Ingersoll-Rand Announces First-quarter 2002 Diluted EPS of 58 Cents, Excluding Restructuring; Results In Line with Expectations;Affirms Full-Year Outlook

Hamilton, Bermuda, April 18, 2002 - Ingersoll-Rand Company Limited (NYSE:IR), a leading diversified industrial enterprise, today announced first-quarter 2002 net earnings of $97.9 million, or diluted earnings per share (DEPS) of $0.58, excluding charges related to restructuring and productivity investments ("restructuring"). These results were in line with the company's expectations. Reported net earnings for the first quarter were $80.9 million, or DEPS of $0.48, which included charges for restructuring amounting to $0.10 DEPS.

First-quarter 2002 net revenues of $2,305.9 million were approximately 1% higher than 2001, reflecting higher Dresser-Rand revenues and bolt-on acquisitions. Net revenues declined by 3% without acquisitions, and by 5% excluding the results of Dresser-Rand. As expected, demand for complete units in the quarter decreased by 2% compared to the first quarter of 2001. The company continues to make progress in increasing recurring revenues, which include revenues derived from installation, parts and service. Recurring revenues grew by 13% compared to the first quarter of 2001, and accounted for 21% of total revenues.

Charges for Restructuring

During 2001, IR substantially completed a restructuring program that was initiated in 2000 to reduce costs and accelerate productivity initiatives throughout the company. Including the integration of the Hussmann acquisition, the program through March 31, 2002, has resulted in the closure of 25 plants and a workforce reduction of more than 5,900 employees. IR initiated a second round of restructuring in the fourth quarter of 2001 focused on reducing general and administrative expense.

The company recorded $23.9 million in pre-tax charges related to restructuring in the first quarter. These charges include accrued restructuring costs and period costs which are recorded as incurred. The restructuring initiatives are expected to be completed by December 2002.

Goodwill Accounting

Effective January 1, 2002, the company adopted certain provisions of Financial Accounting Standard No. 142 (FAS 142) "Goodwill and Other Intangible Assets," which states that goodwill and intangible assets deemed to have indefinite lives are no longer subject to amortization. The full implementation of FAS 142 is still under analysis. The first quarter of 2001 included approximately $35 million of goodwill amortization expense or $0.18 DEPS.

First-quarter Business Review

The business sector review excludes the impact of charges for restructuring. The discussion of 2001 operating income and margins is on a comparable basis to 2002, excluding goodwill amortization, as if FAS 142 had been adopted in 2001.

The Climate Control Sector provides solutions to transport, preserve, store and display temperature sensitive products and includes the market leading brands of Thermo King and Hussmann.

Revenues for the sector increased by 1%, compared to the first quarter of 2001. Excluding acquisitions, revenues declined by 8%. Operating margins increased from 5.2% in 2001 to 5.5% in 2002, due to cost reductions and synergies from the integration of Hussmann as well as the realization of restructuring benefits.

A continued decline in the North American trailer market and a 48% decline in the container business caused transport refrigeration revenues to decrease by 12% compared to 2001. Although demand for new equipment continues to be impeded by used truck and trailer equipment, industry experts believe that the availability of used equipment has declined by 50% over the past 12 months. The year-over-year decline in trailer demand was less severe than expected in the first quarter. The pricing pressure experienced over the past several quarters will likely diminish as volumes stabilize.

Stationary refrigeration revenues in the first quarter increased by 15% compared to last year, reflecting the results of Taylor Industries and National Refrigeration Services, which were acquired in the second quarter of 2001. Organic revenues decreased by 1% for the quarter compared to the prior year. The installation, service and parts business continues to expand, accounting for 34% of total stationary refrigeration revenues in the quarter. Both acquisitions were rapidly integrated into the existing Hussmann business to create a complete coast-to-coast U.S. service network. The company currently has large multi-store pilot programs in process providing comprehensive service to more than 2,500 stores for several major retail chains.

The Industrial Solutions Sector is composed of a diverse group of businesses focused on providing solutions to enhance customers' industrial efficiency. Sector revenues increased by 3%, as the continued weakness in the worldwide industrial economy was more than offset by increased activity in oil and gas related markets that Dresser-Rand serves. First-quarter 2002 operating margins were 5.5% compared to 8.0% in 2001.

Air and Productivity Solutions provides equipment and services for compressed air systems, tools, fluid power products and the company's Energy Systems business, which produces PowerWorks® microturbines. Total revenues declined by approximately 6% to $310.1 million due primarily to a decline in U.S. industrial activity. Revenues from complete units declined by 10% compared to the first quarter of 2001. The aftermarket business continued to produce positive results with strong growth of 9% in service revenues. The Air Care program, which offers comprehensive service and maintenance for all makes of air compressors, expanded to 4,500 customers, an increase of nearly 1,000 customers in the last 90 days. First-quarter operating margins were 7.8% compared to 11.7% in 2001, with the decline attributable to lower unit volumes and increased spending in developing the PowerWorks microturbine.

The recently introduced Nirvana® air compressor, the world's most energy efficient variable speed air compressor, exceeded expectations by generating $6 million in orders in the quarter. The Nirvana compressor is at least 25% more efficient than competitive offerings and is directed at industrial customers.

The company has completed the initial manufacturing run of 100 commercial grade 70 kilowatt microturbines and has begun shipments to customers. Beginning in the second quarter, the company expects to begin shipment of grid-independent 70 kilowatt microturbines. A 250 kilowatt microturbine targeted for industrial plants is under development and is slated for second-half 2002 delivery.

Engineered Solutions provides motion control applications to both the automotive OEM and industrial aftermarkets. First-quarter revenues increased by 6% compared to last year, reflecting the acquisition of Nadella in the fourth quarter of 2001. Excluding Nadella, revenues declined by 5%. Higher automotive revenues were offset by lower results from industrial markets. Operating margins were 7.0% of revenues compared to 8.9% in 2001, with the decline attributable to lower volumes and the loss of associated fixed cost absorption.

Dresser-Rand (D-R) is a leader in energy conversion technology and is positioned to deliver complete package solutions to the oil, gas, chemical and petrochemical industries. D?R's first-quarter revenues increased by 17% to $211.8 million. D-R reported an operating profit of $0.4 million in the first quarter of 2002, compared to an operating loss of $0.1 million in the prior year. The improved earnings reflect the volume increase and ongoing cost reduction activities. D-R's end markets continue to improve compared to last year, and the backlog totaled $814 million at March 31, 2002, a 38% increase compared to March 31, 2001.

The Infrastructure Sector includes Bobcat® compact equipment and Ingersoll-Rand® road pavers, compactors, portable-power products, drilling equipment, and Club Car® golf cars and utility vehicles. Total sector revenues declined by 4% to $635.1 million. Operating margins were 11.1%, compared to 12.8% in 2001. Demand from end customers declined during the quarter due to sluggish construction markets and activity with the national rental companies continues to remain at low levels. Operating margins were under pressure due to lower year-over-year volumes, aggressive pricing, and financing terms offered by competitors. Market shares remained stable in road equipment, and improved in compact equipment and golf cars.

The Security and Safety Sector includes architectural hardware products and electronic access-control technologies. First-quarter revenues increased by 3% to $345.5 million. Operating margins were 19.7%, compared to 19.4% in 2001. Declining activity levels in commercial markets were offset by continued strength in residential security and electronic solutions revenues. Continuing strong operating margins reflect ongoing cost and expense reduction activities.

The company's most recent bolt-on acquisition, Kryptonite, experienced a 20% increase in orders compared to first-quarter 2001, when it was privately owned. As with other bolt-on acquisitions, the access to IR's distribution channels provided a catalyst for sustainable revenue growth.

The company continued the development of its global security business in the quarter by acquiring a 30% interest in CISA, a significant European manufacturer of mechanical and electronic security products. CISA operates worldwide and enables IR to provide a complete portfolio of security products in the Americas and in the European and Asia-Pacific markets. This acquisition continues IR's aggressive efforts to increase participation in the global security and safety market.

Comparisons of Other Quarterly Income Statement Items

Interest expense of $59.5 million was $5.0 million below the 2001 first quarter due to lower year-over-year debt levels and a decline in interest rates.

Other income / (expense) totaled $13.6 million of net expense for the first quarter, compared to $1.0 million of net expense in last year's first quarter. The first quarter of 2001 included a gain of $8.8 million on the sale of the stock of Hanover Compressor.

The company's effective tax rate, excluding restructuring, for the first quarter of 2002 was 20%, compared to 33% in the first quarter of 2001. The effective full year tax rate for 2002 is expected to be 20%, excluding restructuring charges, reflecting ongoing tax planning initiatives. The 20% rate should be sustainable in future years.

2002 Outlook

"Most end markets appear to have stabilized during the quarter," said Herbert L. Henkel, chairman, president and chief executive officer. "The company is experiencing pockets of improvement in order rates, specifically in Security and Safety, Bobcat, automotive bearings, and Dresser-Rand. However, excluding the impact of acquisitions, first-quarter order rates were down approximately 2% compared to last year for the total company. We are continuing to focus on permanent reductions in our internal cost structure while making strategic business investments to generate future growth."

Second-quarter 2002 diluted earnings per share from continuing operations are expected to be in the range of 65 to 75 cents, excluding restructuring. The second quarter expected earnings reflect stable market fundamentals and are based on revenues that are flat to down slightly compared to last year. Order rates entering the second quarter do not signal a strong, near-term demand recovery. Distributor inventory stocks are at appropriate levels and reflect current demand. A gradual improvement in the North American economy, coupled with tax and restructuring benefits, and the normal seasonal pattern of Hussmann's and Dresser-Rand's results are expected to generate favorable year-over-year earnings comparisons in the second half of 2002.

The company expects revenues for full-year 2002 to be flat compared to 2001. Operating margins will begin to recover in the second half, as restructuring is completed. Diluted earnings per share for 2002 is expected to be in the range of $3.00 to $3.25, excluding restructuring. Free cash flow in 2002 is expected to once again exceed $500 million, before restructuring. The company intends to further reduce its debt in 2002 while pursuing bolt-on acquisitions.

IR is a leading innovation and solutions provider for the major global markets of Security and Safety, Climate Control, Industrial Solutions and Infrastructure. The company's diverse product portfolio encompasses such leading industrial and commercial brands as Schlage locks and security solutions; Thermo King transport temperature control equipment; Hussmann commercial and retail refrigeration equipment; Bobcat compact equipment; Club Car golf cars and utility vehicles; Torrington bearings and components; PowerWorks microturbines; and Ingersoll-Rand industrial and construction equipment. In addition, IR offers products and services under many more premium brands for customers in industrial and commercial markets. Further information on IR can be found on the company's web site at www.irco.com.

This news release includes "forward-looking statements" that involve risks and uncertainties. Political, economic, climatic, currency, tax, regulatory, technological, competitive and other factors could cause actual results to differ materially from those anticipated in the forward-looking statements. Additional information regarding these risk factors and uncertainties is detailed from time to time in the company's SEC filings, including but not limited to its report on Form 10-K for the twelve months ended December 31, 2001.

(See Accompanying Tables)