Ingersoll-Rand Increases Dividend and Announces Share Repurchase Program

Hamilton, Bermuda, August 4, 2004--Ingersoll-Rand Company Limited (NYSE:IR), today announced that its board of directors has declared a 31.6% increase in the quarterly dividend of the Class A common shares of the company and authorized the repurchase of up to 10 million shares of the company's Class A common shares.

The directors declared a dividend of 25 cents per Class A common share, payable September 1, 2004, to shareholders of record on August 17, 2004. The previous quarterly dividend was 19 cents per share.

"The board's approval of a dividend increase and its authorization of a stock-repurchase program reflects our company's strong financial performance, solid balance sheet, and favorable outlook," said Herbert L. Henkel, chairman, president and chief executive officer. "Given our improving market conditions, and our ability to manage costs and achieve operational efficiencies, we recently raised our full-year 2004 diluted EPS projection for total operations to be in the range of $4.75 to $4.85, which is more than 40% above EPS of $3.34 for 2003.

"We also expect operating margins to improve from higher volumes and operating efficiencies, and believe we are on track to generate free cash flow from operations in 2004 of approximately $600 million, which is $100 million higher than we had expected at the beginning of the year.

"Also, our debt-to-capital ratio of 29.6% at the end of the 2004 second quarter, which is below our long-term target for debt-to-capital of 35-40 percent, and generally improving conditions in our markets, give us the confidence to enhance shareholder value through these actions."

Based on market conditions, share repurchases will be made from time to time in the open market and in privately negotiated transactions at the discretion of management. This long-term repurchase program will serve primarily to offset dilution from the company's incentive stock plans.

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; 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 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-Q for the three months ended June 30, 2004.