



## **Ingersoll-Rand's Board of Directors Approves 2-For-1 Stock Split, Dividend Increase, and Expansion of Share Repurchase Program**

**Hamilton, Bermuda, August 3, 2005**—The board of directors of Ingersoll-Rand Company Limited (NYSE:IR) today approved three actions that demonstrate continuing confidence in the company's ongoing transformation as a leading diversified industrial firm. During its meeting today, the board approved a 2-for-1 split of the company's Class A common shares, declared a 28% increase in the quarterly dividend of the company's common shares, and authorized the expansion of the company's current share-repurchase program.

The split of the company's shares will be effected in the form of a stock distribution and will be payable, together with the increased dividend, September 1, 2005, to shareholders of record on August 16, 2005.

The directors declared a quarterly dividend of 32 cents per Class A common share on a pre-split basis. On a post-split basis, the quarterly dividend will be 16 cents per share. The previous quarterly dividend was 25 cents per share on a pre-split basis, or 12½ cents on a post-split basis. Over the past two years, the company's dividend has increased by approximately 68%.

The company's current share-repurchase program was approved in August 2004 when the board of directors authorized the repurchase of 10 million shares. Through July 2005, the company has purchased 8 million shares under the original authorization for a total of approximately \$619 million. Today's expansion of the repurchase program to a total of \$2 billion leaves approximately \$1.381 billion available for additional buy backs.

"The board's actions reflect our company's strong financial performance, solid balance sheet, and favorable outlook," said Herbert L. Henkel, chairman, president and chief executive officer. "We are pleased to reward our shareholders' confidence in our long-term strategy, which already has demonstrated the operational and financial results we expected. Also, the additional number of shares outstanding makes our stock more readily available to a wider group of investors.

"Given our improving market conditions, and our ability to manage costs and achieve operational efficiencies, we recently raised our full-year 2005 diluted EPS projection from continuing operations to the range of \$5.95 to \$6.10 on a pre-split basis, or \$2.98 to \$3.05 per share on a post-split basis. This represents a 26% to 29% increase compared to 2004 EPS from continuing operations of \$4.73 on a pre-split basis, or \$2.37 per share on a post-split basis. We expect continuing improvement in operating margins, and believe we are on track to generate available cash flow\* in 2005 of approximately \$775 million.

"Also, our debt-to-capital ratio of approximately 28% at the end of the 2005 second quarter, which is below our long-term target for debt-to-capital of 30-35%, gives us added 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.

\*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 March 31, 2005.