

## Tax cost basis information for Ingersoll Rand shares after the spinoff of the Allegion Security Business

On December 1, 2013, Ingersoll-Rand plc (IR) completed the spinoff of its commercial and residential security businesses into Allegion plc (ALLE). In the transaction, approximately 96 million ordinary shares of ALLE were issued to shareholders of record of IR ordinary shares. The record date was 5:00 p.m., New York City time, on November 22, 2013. As a result of the distribution, ALLE became an independent, publicly-traded company.

In this share distribution, holders of IR ordinary shares received one (1) ordinary share of ALLE for every three (3) ordinary shares of IR held. Fractional shares that IR shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent; the aggregate net cash proceeds of these sales will be distributed ratably to those shareholders who would otherwise have been entitled to receive fractional shares.

Each IR shareholder will need to allocate the tax basis in IR shares immediately before the distribution between ordinary shares of IR and the ordinary shares of ALLE received in the distribution.

For U.S. tax purposes, the allocation of tax basis between ordinary shares of IR and ordinary shares of ALLE is based on the fair market value (FMV) at the time of the distribution. There are many potential ways to determine the FMV of IR and ALLE ordinary shares. One potential approach is to use the opening share price the day following the distribution. If this method is used, and we recommend that you should consult your tax advisor on this, the pre-distribution tax basis in IR shares would be allocated 79.55% to IR shares and 20.45% to ALLE shares, calculated as shown in the following example:

				Price Divided by Exchange Ratio	Allocation Ratio	
IR	\$ 56.90	1	\$56.90	\$56.90 / \$71.53	=	79.55%
ALLE	\$ 43.90	3	\$14.63	\$14.63 / \$71.53	=	20.45%
Total			\$ 71.53			

### **Shareholder Statement to be Filed with U.S. Tax Return**

Pursuant to treasury regulation section 1.355-5(b), certain shareholders of IR (i.e., shareholders who, immediately before the distribution, owned 5% or more of the outstanding ordinary shares of IR) who received shares of ALLE are also required to attach an information statement related to the distribution to their U.S. federal income tax returns for the year in which the distribution occurs.

### **Consult Your Tax Advisor**

The information in this document does not constitute tax advice.

To comply with requirements imposed by the IRS, we inform you that any information contained in this communication is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code of 1986, as amended, or (ii) promoting, marketing, or recommending any transaction or matter addressed herein.

Each shareholder should consult a tax advisor as to the particular consequences of the distribution under U.S. federal, state and local and foreign tax laws.

**Please click on this link for additional information**