Ingersoll-Rand Increases Dividend and Accelerates Share Repurchase Program

Hamilton, Bermuda, August 2, 2006—The board of directors of Ingersoll-Rand Company Limited (NYSE:IR) today approved a 12.5% increase in the quarterly dividend of the company's common shares. The company also announced that it plans to accelerate its current share repurchase program.

The board of directors declared a quarterly dividend of 18 cents per Class A common share payable September 1, 2006, to shareowners of record on August 15, 2006. The previous quarterly dividend was 16 cents per share. Over the past three years, the company's dividend has increased by approximately 90%.

Ingersoll Rand has paid consecutive quarterly cash dividends on its common shares since 1919 and annual dividends since 1910.

The company plans an acceleration of share repurchases to complete, by the end of 2006, the board's share-repurchase authorization, which was approved in August 2004 and expanded to $2 billion in August 2005. Since the beginning of the repurchase program through July 31, 2006, the company has repurchased approximately 35 million shares for a total of $1.398 billion, leaving approximately $602 million available for additional buy backs. For 2006 year-to-date through July 31, 2006, the company has purchased approximately 11.9 million shares for a total of approximately $494 million.

"The dividend increase and acceleration of share repurchases reflect our company's strong financial performance, solid balance sheet, and favorable outlook," said Herbert L. Henkel, chairman, president and chief executive officer. "Given strong overall market conditions, and our ability to manage costs and achieve operational efficiencies, we recently raised our full-year 2006 diluted earnings per share (EPS) projection to the range of $3.45 to $3.55 per share. This represents a 16% to 19% increase compared with 2005 EPS. Furthermore, we expect full-year 2007 EPS to increase by at least 12% to 15%, compared with forecasted full-year 2006 EPS, which is consistent with our long-term target for earnings growth.

"Also, our strong cash flow and a debt-to-capital ratio of approximately 21% at the end of the 2006 second quarter position us well to reward our shareholders' confidence."

Ingersoll Rand is a leading diversified industrial company providing products, services and integrated solutions to industries ranging from transportation and manufacturing to food retailing, construction, and agriculture. With a 135-year-old heritage of technological innovation, we help companies worldwide to be more productive, efficient and innovative. In every line of our business, Ingersoll Rand enables companies and their customers to create progress. For more information, visit www.ingersollrand.com.

This news release includes "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 with respect to our financial condition, results of operations and business. These statements are based on currently available information and are based on our current expectations and projections about future events. These statements are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements.

These risks and uncertainties include, but are not limited to: fluctuations in the condition of, and the overall political landscape of, the economies in which we operate; our competitive environment; material changes in technology or technology substitution; our ability to attract, train and retain highly-qualified employees; unanticipated climatic changes; changes in governmental regulation; the costs and effects of legal and administrative proceedings; changes in tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof; currency fluctuations; our ability to complete acquisitions on financially attractive terms and successfully integrate them with our other businesses; and the impact of new accounting standards. Undue reliance should not be placed on such forward-looking statements as they speak only as of the date made. Additional information regarding these and other risks and uncertainties is contained in our periodic filings with the SEC, including, but not limited to, its report on Form 10-Q for the quarterly period ended March 31, 2006.

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