



Ingersoll-Rand Describes Progress in Executing its Strategy at the Morgan Stanley Industrials Conference

Phoenix, Arizona, September 14, 2005—At the Morgan Stanley Industrials Conference here, Herbert L. Henkel, chairman, president and chief executive officer of Ingersoll-Rand Company Limited (NYSE:IR), today described the company's progress in creating a leading diversified business that generates consistent financial performance.

"Through the execution of our strategy, we are building a company with the industry and market diversification, operational excellence and enterprise leverage to deliver solid financial results throughout the economic cycle," said Henkel. "The elements of this strategy include a focus on generating total and recurring revenue growth by developing customer-pleasing innovations, services and solutions; implementing bolt-on acquisitions of businesses that extend our geographic footprint, product technologies and manufacturing capability; and enhancing our operational efficiency and effectiveness through lean manufacturing, six sigma processes and continuous improvement efforts."

Accomplishments in the company's execution of its strategy include:

- **Revenue Growth from Innovations and Service-based Business:** Innovations, such as the Club Car Precedent golf vehicle and Unigy air compressor, contributed \$300 million in incremental revenues and helped in achieving organic revenue growth of 11% in 2004. Recurring revenues from service-related and aftermarket business have doubled since 2000, reaching \$1.9 billion, or approximately 20% of total revenues, at the end of 2004.
- **Bolt-on Acquisitions:** Since 2000, the company has acquired more than 50 businesses, extending the range of products and services it can provide to customers and enhancing its ability to drive total and recurring revenue growth in international markets. In 2005, the company acquired several businesses primarily operating in global security and industrial technology markets. These businesses include CISA, an Italy-based provider of diverse security and architectural hardware products; ITO, a Turkey-based provider of mechanical locks; and Superay, a China-based provider of pneumatic tools. In 2005, the company also formed a joint venture with mechanical door-locks manufacturer Taiwan Fu Hsing Industrial Co. Ltd. (Taiwan Fu Hsing) through which Ingersoll-Rand has acquired a majority interest in Taiwan Fu Hsing's mechanical door lock manufacturing subsidiaries in China and Malaysia and made a minority equity investment in Taiwan Fu Hsing.
- **Operational Excellence:** Through its initiatives to drive continuous improvement and align global processes, the company is enhancing productivity and efficiencies across its operations. Operating margins are targeted to reach approximately 12.8% in 2005, compared to 9.5% in 2003, while return on invested capital is targeted to reach approximately 13.5% in 2005, compared to 9.8% in 2003. Ingersoll-Rand also has strengthened its balance sheet, reducing its debt-to-capital ratio roughly by half since 2001 to 24.2% in 2004, below its long-term target of 35%.

With available cash flow* in 2005 expected to reach approximately \$775 million, the company also continues to deploy its cash with the goal of enhancing shareholder value. On August 3, the company's board of directors approved a 2-for-1 split of the company's Class A common shares, making the company's shares more readily available to a wider group of investors. The board also approved a 28% increase in the company's quarterly dividend, to 16 cents per share on a post-split basis. Over the past two years, the company has increased the dividend on its common shares by approximately 68%. In addition, the board expanded the company's share repurchase program originally authorized in August 2004 to \$2 billion, leaving approximately \$1.4 billion available for additional buy backs.

For more information, please refer to the presentation given by Henkel during the conference at <http://irco.com/investorrelations/analysts>.

*Available cash flow is equal to cash flows from operating activities and discontinued operations, less capital expenditures.

Ingersoll-Rand is a global provider of products, services, and integrated solutions to industries as diverse as transportation, manufacturing, construction, and agriculture. The company brings to bear a 100-year-old heritage of technological innovation to help companies be more productive, efficient, and innovative. Examples include cryogenic refrigeration that preserves agricultural produce worldwide, biometric security systems for airports, corporations, and government facilities, the efficient harnessing of air to drive tools and factories, and versatile, compact vehicles for construction and efficient movement of people and goods. In every line of business, Ingersoll-Rand enables companies and their customers to make progress possible.

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, 2005.