

Edgar Filing: TRANE INC. - Form 425

TRANE INC.  
Form 425  
December 17, 2007

Filed by Ingersoll-Rand Company Limited.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12 under

the Securities Exchange Act of 1934

Subject Company: Trane Inc.

Commission File No.: 1-11415

This filing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements relating to anticipated financial and operating results, the companies' plans, objectives, expectations and intentions and other statements including words such as anticipate, believe, plan, estimate, expect, intend, will, should, may, similar expressions. Such statements are based upon the current beliefs and expectations of the management of Ingersoll-Rand Company Limited (IR) and Trane Inc. (Trane) and involve a number of significant risks and uncertainties. Actual results may differ materially from the results anticipated in these forward-looking statements. The following factors, among others, could cause or contribute to such material differences: failure to satisfy any of the conditions of closing, including the failure to obtain Trane stockholder approval; the risks that IR's and Trane's businesses will not be integrated successfully; the risk that IR and Trane will not realize estimated cost savings and synergies; costs relating to the proposed transaction; disruption from the transaction making it more difficult to maintain relationships with customers, employees, distributors or suppliers; the level of end market activity in IR's and Trane's commercial and residential market; weather conditions that could negatively or positively affect business and results of operations; additional developments which may occur that could affect the IR's or Trane's estimate of asbestos liabilities and recoveries; unpredictable difficulties or delays in the development of new product technology; fluctuations in pricing of our products, the competitive environment and related market conditions; changes in law or different interpretations of laws that may affect Trane's or IR's expected effective tax rate; increased regulation and related litigation; access to capital; and actions of domestic and foreign governments. Additional factors that could cause IR's and Trane's results to differ materially from those described in the forward-looking statements can be found in the 2006 Annual Report on Form 10-K of IR and the 2006 Annual Report on Form 10-K of Trane filed with the Securities and Exchange Commission (the SEC) and available at the SEC's Internet site (<http://www.sec.gov>). Neither IR nor Trane undertakes any obligation to update any forward-looking statements to reflect circumstances or events that occur after the date on which such statements were made.

This communication is being made in respect of the proposed merger transaction involving IR, Trane and Indian Merger Sub, Inc. In connection with the proposed transaction, IR will file with the SEC a registration statement on Form S-4 and Trane will mail a proxy statement/prospectus to its stockholders, and each will be filing other documents regarding the proposed transaction with the SEC as well. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED TRANSACTION AND ANY OTHER RELEVANT DOCUMENTS CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** The final proxy statement/prospectus will be mailed to Trane's stockholders. Stockholders will be able to obtain a free copy of the proxy statement/prospectus, as well as other filings containing information about IR and Trane, without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the proxy statement/prospectus can also be obtained, without charge, by directing a request to Ingersoll-Rand Company Limited, P.O. Box 0445, 155 Chestnut Ridge Road, Montvale, NJ 07645 Attention: Investor Relations, (201) 573-0123, or to Trane Inc., One Centennial Avenue, Piscataway, NJ 08855 Attention: Investor Relations, (732) 980-6125.

IR, Trane and their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding IR's directors and executive officers is available in IR's proxy statement for its 2007 annual meeting of stockholders and IR's 2006 Annual Report on Form 10-K, which were filed with the SEC on April 23, 2007 and March 1, 2007, respectively, and information regarding Trane's directors and executive officers is available in Trane's proxy statement for its 2007 annual meeting of stockholders and Trane's 2006 Annual Report on Form 10-K, which were filed with the SEC on March 23, 2007 and February 26, 2007, respectively. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

The following is a letter and related materials sent to IR employees.

\*\*\*

To Ingersoll Rand Employees:

Today we announced an exciting move for our company, one that represents a major milestone in our company's transformation. We signed an agreement to acquire Piscataway, NJ-based Trane, a leading global supplier of energy-efficient heating, ventilating and air conditioning systems and advanced building controls for commercial and residential markets. The press release announcing this transaction can be found [here](#).

This transaction solidifies Ingersoll Rand's status as a premier global diversified industrial company with leading positions in climate control, industrial and security markets. The combined businesses will have revenues of approximately \$17 billion, with approximately \$11 billion of our total revenues deriving from global climate control markets.

Bringing together our company with Trane meets our objective of adding less-cyclical businesses to our portfolio with strong brands, strong global growth prospects and sizable recurring revenues. Trane's strong businesses in commercial and residential climate control complements our own highly regarded Hussmann and Thermo King businesses, and gives us a leading global position with a portfolio of premium brands.

At the same time, we improve our ability to deliver enhanced long-term value for Ingersoll Rand customers through expanded and comprehensive climate control solutions. Together, with Trane, we can work more strategically with all of our customers, broadening our product and service offerings for them through our complementary solutions.

Let me provide you with a few examples of our opportunities as a combined company. Trane currently uses third parties to service its light commercial products. We believe this represents an opportunity for our existing climate control service organization to capture that sizable recurring revenue stream. In addition, with Trane's capabilities we are better positioned to provide technologies, products and services throughout the cold chain. Specifically, we will participate in all of the activities and processes necessary to preserve foods and perishables from their point of origin through their point of consumption or use. Also, we offer Trane an expanded global manufacturing footprint. While this obviously will benefit Trane, it also enables our organization to take on production in existing facilities where appropriate.

Seven years ago, we recognized the need for sweeping change in our company's business model and undertook our transformation. From the beginning, our priorities have included decreasing the cyclicity of our business portfolio and pursuing profitable growth, while becoming more global, more customer-centric and more innovative. The Trane acquisition substantially advances our progress in all of these areas.

Following the completion of closing conditions, including regulatory reviews and approval by Trane shareholders, we expect to complete this transaction toward the end of the first quarter or the beginning of the second quarter of 2008. In the meantime, Ingersoll Rand and Trane will remain separate companies, with separate management and customers.

Prospectively, our plan is to operate Trane's Commercial and Residential businesses as two separate businesses, reporting directly to me. Of course, under the Dual Citizenship model, these businesses will interact with the Climate Control Technologies Sector to leverage knowledge, intellectual property, best practices, and resources for the businesses' mutual benefit. Also, we expect to maintain our current approach of operating multi-site corporate and shared service locations, which will include the addition of comparable Trane facilities.

Clearly, this is an exciting day for Ingersoll Rand employees, customers, shareholders and our other stakeholders. We will provide more information as we make progress with the integration process. In the meantime, thank you for your continued hard work and support which has helped to make this possible.

Sincerely yours,

Herb Henkel

Note: Because the transaction is subject to a vote of Trane stockholders and requires registration of the shares of Ingersoll Rand to be issued in the transaction, our written communications regarding the transaction may be deemed to be solicitations of proxies or an offering prospectus. As a result, the following information (legends) needs to be included in our communications to satisfy legal requirements.

**Editor's note: Herb Henkel will host a special webcast via the Internet today at 4:00 p.m., Eastern U.S. time, to discuss today's announcement. Because of the need to prevent potential disruptions to other web- or Internet-related business applications, we only can accommodate a limited number of connections to the webcast at any given time. As a result, we are asking our locations to reserve meeting spaces where a sizable number of employees can view and listen to the webcast together. In addition, large meeting spaces should have the ability to amplify the audio feed from the presenting computer.**

**Details for the webcast will be available later today and sent via a Special IRDN.**

This filing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements relating to anticipated financial and operating results, the companies' plans, objectives, expectations and intentions and other statements including words such as anticipate, believe, plan, estimate, expect, intend, will, should, may, similar expressions. Such statements are based upon the current beliefs and expectations of the management of Ingersoll-Rand Company Limited (IR) and Trane Inc. (Trane) and involve a number of significant risks and uncertainties. Actual results may differ materially from the results anticipated in these forward-looking statements. The following factors, among others, could cause or contribute to such material differences: failure to satisfy any of the conditions of closing, including the failure to obtain Trane stockholder approval; the risks that IR's and Trane's businesses will not be integrated successfully; the risk that IR and Trane will not realize estimated cost savings and synergies; costs relating to the proposed transaction; disruption from the transaction making it more difficult to maintain relationships with customers, employees, distributors or suppliers; the level of end market activity in IR's and Trane's commercial and residential market; weather conditions that could negatively or positively affect business and results of operations; additional developments which may occur that could affect the IR's or Trane's estimate of asbestos liabilities and recoveries; unpredictable difficulties or delays in the development of new product technology; fluctuations in pricing of our products, the competitive environment and related market conditions; changes in law or different interpretations of laws that may affect Trane's or IR's expected effective tax rate; increased regulation and related litigation; access to capital; and actions of domestic and foreign governments. Additional factors that could cause IR's and Trane's results to differ materially from those described in the forward-looking statements can be found in the 2006 Annual Report on Form 10-K of IR and the 2006 Annual Report on Form 10-K of Trane filed with the Securities and Exchange Commission (the SEC) and available at the SEC's Internet site (<http://www.sec.gov>). Neither IR nor Trane undertakes any obligation to update any forward-looking statements to reflect circumstances or events that occur after the date on which such statements were made.

This communication is being made in respect of the proposed merger transaction involving IR, Trane and Indian Merger Sub, Inc. In connection with the proposed transaction, IR will file with the SEC a registration statement on Form S-4 and Trane will mail a proxy statement/prospectus to its stockholders, and each will be filing other documents regarding the proposed transaction with the SEC as well. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED TRANSACTION AND ANY OTHER RELEVANT DOCUMENTS CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** The final proxy statement/prospectus will be mailed to Trane's stockholders. Stockholders will be able to obtain a free copy of the proxy statement/prospectus, as well as other filings containing information about IR and Trane, without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the proxy statement/prospectus can also be obtained, without charge, by directing a request to Ingersoll-Rand Company Limited, P.O. Box 0445, 155 Chestnut Ridge Road, Montvale, NJ 07645 Attention: Investor Relations, (201) 573-0123, or to Trane Inc., One Centennial Avenue, Piscataway, NJ 08855 Attention: Investor Relations, (732) 980-6125.

IR, Trane and their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding IR's directors and executive officers is available in IR's proxy statement for its 2007 annual meeting of stockholders and IR's 2006 Annual Report on Form 10-K, which were filed with the SEC on April 23, 2007 and March 1, 2007, respectively, and information regarding Trane's directors and executive officers is available in Trane's proxy statement for its 2007 annual meeting of stockholders and Trane's 2006 Annual Report on Form 10-K, which were filed with the SEC on March 23, 2007 and February 26, 2007, respectively. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

\*\*\*

The Next Chapter in Our Success Story

2

Next Chapter of Success

This filing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements



relating  
to  
anticipated  
financial  
and  
operating  
results,  
the  
companies  
plans,  
objectives,  
expectations  
and  
intentions  
and  
other  
statements  
including  
words  
such  
as

anticipate,  
believe,  
plan,  
estimate,  
expect,  
intend,  
will,  
should,  
may,

and  
other  
similar  
expressions.

Such

statements are based upon the current beliefs and expectations of the management of Ingersoll-Rand Company Limited ( IR )

involve

a

number

of

significant

risks

and

uncertainties.

Actual

results

may

differ

materially

from

the  
results  
anticipated  
in  
these  
forward-looking  
statements.

The following factors, among others, could cause or contribute to such material differences: failure to satisfy any of the conditions for

failure  
to  
obtain  
Trane  
stockholder  
approval;

the  
risks  
that

IR's  
and  
Trane's  
businesses

will  
not  
be  
integrated  
successfully;

the  
risk  
that

IR  
and  
Trane

will  
not realize  
estimated  
cost  
savings

and  
synergies;  
costs  
relating

to  
the  
proposed transaction;  
disruption

from  
the  
transaction  
making  
it more

difficult  
to  
maintain  
relationships  
with  
customers,  
employees,  
distributors  
or  
suppliers;  
the  
level  
of  
end  
market  
activity  
in  
IR s  
and  
Trane s  
commercial and  
residential

market; weather conditions that could negatively or positively affect business and results of operations; additional development occur

that  
could  
affect

the  
IR s

or  
Trane s  
estimate

of  
asbestos  
liabilities  
and

recoveries;  
unpredictable  
difficulties

or  
delays

in  
the  
development

of  
new

product technology; fluctuations in pricing of our products, the competitive environment and related market conditions; changes in law or different interpretations of laws that may affect Trane's or IR's expected effective tax rate; increased regulation and related litigation; access to capital; and actions of

domestic  
and  
foreign  
governments.

Additional  
factors  
that  
could  
cause  
IR's  
and  
Trane's  
results  
to  
differ  
materially  
from  
those  
described  
in  
the  
forward-

looking statements can be found in the 2006 Annual Report on Form 10-K of IR and the 2006 Annual Report on Form 10-K of Trane and Exchange Commission (the "SEC") and available at the SEC's Internet site (<http://www.sec.gov>). Neither IR nor Trane intend to update any forward-looking

statements  
to  
reflect  
circumstances  
or  
events  
that  
occur  
after  
the  
date  
on  
which  
such  
statements  
were  
made.

This communication is being made in respect of the proposed merger transaction involving IR, Trane and Indian Merger Sub, Inc. In connection with the proposed transaction, IR will file with the SEC a registration statement on Form S-4 and Trane will mail a proxy statement/prospectus and each will be filing other documents regarding the proposed transaction with the SEC as well. **BEFORE MAKING ANY VOTING DECISION, INVESTORS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED TRANSACTION AND ALL OTHER RELEVANT DOCUMENTS CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY MAY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** The final proxy statement/prospectus will be mailed to Trane's stockholders.

Stockholders will be able to obtain a free copy of the proxy statement/prospectus, as well as other filings containing information

charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the proxy statement/prospectus and the filings with the SEC referenced in the proxy statement/prospectus can also be obtained, without charge, by directing a request to Ingersoll-Rand Company, 10000  
0445, 155 Chestnut Ridge Road, Montvale, NJ 07645 Attention: Investor Relations, (201) 573-0123, or to Trane Inc., One Cedar  
NJ 08855 Attention: Investor Relations, (732) 980-6125.

IR, Trane and their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of  
the proposed transaction. Information regarding IR's directors and executive officers is available in IR's proxy statement for its 2007 annual meeting of  
stockholders and IR's

2006 Annual Report on Form 10-K, which were filed with the SEC on April 23, 2007 and March 1, 2007, respectively, and information  
regarding Trane's directors and executive officers is available in Trane's proxy statement for its 2007 annual meeting of stockholders and  
Annual Report on Form 10-K, which were filed with the SEC on March 23, 2007 and February 26, 2007, respectively. Other information regarding  
participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be included in the  
statement/prospectus and other relevant materials to be filed with the SEC when they become available.

\*\*\*

3  
Next Chapter of Success  
Agenda

Discuss today's news

Introduce Trane

Explore the strategic value of the combined company

Questions and answers

4  
Next Chapter of Success  
Combining two great  
companies to create  
a premier global  
diversified industrial  
company!  
Continuing our journeys . together



5

Next Chapter of Success

The transaction

Effective early 2008, pending shareholder approval and  
government clearances

All worldwide assets

All worldwide operations

Commercial and Residential businesses

6  
Next Chapter of Success  
Introduction to Trane

7  
Next Chapter of Success  
Trane overview  
\$7.4F Billion 2007 Sales  
Sales by  
Geography  
International  
24%

North America

76%

Commercial

Completes

43%

Commercial

Controls, Parts

& Services

43%

Residential

28%

Founded 1864, headquartered in  
New Jersey

Concluded separation plan:

WABCO spin-off, Aug. 07

Sale of Bath & Kitchen, Nov. 07

Leading global HVAC manufacturer  
for commercial & residential markets

Products include large commercial  
chillers, HVAC building systems, and  
residential A/C units

Broad customer base

Premier brands: Trane, American  
Standard

29,000 employees, 29 manufacturing  
locations worldwide

8  
Next Chapter of Success

Air conditioners

Air cleaners

Heat pumps

Furnaces

Thermostats

Humidifiers

Boilers

Trane Residential

9  
Next Chapter of Success

HVAC systems

Building controls

Building services  
Trane Commercial



10

Next Chapter of Success

Trane highlights

Large-scale, global business with 2007E revenue of \$7.4 billion and EBITDA of \$815 million

#1 or #2 HVAC positions globally with pre-eminent brands

Industry-leading distribution with global footprint creates competitive advantage

Strong organic sales growth and consistent operating margins through the cycle

Compelling growth and margin outlook

Attractive long-term end market fundamentals driven by replacement demand and accelerating service/recurring revenue opportunity

Positive industry dynamics, such as energy conservation and ever-growing installed base, support growth outlook

End market diversity provides long term stability

Leading  
position  
in  
North  
America  
with  
substantial  
international  
growth  
opportunity

Trane will benefit from Ingersoll Rand's international presence and established distribution network

Limited exposure to U.S. new residential construction (approx. 5-7% of total sales)

Industry  
Leading  
Position  
Strong  
Historical and  
Future Growth  
Profile  
International  
Opportunities  
Limited  
Exposure to  
Housing

1  
Estimated debt and cash of \$1,055mm and \$900mm, respectively, as of December 31, 2007.

11

Next Chapter of Success

Trane's Leading Products and Distribution

Source:

Trane Management and public filings

Residential Products

Commercial Products

Leading

Global

Sales  
and  
Distribution  
Network  
Over 100 countries  
500+ company owned  
sales, service and  
distribution locations  
Strong independent  
commercial and residential  
distribution  
23,000+ associates /  
dealers  
3,300+ sales engineers  
4,300+ service technicians  
Proprietary  
Distribution  
Network  
Enhances  
Our  
Global  
Footprint

12

Next Chapter of Success  
The combined company

\$17 billion in projected annual revenues; \$11+ billion  
revenues in the global climate control market

Expanded product and service offerings for climate control  
markets

Increased scale and global presence

Enhanced innovation and new product development capabilities

Stronger competitive position in our markets

13

Next Chapter of Success

A strong strategic fit

A leading climate control business for the 21

st

century

Shared industry expertise

Commitment to leadership in climate control markets

Complementary products and services with no overlap

Both market leaders in respective core products

Similar heritage of innovation and success

Prepared to meet the growing global demand for climate control solutions



14

Next Chapter of Success

Complementary products and services

Air conditioning systems and services

Building controls

Commercial and residential HVAC

Truck, trailer and sea container refrigeration equipment

Refrigerated retail displays and stationary refrigeration

Bus and rail HVAC

15

Next Chapter of Success

World-Leading Climate Control Business

Technology & services platform for delivering climate control solutions across spectrum of high-value mobile & stationary applications worldwide

Broadening climate control solutions for the world we live in today

Enhancing  
life,  
air  
quality  
&  
food  
safety  
significantly  
beyond  
comfort  
&  
preservation

Multiple Cold Chain  
opportunities, especially in emerging markets

Leveraging Climate Control platform

Service capability

Engineering and technology

Manufacturing and sourcing

#1 US

#2 Worldwide

Commercial HVAC

Equipment

#1 North America

remote display

cases

#1 North America

service provider

#1 Worldwide

transport

refrigeration

+

+

Market Leader in Climate Control

16

Next Chapter of Success

All of the activities and processes necessary to preserve foods and perishables from their point of origin through their point of consumption or use.

Cold Chain

Food

Harvest

Vending &  
Logistics Mgmt  
End-Use  
Food Service  
End-Use  
Retail  
Large  
Warehousing  
Food  
Processing  
Transport  
Transport  
Transport

17

Next Chapter of Success

Expanding customer value

Broader line of products and services

End-to-end solutions across the cold chain

Expanded global presence

Positioned to participate in emerging-market growth

Enhanced service network

Immediate opportunities in light-commercial services

Broader technology base to drive innovation

Climate quality, energy efficiency, alternative refrigerants



18  
Next Chapter of Success  
Ingersoll Rand's business structure today  
Climate Control  
Technologies  
Industrial  
Technologies  
Security  
Technologies

Club Car  
(Golf Cars  
And Utility Vehicles)  
Husmann  
(Stationary  
Refrigeration)  
Thermo  
King  
(Transport  
Refrigeration)  
Ingersoll Rand  
(Air Solutions, Tools,  
Energy Systems and  
Material Handling)  
Sectors  
Primary  
Brands &  
Businesses  
Multiple  
Brands  
(Exit  
Devices, Door  
Closers, Biometric  
Access Control,  
Integrated Systems)  
Schlage  
(Mechanical  
And Electronic Locks)

19  
Next Chapter of Success  
The new Ingersoll Rand  
Climate Control  
Technologies  
Industrial  
Technologies  
Security  
Technologies

Trane  
Residential  
Trane  
Commercial  
~\$11 Billion  
~\$3 Billion  
~\$3 Billion  
\*2008 Pro Forma

20

Next Chapter of Success

Powerful market leading brands

#1 N. America

lock and door

hardware

#1 Worldwide

golf cars

#1 N. America

retail display  
cases  
#1 N. American  
service provider  
#1 Worldwide  
transport  
refrigeration  
#1 N. America  
air compressors,  
air tools  
#1 US  
#2 Worldwide  
Commercial HVAC  
Equipment  
#1 or #2 in Major Markets

21

Next Chapter of Success

What to expect

Operate Commercial and Residential businesses as  
separate units within Ingersoll Rand

Run corporate and shared service functions consistent with  
Ingersoll Rand's multi-site approach

Identify cross-selling and service revenue synergies

Identify material, supplier, procurement, manufacturing and administrative efficiencies

Communicate frequently using multiple channels and methods



22

Next Chapter of Success  
What's next?

Shareholder approval

Government reviews

Transition period

Joint integration teams

Creating a  
premier global organization!