

Financing Summary

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Financial Policy

- Long Term Target: Strong Single A Cash Flow And Leverage Metrics
- Use Available Cash Flow To Rapidly De-lever In The Next Two Years
- Share Buyback Plans Dependent on Achieving Leverage Targets
- Maintain Discipline Around Acquisitions During De-leveraging Phase
- Maintain Current Dividend Until Medium-term Financial Objectives Are Met
- Sizing Credit Facilities To Provide Ample Liquidity Backstop For All Contingencies

Strong Focus on Liquidity and Balance Sheet Improvement

Post-Acquisition Debt Reduction

<u>\$ millions</u>	2008		
	Q2	Q3	Q4
Ending Cash	787	742	550
Commercial Paper	926	958	999
Bridge Loan	2,950	950	754
New Debt	0	1,600	1,600
Other Debt	2,082	2,007	1,771
Trane Securitization	122	100	63
Total Financing	6,080	5,615	5,187
Δ Total Financing (Cumulative)		(465)	(893)

Delivered ~\$0.9B Debt Reduction Against \$1B Target

Available Cash Flow

\$M	<u>2008</u>	<u>2009</u>	<u>Comments</u>
Operating Income	\$1,136	1,200	
D&A	<u>454</u>	<u>430</u>	
EBITDA	\$1,590	\$1,630	Full yr of Trane, impact of recession
Change in Working Cap	(230)	205	'09 Rec. / Inv. Lower - Excludes benefit from add'l securitization
Acq-related payments	(176)	--	
Capex	<u>(306)</u>	<u>(325)</u>	Funding new products
Subtotal	\$878	\$1,510	
Net Interest	(150)	(340)	Full year of Trane financing
Taxes	<u>(116)</u>	<u>(170)</u>	
Available Cash Flow	\$612	\$1,000	WC offset by Interest
		(245)	Dividend payments / Other
		<u>(80)</u>	Pension cash contribution
		\$675M	Available to Pay down Financing

2008 excludes \$594M tax pmt on divestiture gains

All 2009 projections are approximate

Focus on De-Leveraging in 2009

Financing and Liquidity Update

(\$ millions)	2008YE	6/30/2009	2009YE
CP	999	1,058	540
Bridge	754	0	0
New Bond		750	750
Bonds/Other	3,371	3,173	2,859
Securitization	63	363	363
Total Financing	5,187	5,344	4,512
Credit Facilities	3,000	2,250	2,250
New Credit Facilities			
Liquidity Cushion	2,001	1,192	1,710

**Reduce
Financing by
\$675M in '09**

'09 Liquidity Requirements:

- Bridge facility matures in June
- \$220M bonds paid off in June
- Assume \$307M put bond put in Nov.

Actions:

- Target expansion of securitization by Mar: \$300M
- Target bond offering in Mar/May: \$~750M
 - Fallback position: Refinance bridge \$~750M
- Laddering in new facilities starting in 1H 2010

All 2009 projections are approximate

Securitization Plus Bond Offering Prior To Peak 2009 Requirement