paid leave of absence, including FMLA 	You receive vesting service and company contributions	Your contributions continue. You receive vesting service and company contributions.	You receive vesting service and company pay credits	You receive company credits and service towards the eligibility requirements
<ul style="list-style-type: none"> ▪ Unpaid FMLA 	You receive vesting service	You receive vesting service	You receive vesting service	You receive service towards the eligibility requirements
<ul style="list-style-type: none"> ▪ Unpaid leave of absence 	You receive vesting service if you return to active employment within 12 months	You receive vesting service if you return to active employment within 12 months	You receive vesting service if you return to active employment within 12 months	You receive service towards the eligibility requirements if you return to active employment within 12 months
<ul style="list-style-type: none"> ▪ Death 	Your account becomes 100% vested	Your account becomes 100% vested	Your account becomes 100% vested	Surviving spouse and eligible dependents can use subsidy account to pay for coverage if you die on or after age 55 with 10 or more years of service or age 65 with three or more years of service
<ul style="list-style-type: none"> ▪ Disabled (as defined under the ESOP) 	You continue to receive a 3% annual contribution and your account becomes 100% vested	Your account becomes 100% vested and continues to share in investment gains and losses	Your account becomes 100% vested and continues to receive interest credits	You continue to receive the company credit to the retiree medical account or the \$400 ESOP contribution

WHEN COVERAGE ENDS

Generally, your coverage ends when:

- You are no longer eligible to participate in a plan
- A benefit plan is terminated
- You retire or terminate employment

BENEFIT RESOURCES

You should contact Fidelity Investments for any questions regarding the pension plan, savings plan or ESOP. Fidelity representatives can be reached at 1-800-209-4015. You may also access information and tools online at [http://www.401\(k\).com](http://www.401(k).com).

You can also contact American Standard Retiree Services at 1-866-897-6676 for questions regarding the pension plan or the retiree medical subsidy account.

OTHER IMPORTANT INFORMATION

Please refer to the *Plan Administration* section of the summary plan descriptions for information about:

- What rights you have if a claim is denied
- Important administrative information