

INGERSOLL RAND CO LTD
Form PRE 14A
March 19, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

INGERSOLL-RAND COMPANY LIMITED

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Ingersoll-Rand Company Limited

US Mailing Address:

One Centennial Avenue

Piscataway, NJ 08855

(xxx) xxx-xxxx

NOTICE OF 2009 ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of Ingersoll-Rand Company Limited will be held on Wednesday, June 3, 2009, at 2:30 p.m., local time, at located at Dublin, Ireland, to consider and vote upon the following proposals:

1. To elect twelve directors to hold office for one year.

2. To consider and approve an advisory proposal relating to the company's executive pay-for-performance compensation policies and procedures.
3. To approve the Amended and Restated Incentive Stock Plan of 2007.

4. To approve the appointment of PricewaterhouseCoopers LLP as independent auditors of the company and authorize the Board of Directors to fix the auditors' remuneration.
5. To conduct such other business properly brought before the meeting.

Only shareholders of record as of the close of business on April 6, 2009, are entitled to receive notice of and to vote at the Annual General Meeting.

Directions to the meeting can be found in [Appendix A](#) of the attached proxy statement.

Whether or not you plan to attend the meeting, please provide your proxy by either using the internet as directed in the accompanying proxy card or filling in, signing, dating, and promptly mailing the accompanying proxy card in the enclosed.

By order of the Board of Directors,

BARBARA A. SANTORO

Vice President Corporate Governance and Secretary

Piscataway, New Jersey

April , 2009

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Ingersoll-Rand Company Limited

US Mailing Address:

One Centennial Avenue
Piscataway, NJ 08855
(xxx) xxx-xxxx

PROXY STATEMENT

INFORMATION CONCERNING VOTING AND SOLICITATION

In this proxy statement, Ingersoll Rand, the Company, we, us and our refer to Ingersoll-Rand Company Limited, a Bermuda company, or, for any information prior to January 1, 2002, to Ingersoll-Rand Company, a New Jersey corporation, which, as of that date, became an indirect, wholly-owned U.S. subsidiary of Ingersoll-Rand Company Limited.

Under our Bye-laws and Bermuda law, audited financial statements must be presented to shareholders at an annual general meeting of shareholders. To fulfill this requirement, we will present at the 2009 Annual General Meeting of Shareholders (the Annual General Meeting) our audited consolidated financial statements for the 2008 fiscal year. Copies of these consolidated financial statements are contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which is being mailed to shareholders together with this proxy statement.

This proxy statement and the enclosed proxy card are first being mailed to you on or about April , 2009.

Why Did I Receive This Proxy Statement?

We sent you this proxy statement, together with the enclosed proxy card, because our Board of Directors is soliciting your proxy to vote at the Annual General Meeting of Shareholders to be held on June 3, 2009. This proxy statement summarizes the information you need to know to vote on an informed basis.

How Do I Attend The Annual General Meeting?

All shareholders are invited to attend the Annual General Meeting. **Either an admission ticket or proof of ownership of Class A common shares, as well as a form of personal identification, must be presented in order to be admitted to the Annual General Meeting.** If you are a shareholder of record, your admission ticket is attached to the enclosed proxy card. If you plan to attend the Annual General Meeting, please vote your proxy, but keep the admission ticket and bring it to the Annual General Meeting together with a form of personal identification.

If your shares are held in the name of a bank, broker or other holder of record and you plan to attend the Annual General Meeting, you must present proof of your ownership of Class A common shares, such as a bank or brokerage account statement, together with a form of personal identification to be admitted to the Annual General Meeting. 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 Class A common shares**, to:

Secretary

Ingersoll-Rand Company Limited

One Centennial Avenue

Piscataway, New Jersey 08855

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

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Who May Vote?

You are entitled to vote if you owned the Company's Class A common shares at the close of business on April 6, 2009, which we refer to as the record date. At that time, there were _____ shares of the Company's Class A common shares outstanding and entitled to vote. Each share of the Company's Class A common share that you own entitles you to one vote on all matters to be voted upon 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 the website as directed on the enclosed proxy card; or

completing, signing and returning the enclosed proxy card.

To vote your shares directly, you may attend the Annual General Meeting and cast your vote in person. Shareholders who hold their shares through a broker must vote their shares in the manner prescribed by their broker.

The internet voting procedures are designed to authenticate votes cast by use of a personal identification number. The procedures allow shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. If you are a shareholder of record and you would like to vote by using the internet, please refer to the specific instructions contained on the enclosed proxy card. If you vote by using the internet, you do not need to return the enclosed proxy card. In order to be timely processed, an internet vote must be received by 11:59 p.m. Eastern Time on June 2, 2009.

How May Employees Vote Under Our Employee Plans?

If you participate in the Ingersoll-Rand Company Employee Savings Plan, the Ingersoll-Rand Company Employee Savings Plan for Bargained Employees, the Ingersoll-Rand/Thermo King de Puerto Rico Retirement Savings Plan, the Trane Employee Stock Ownership Plan, the Trane Savings Plan 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 over the internet. They will vote these shares in accordance with your instructions and the terms of the plan.

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 at Ingersoll-Rand Company Limited, One Centennial Avenue, Piscataway, New Jersey 08855;

by submitting another properly signed proxy card with a later date or another internet proxy at a later date; or

by voting in person at the Annual General Meeting.

You may not revoke a proxy merely by attending the Annual General Meeting. To revoke a proxy, you must take one of the actions described above.

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How Will My Proxy Get Voted?

If you properly complete, sign and date the enclosed proxy card and send it to us or properly deliver your proxy over the internet, your proxy holder (one of the individuals named on the enclosed proxy card) will vote your shares as you have directed. Under the rules of The New York Stock Exchange (NYSE), if your broker or nominee is a member of the NYSE and holds your shares in its name, the broker or nominee may vote your shares on Items 1 and 4 (routine matters) if it does not receive instructions from you. However, your broker or nominee may not vote your shares on Items 2 and 3 (non-routine matter) if it does not receive instructions from you and, accordingly, such shares will not be counted as votes for or against the non-routine matter, but rather will not be counted at all.

If you do not specify on the enclosed proxy card that is sent to the Company (or when giving your proxy over the internet) how you want to vote your shares, the proxy holders will vote them FOR the election of all nominees for director as set forth under Item 1, FOR the approval of the advisory (non-binding) proposal set forth in this proxy statement under Item 2, FOR the approval of the Amended and Restated Incentive Stock Plan of 2007 under Item 3 and FOR the approval of appointment of independent auditors under Item 4.

What Constitutes A Quorum?

The presence of at least two persons present in person and representing in person or by proxy a majority of all outstanding Class A common shares is necessary to constitute a quorum for the conduct of business. Abstentions and broker non-votes (shares held by a broker or nominee that are represented at the Annual General Meeting, but with respect to which the broker or nominee is not empowered to vote on a proposal) are treated as shares present for the purposes of determining whether a quorum exists.

What Vote Is Required To Approve Each Proposal?

The affirmative vote of a majority of the Class A common shares represented and voting at the Annual General Meeting is required to approve each proposal.

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 and, accordingly, will not affect the outcome of the vote.

Who Will Count The Votes?

will act as inspector of election and will tabulate the votes.

Who Pays The Expenses Of This Proxy Statement?

We have hired Georgeson Shareholder Communications Inc. to assist in the distribution of proxy materials and the solicitation of proxies for a fee estimated at \$19,000, plus out-of-pocket expenses. Proxies will be solicited on behalf of the Board of Directors by mail, in person and by telephone. 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.

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PROPOSALS REQUIRING YOUR VOTE

Item 1. Election of Directors

In June 2008, the company's Bye-laws were amended to change the vote standard for the election of directors from a plurality of votes cast to a majority of votes cast in uncontested elections. 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. In contested elections, the vote standard will continue to be a plurality of the votes cast. In addition, the Bye-laws were amended to provide that if a director is not re-elected in a non-contested director election, the director shall tender his or her resignation to the Board of Directors and the Corporate Governance and Nominating Committee will make a recommendation to the Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the Corporate Governance and Nominating Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election.

Each director of the Company, other than Mr. Lichtenberger, is being nominated for election for a one-year term expiring at the 2010 Annual General Meeting or until their successors, if any, are elected and qualified. Mr. Lichtenberger has indicated his intention to retire from the Board of Directors, upon completion of his one-year term expiring at the start of the Annual General Meeting.

The Board of Directors recommends a vote FOR this proposal.

Ann C. Berzin age 57, 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.

Director of:

Constellation Energy Group, Inc.

Kindred Healthcare, Inc.

Other Activities: Director, ArtsConnection

Jared L. Cohon age 61, director since 2008

President of Carnegie Mellon University since 1997 and also appointed Professor of Civil and Environmental Engineering and Professor of Engineering and Public Policy.

Dean of the School of Forestry and Environmental Studies at Yale University from 1992 to 1997.

Faculty member the Department of Geography and Environmental Engineering at Johns Hopkins University, where he also served as Assistant and Associate Dean of Engineering and Vice Provost for Research from 1986 to 1992.

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Other Activities:

Appointed by President George W. Bush to serve on his Homeland Security Advisory Council in 2002.
Gary D. Forsee age 59, director since 2007

President, University of Missouri System since February 2008.

Chairman of the Board (from 2006-2007) and Chief Executive Officer (from 2005-2007) of Sprint Nextel Corporation.

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Chairman of the Board and Chief Executive Officer of Sprint Corporation from 2003 to 2005.

Vice Chairman Domestic Operations of BellSouth Corporation from 2002 to 2003.

Vice Chairman and President of BellSouth International from 2001 to 2002.

Director of Great Plains Energy Inc.

Other Activities:

Trustee, National Board of Trustees, Boy Scouts of America

Trustee, National Association of Basketball Coaches Foundation

Peter C. Godsoe age 70, director since 1998

Chairman of the Board and Chief Executive Officer of The Bank of Nova Scotia (a Canadian-based international bank) from 1995 until retirement in 2004.

Director of:

Barrick Gold Corporation

Lonmin plc

Onex Corporation

Rogers Communications Inc.

Other Activities:

Director, Perimeter Institute for Theoretical Physics

Director, Canadian Council of Christians and Jews

Director, Mount Sinai Hospital

Edward E. Hagenlocker age 69, director since 2008

Vice-Chairman of Ford Motor Company from 1996 until his retirement in 1999.

Chairman of Visteon Automotive Systems from 1997 to 1999.

Director of:

Air Products and Chemicals, Inc.

AmeriSourceBergen Corporation

Herbert L. Henkel age 60, director since 1999

Chairman of the Board (since May 2000) and President and Chief Executive Officer (since October 1999) of the Company.

President and Chief Operating Officer of the Company from April 1999 to October 1999.

Chief Operating Officer of Textron Inc. (a multi-industry company with operations in aircraft, automotive, industrial and finance) from 1998 to March 1999.

Vice President of Textron Inc. responsible for Textron Industrial Products Segment from 1993 to 1998.

Director of:

3M Company

C.R. Bard, Inc.

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Constance J. Horner age 67, director since 1994

Guest Scholar at the Brookings Institution 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.

Director of:

Pfizer Inc.

Prudential Financial, Inc.

Other Activities:

Trustee, The Prudential Foundation

Fellow, National Academy of Public Administration

Theodore E. Martin age 69, director since 1996

President and Chief Executive Officer of Barnes Group Inc. (manufacturer and distributor of precision springs and custom metal parts) from 1995 until retirement in 1998.

Director of:

C. R. Bard, Inc.

Strong Tool Company

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Unisys Corporation

Other Activities:

Director, Edna McConnell Clark Foundation

Trustee (emeritus), Syracuse University

Patricia Nachtigal age 62, director since 2002

Senior Vice President and General Counsel of the Company since 2000.

Vice President and General Counsel of the Company from 1992 to 2000.

Other Activities:

Vice Chair, Board of Governors, Rutgers, The State University of New Jersey

Trustee, Rutgers, The State University of New Jersey

Advisory Trustee, National Multiple Sclerosis Society Greater North Jersey Chapter Board of Trustees

Orin R. Smith age 73, director since 1995

Chairman and Chief Executive Officer of Engelhard Corporation (provider of specialty chemical products, engineered materials and industrial commodities management services for various industries) from 1995 until retirement in 2000.

President and Chief Executive Officer of Engelhard Corporation from 1984 to 1995.

Director of Vulcan Materials Company.

Other Activities: Trustee, Duxbury Bay Maritime School.

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Richard J. Swift age 64, director since 1995

Chairman of Financial Accounting Standards Advisory Council from January 2002 until December 2006.

Chairman, President and Chief Executive Officer of Foster Wheeler Ltd. (provider of design, engineering, construction, manufacturing, management and environmental services) from 1994 until 2001.

Director of:

CVS Caremark Corporation

Hubbell Incorporated

Kaman Corporation

Public Service Enterprise Group

Tony L. White age 62, director since 1997

Chairman, President and Chief Executive Officer of Applera Corporation (a developer, manufacturer and marketer of life science systems and genomic information products) from 1995 until retirement in 2008.

Executive Vice President of Baxter International Inc. (provider of medical products and services) from 1993 to 1995.

Director of C.R. Bard, Inc.

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Item 2. Approval of Executive Pay-For-Performance Compensation

Many of our shareholders have expressed an interest in a non-binding advisory vote on the overall executive pay-for-performance compensation policies and procedures employed by the Company, as described in the Compensation Discussion and Analysis (CD&A) in this Proxy Statement. We believe that both the Company and shareholders benefit from responsive corporate governance policies and constructive and consistent dialogue. Thus, with Board of Directors approval, the Company announced in October 2008 that the Company would provide shareholders with the right to cast an advisory vote on our compensation program at the annual meeting of shareholders in 2009.

This proposal, commonly known as a Say-on-Pay proposal, gives you as a shareholder the opportunity to endorse or not endorse our executive pay program and policies through the following resolution:

Resolved, that the shareholders approve the overall executive pay-for-performance compensation policies and procedures guided by the Company's five design principles (general program competitiveness, pay for performance, internal parity, alignment with various business strategies and shareholder alignment) and employed by the Company, as described in the Compensation Discussion and Analysis in this Proxy Statement.

Because your vote is advisory, it will not be binding upon the Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

In considering your vote, please be advised that our compensation policies and procedures are guided by five design principles, as described in the CD&A in this Proxy Statement:

General program competitiveness

Pay for performance

Internal parity

Alignment with various business strategies

Shareholder alignment

By following these five design principles, we believe that our compensation policies and procedures enable a pay-for-performance culture and are strongly aligned with the long-term interests of our shareholders.

The Board of Directors recommends a vote FOR this proposal approving the pay-for-performance compensation policies and procedures employed by the Company.

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Item 3. Approval of the Amended and Restated Incentive Stock Plan of 2007

The Company's shareholders are being asked to approve the Company's Amended and Restated Incentive Stock Plan of 2007 (the "2007 Plan"), which amends the existing plan (i) to increase the number of the Company's Class A common shares reserved for issuance under the 2007 Plan by 13,500,000 shares, (ii) to provide that net settlement shares retained by the Company in order to satisfy the tax withholding obligations of a plan participant with respect to awards of other than stock options or stock appreciation rights shall not be counted against the limit set forth in Section 3 of the 2007 Plan and (iii) to provide that for all awards issued on or after June 3, 2009, each share issued in connection with awards other than stock options or stock appreciation rights shall count as the issuance of 2.05 shares for purposes of the share limit set forth in Section 3 of the 2007 Plan.

Both the Compensation Committee and the Board of Directors have approved these amendments, subject to shareholder approval at the annual general meeting.

Increasing the number of the Company's Class A common shares reserved for issuance will assure that a sufficient number of shares remains available for issuance under the 2007 Plan in order to allow the Company to continue to use equity incentives to attract, retain and motivate the services of key individuals and other personnel essential to the company's long-term growth and financial success. The company relies significantly on equity incentives in the form of stock options and other stock-based awards believing that such equity incentives are necessary for the company to remain competitive in the marketplace for executive talent and other key employees. Incentive awards made to newly-hired or continuing employees are based on both competitive market conditions and individual performance. The Company has had shareholder-approved incentive compensation programs since 1959 as a means of providing long-term incentives to key executives and other key employees of the Company and its subsidiaries. The Board of Directors believes that these plans have proved to be an important means of attracting, retaining and motivating key personnel and are necessary for the Company to achieve superior performance in the future. Therefore, shareholder approval of the amendment of the 2007 Plan is vitally important.

Clarifying the treatment of shares that are retained by the Company in order to satisfy the withholding obligations of a plan participant with respect to awards of other than stock options or stock appreciation rights allows the Company to conserve share usage under the 2007 Plan by counting against the share limit only those shares actually issued to plan participants in connection with such awards.

The following is a summary of the principal features of the 2007 Plan and is qualified in its entirety by reference to the 2007 Plan. The summary does not purport to be a complete description of all the provisions of the 2007 Plan.

A marked copy of the 2007 Plan (as proposed to be amended and restated) is attached to this proxy statement as [Appendix B](#).

Description of the 2007 Plan

The 2007 Plan currently authorizes the issuance of up to 14,000,000 shares in connection with such stock incentives. As of March 19, 2009, the Company has made incentive awards amounting to 12,164,293 Class A common shares reserved for issuance under the 2007 Plan. As a result, 1,835,707 Class A common shares remain available for incentive awards under the 2007 Plan. This amount includes shares that have been forfeited or otherwise terminated without issuance of shares. Including the additional 13,500,000 shares that we are asking shareholders to approve for issuance under the 2007 Plan, there would be 15,335,707 shares available for issuance under the 2007 Plan, which represents approximately 4.7% of the outstanding shares as of April 6, 2009. The closing price of the Class A common shares on the NYSE composite tape on April 6, 2009 was \$. Shares not issued because of the termination or cancellation of individual stock incentives can be reused under the 2007 Plan.

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The 2007 Plan permits the grant of stock incentives to key employees as determined by the Compensation Committee and to all non-employee directors. Approximately 1,500 employees (approximately 2% of all employees) are currently considered eligible for the grant of stock incentives. We cannot state the value or number of shares subject to any particular stock incentive to be granted to key employees, since these matters will be determined by the Compensation Committee in the future based on the guidelines described below under the heading

Compensation Discussion and Analysis . We expect, therefore, that key employees will continue to be granted stock incentives on a basis generally comparable to prior grants.

The following table sets forth information with respect to grants made in fiscal year 2009 through April 6, 2009 under the 2007 Plan to each of our current Named Executive Officers, our current executive officers as a group, our current directors who are not executive officers as a group and all employees (excluding our current executive officers and directors) as a group. Restricted Share Units (RSUs) were provided to Named Executive Officers, other than the CEO, and plan participants beginning in February 2009 to help manage the usage of shares.

| Name | Options (#) | Restricted Stock Units (#) | Performance Shares (#) | Performance Stock Units(1) | | |
|--|----------------|----------------------------------|---------------------------|----------------------------|---------------|----------------|
| | | | | Threshold (#) | Target (#) | Maximum (#) |
| Current executive officers as a group (persons) | | | | | | |
| Current directors who are not executive officers as a group | | | | | | |
| All current employees, excluding our current executive officers and directors (persons) | | | | | | |

(1) Amounts represent the threshold, target and maximum number of shares of our Class A common shares which may be earned under the 2007 Plan in accordance with the terms of our 2009-2010 Performance Stock Unit awards and 2009-2011 Performance Stock Unit awards. Performance stock units will be earned, if at all, following the end of the performance period, subject to the achievement of certain performance metrics. See Compensation Discussion and Analysis contained in this proxy statement for a description of our Performance Stock Unit Program.

The Company intends to continue to grant equity incentives under the 2007 Plan to eligible officers and key employees. No determination has been made as to which of the persons eligible to participate in the 2007 Plan will receive awards under the 2007 Plan in the future and, therefore, the future benefits to be allocated to any individual or to various groups of eligible participants are not presently determinable.

Stock Options and Stock Appreciation Rights

Stock options and stock appreciation rights are forms of stock incentives. Neither options nor stock appreciation rights may be granted at less than the fair market value of our Class A common shares on the date of grant. The term of an option or a stock appreciation right cannot exceed ten years. The 2007 Plan prohibits amending, or canceling and re-granting, an option or a stock appreciation right to lower the exercise price.

Stock appreciation rights entitle the holder to receive Class A common shares with a value equal to the difference between the opening price of the Class A common shares on the NYSE on the exercise date and the fair market value at the time the rights were granted. Payment is made in Class A common shares. Stock appreciation rights may be granted either independently or in conjunction with options.

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Options and stock appreciation rights terminate within specified periods upon the holder's termination of employment. A holder of options or rights may not exercise them under any circumstances once they have expired.

For employees who are not classified as an executive officer of the Company, shares purchased under an option may be paid for in cash (or its equivalent) in full at the time of the exercise or through the cashless exercise method subject to the Company withholding for the payment of taxes associated with the exercise of options. For executive officers, shares purchased under an option may only be paid in cash (or its equivalent) in full at the time of the exercise.

Stock Awards