

INGERSOLL RAND CO LTD
Form 11-K
June 28, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11 K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

Or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File No. 1 985

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS PLAN

(Full title of the plan)

B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:

INGERSOLL-RAND COMPANY LIMITED
Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS PLAN
STATEMENT OF FINANCIAL CONDITION

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Other schedules required by Section 2520.103-10 of the DOL's Rules and Regulations for Reporting and Disclosure under Employee Retirement Income Security Act have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the
Ingersoll-Rand Company Employee Savings Plan

In our opinion, the accompanying statement of financial condition and the related statement of income and changes in plan equity present fairly, in all material respects, the financial condition of Ingersoll-Rand Company Employee Savings Plan (the "Plan") at December 31, 2003 and the income and changes in plan equity for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets Held at End of Year - December 31, 2003 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP
 New York, New York
 June 28, 2004

INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS PLAN

STATEMENT OF FINANCIAL CONDITION

December 31, 2003

Assets

Investments held through Trust, at fair value:

| | |
|---|-----------------|
| Money Market Portfolio | \$ 294,758,750 |
| Mutual Fund | 536,193,439 |
| Self-Directed Brokerage Accounts | 1,894,836 |
| Ingersoll-Rand Company Limited Stock Fund | 219,474,799 |
| Participant loans receivable | 15,676,274 |
| Assets of merged plans, at fair value | 6,691,031 |
| | <hr/> |
| Total investments | \$1,074,689,129 |
| | <hr/> |

Contributions receivable

| | |
|--------------|---------|
| Participants | 170,948 |
|--------------|---------|

| | |
|------------------------------|-----------------|
| Employer | 108,219 |
| | <hr/> |
| | 279,167 |
| | <hr/> |
| Total assets and plan equity | \$1,074,968,296 |
| | <hr/> |

The accompanying notes are an integral part of these financial statements.

INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS PLAN

STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY

Year ended December 31, 2003

Contributions

| | |
|--------------|---------------|
| Participants | \$ 54,782,659 |
| Employer | 38,569,196 |
| | <hr/> |
| | 93,351,855 |
| | <hr/> |

| | |
|--|-------------|
| Plan Interest in Ingersoll-Rand Company Savings Plan Master Trust Investment Income | 176,402,913 |
| | <hr/> |

| | |
|-----------------|-------------|
| Total additions | 269,754,768 |
| | <hr/> |

| | |
|--|------------|
| Participant withdrawals and distributions | 86,056,800 |
|--|------------|

| | |
|--------------------------------|--------|
| Administrative expenses | 97,966 |
| | <hr/> |

| | |
|--------------------|------------|
| Total subtractions | 86,154,766 |
| | <hr/> |

| | |
|---------------------------------|-------------|
| Net increase prior to transfers | 183,600,002 |
|---------------------------------|-------------|

| | |
|-----------------------------------|-------------|
| Transfers from other plans | 891,368,294 |
| | <hr/> |

| | |
|--------------------------------|---------------|
| Net increase in plan equity | 1,074,968,296 |
|--------------------------------|---------------|

| | |
|--------------------------------|---|
| Plan equity, beginning of year | - |
|--------------------------------|---|

| | |
|--------------------------|-----------------|
| Plan equity, end of year | \$1,074,968,296 |
|--------------------------|-----------------|

The accompanying notes are an integral part of these financial statements.

INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

1. PLAN DESCRIPTION

The following brief description of the Ingersoll-Rand Company Employee Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

History - Ingersoll-Rand Company (the "Company") established the Ingersoll-Rand Company Employee Savings Plan (the "Plan") effective January 1, 2003 as part of the implementation of the Retirement Income Program approved by the Board of Directors of the Company. The Plan was established in order to facilitate systematic savings by eligible employees and to provide those employees with an opportunity to fund their retirement and other specified needs.

The Plan was adopted effective January 1, 2003, reflecting a spin-off of certain account balances and the merger of all or a portion of the account balances of the following plans into the Plan:

- Ingersoll-Rand Company Savings and Stock Investment Plan, except with respect to the account balances of employees whose employment with the Company terminated as a result of the sale of The Torrington Company, a subsidiary of the Company, to The Timken Company.
- Ingersoll-Rand/Thermo King Savings and Stock Investment Plan, except with respect to the account balances of employees whose eligibility to participate is subject to collective bargaining.
- Kryptonite Corporation Profit Sharing Plan.
- Blaw Knox Construction Equipment Corporation Retirement Plan for Salaried Employees.
- National Refrigeration Services, Inc. 401(k) Retirement Savings Plan.
- Hussmann International, Inc. Retirement Savings Plan for Hourly Employees, except with respect to the account balances of employees whose eligibility to participate is the subject to collective bargaining.
- Hussmann International, Inc. Retirement Savings Plan for Salaried Employees.
- Taylor Industries, Inc. 401(k) Profit Sharing Plan.
- Perimeter Bobcat P.S. 401(k) Plan.
- WHS Refrigeration Systems, Inc. 401(k) Savings Plan.

Effective December 31, 2003, the account balances of participants in the Ingersoll-Rand Company Savings and Stock Investment Plan (the "SSIP"), the Electronic Technology Corporation ("ETC") 401(k) Plan (the "ETC Plan") and the Integrated Access Systems, Inc. Employee Salary Reduction Plan (the "Integrated Access Plan") were merged into the Plan. The custody of the assets of the ETC Plan and the Integrated Access Plan were transferred to the Trustee of the Plan in February 2004.

General - For those employees that are eligible to participate in the Plan, there is automatic enrollment whereby a new employee is automatically enrolled in the Plan upon date of hire with a 2% pre-tax contribution that is invested in the Money Market Portfolio. The employee then has a period of approximately 30 days to elect to not contribute to the Plan or to change his or her contribution percentage and investment options within the Plan. Payroll deductions, consequently, do not begin until such period has expired.

Fidelity Investments ("Fidelity") is the trustee and recordkeeper of the Plan and the Plan's assets are part of the Ingersoll-Rand Company Savings Plan Master Trust ("Savings Plan Master Trust") maintained by Fidelity. Certain Plan assets are not part of the Savings Plan Master Trust as described under assets of merged plans.

The Ingersoll-Rand Company Limited Board of Directors has delegated the authority to the Chief Executive Officer to appoint the benefits committee (the "Committee"), which administers the Plan. The Finance Committee of the Ingersoll-Rand Company Limited Board of Directors approves the Plan's investment options. Participants direct investments among the primary investment options.

The Company intends to continue the Plan indefinitely. However, the Company retains the right to terminate or amend the Plan.

Assets of Merged Plans - Certain Plan investments are assets received as a result of the mergers of the ETC Plan and the Integrated Access Plan into the Plan effective December 31, 2003. These assets are owned by the Plan but were not part of the Savings Plan Master Trust as of December 31, 2003. In February of 2004, these assets were transferred to the Savings Plan Master Trust and invested among its investment options.

Contributions - Participants may contribute as basic contributions of up to 6% (in whole percentages) of their compensation through payroll deductions. Participants contributing 6% of compensation may contribute up to an additional 44% of compensation as supplemental contributions. Participants may use before or after-tax dollars for part or all of their contributions. Contributions are subject to varying limitations to ensure compliance with Internal Revenue Code ("IRC") requirements. Participants may change their contribution amounts in accordance with the administrative procedures established by the Committee.

The Company contributes to the Plan via a matching contribution. The Plan requires Company matching contributions of 100% of participants' basic contributions. The Company matching contribution is contributed ½ in cash and ½ in Ingersoll-Rand Company Limited Class A common shares and is immediately eligible to be invested in any investment option under the Plan. The Plan also has a profit sharing contribution available for certain participants working for an affiliate of the Company. This profit sharing contribution, if any, is determined annually by the sector leadership of the affiliate.

Participant contributions are always 100% vested. Participants are also always fully vested in Company matching and profit sharing contributions.

Investment Options - With the exception of assets of merged plans described earlier, the Plan's assets are held in the Savings Plan Master Trust, together with assets from other participating plans.

Participants may invest their contributions, in multiples of 1%, in one or more of the following investment options.

Money Market Portfolio - A portfolio that invests in short-term investment options which seeks a high level of current income by investing in the Fidelity Institutional Money Market Fund: Money Market Portfolio - Class 1. The underlying investments of the Fidelity Institutional Money Market Fund includes U.S. dollar denominated money market securities of domestic and foreign issuers, U. S. government securities, and repurchase agreements. The portfolio may also enter into reverse repurchase agreements. The Money Market Portfolio is not an SEC registered money market mutual fund and is administered by Fidelity Management Trust Company.

Mutual Fund - Participants are able to select from the following mutual funds: PIMCO Total Return Fund (Administrative Class), Davis New York Venture Fund, Inc. (Class A), Fidelity Low-Priced Stock Fund, Fidelity Dividend Growth Fund, Fidelity Magellan Fund, Massachusetts Investors Growth Stock Fund (Class A), U.S. Equity Index Commingled Pool (The U.S. Equity Index Commingled Pool is not a mutual fund and is managed by Fidelity Management Trust Company), Fidelity Mid-Cap Stock Fund, Fidelity Diversified International Fund, Fidelity Freedom Income Fund, Fidelity Freedom 2000 Fund, Fidelity Freedom 2010 Fund, Fidelity Freedom 2020 Fund, Fidelity Freedom 2030 Fund and Fidelity Freedom 2040 Fund. Each fund consists of a portfolio of common stocks or other securities based on the fund's investment objective. Prospectuses for mutual funds are available from the respective fund's management company.

Self-Directed Brokerage Account - A Participant may establish a self-directed brokerage account under the Plan through which the Participant may make investments in individual stocks and bonds as well as the full range of mutual fund investments. By opening up such an account, the Participant agrees that all transaction and maintenance fees shall automatically be paid from such Participant's brokerage account.

Ingersoll-Rand Company Limited Stock Fund - A fund consisting primarily of Class A common shares of Ingersoll-Rand Company Limited. Participants are permitted to invest up to 100% of their account balance into this fund.

The income derived from the above investment options is reinvested in the respective investment option.

On any business day, participants may change their allocation of future contributions and transfer prior contributions between investment options. Transfers of prior contributions must be made in whole percentages. These options are subject to certain rules and restrictions.

Distributions and Withdrawals - Plan distributions may be in the form of a lump sum or in such other manner that the Plan may permit. In addition, Plan participants who terminate employment may elect distributions of at least \$500 on a daily basis up to the balance in the account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Plan follows the accrual method of accounting.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Committee to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Risks and Uncertainties - Investments are subject to risk conditions of the individual investment's objectives, stock market performance, interest rates, economic conditions and world affairs. Due to the level of risk associated with the Plan's investments, it is reasonably possible that changes in the values of the Plan's investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial condition.

Valuation of Investments - With the exception of assets of merged plans described earlier, Plan assets are part of the Savings Plan Master Trust, which provides unified investment management. Fidelity invests Plan assets in various trust investment options at the direction of Plan participants and as required by the Plan.

Separate participant accounts are maintained by investment option. These accounts record contributions, withdrawals, transfers, earnings and changes in market value.

The financial statements report investments in the Mutual Funds, the Ingersoll-Rand Company Limited Stock Fund, and the investments comprising the assets of merged plans category at current value based on published market quotations. Fidelity's Institutional Money Market Portfolio is valued at current value based on published market quotations of those Fidelity funds in which it participates. Investments in the Self-Directed Brokerage Accounts are at current value based on published market quotations of the individual investments comprising the brokerage accounts.

The Participant Loan Fund represents the net outstanding receivable balance due to the Plan from those participants with outstanding loan balances.

Security Transactions and Investment Income - Realized gains or losses on security transactions are recorded on the trade date. Realized gains or losses are the difference between the proceeds received and the security's unit cost. Dividend income is recorded on the ex-dividend date and interest income is recorded when earned.

The statement of income and changes in plan equity includes unrealized appreciation or depreciation in accordance with the policy of stating investments at current value. Appreciation or depreciation of investments reflects both realized gains and losses and the change in unrealized appreciation and depreciation of investments.

Accounting Policies on Transfers - Assets acquired through plan merger are recorded at the value on the effective date.

Contributions - Participant and Company matching contributions are contributed to the Plan on a weekly or monthly basis, as outlined in the Plan document. Profit sharing contributions are contributed to the Plan annually. Participant contributions for each investment option or portfolio are based on the participants' investment decisions.

Forfeitures - Forfeitures apply only to the accounts of participants who participated in the SSIP and who terminated prior to the effective date of the Plan. Forfeitures of \$15,914 at December 31, 2003 were available to reduce future Company contributions. For 2003, forfeitures of \$225,924 were applied against Company contributions.

Expenses of the Plan - Certain expenses associated with the administration of the Plan and the Trust are paid for by the Company. Expenses of the funds related to the investment and reinvestment of assets are included in the cost of the related investments. Other expenses such as loan fees, withdrawal fees and fees related to investments in the brokerage accounts are paid for by the participant.

Benefit Obligations - Distributions to terminated employees are recorded in the Plan's financial statements when paid. There were no approved and unpaid amounts at December 31, 2003.

3. MONEY MARKET PORTFOLIO

Investments in the Money Market Portfolio as held by Fidelity at December 31, 2003 consist solely of the Fidelity Institutional Money Market Portfolio:

| | |
|--|---------------|
| Savings Plan Master Trust Money Market Portfolio | \$351,468,186 |
| Less other plans | 56,709,436 |
| | <hr/> |
| Plan investment in Money Market Portfolio | \$294,758,750 |
| | <hr/> |

Net realized and unrealized appreciation of investments for the year ended December 31, 2003 were as follows:

| | |
|--|-------------|
| Savings Plan Master Trust Money Market Portfolio | \$3,927,624 |
| Less other plans | 1,172,473 |
| | <hr/> |
| Net plan appreciation | \$2,755,151 |
| | <hr/> |

4. MUTUAL FUND

Investments in the Mutual Fund at December 31, 2003, as maintained by Fidelity were as follows:

| | |
|---|---------------|
| PIMCO Total Return Fund - Administrative Class | \$ 38,762,720 |
| Massachusetts Investors Growth Stock Fund - Class A | 3,070,746 |
| Davis NY Venture Fund - Class A | 7,467,739 |
| *Fidelity Magellan Fund | 95,782,636 |
| *Fidelity Low-Priced Stock Fund | 74,759,837 |
| *Fidelity Diversified International Fund | 24,348,432 |
| *Fidelity Dividend Growth Fund | 92,160,874 |
| *Fidelity Mid-Cap Stock Fund | 73,561,292 |
| *Fidelity Freedom Income Fund | 2,786,216 |
| *Fidelity Freedom 2000 Fund | 5,035,681 |
| *Fidelity Freedom 2010 Fund | 19,556,085 |
| *Fidelity Freedom 2020 Fund | 6,696,590 |
| *Fidelity Freedom 2030 Fund | 24,251,312 |
| *Fidelity Freedom 2040 Fund | 30,232,705 |
| *U.S. Equity Index Commingled Pool | 94,149,690 |
| *Fidelity Retirement Money Market Fund | 5,059,864 |
| *Spartan U.S. Equity Index Fund | 677,046 |
| | <hr/> |
| Total Savings Plan Master Trust Mutual Funds | 598,359,465 |

| | |
|---------------------------------|---------------|
| Less other plans | 62,166,026 |
| | <hr/> |
| Plan investment in Mutual Funds | \$536,193,439 |
| | <hr/> |

* Permitted party-in-interest (See footnote 12)

The total investments at cost of the mutual funds within the Savings Plan Master Trust was \$501,004,741 at December 31, 2003.

Net realized and unrealized appreciation of investments for the year ended December 31, 2003 are as follows:

Mutual Fund:

| | |
|---|--------------|
| PIMCO Total Return Fund - Administrative Class | \$ 2,158 |
| Massachusetts Investors Growth Stock Fund - Class A | 433,297 |
| Davis NY Venture Fund, Inc. - Class A | 1,204,367 |
| *Fidelity Magellan Fund | 18,439,146 |
| *Fidelity Low-Priced Stock Fund | 18,339,807 |
| *Fidelity Diversified International Fund | 6,150,759 |
| *Fidelity Dividend Growth Fund | 16,381,741 |
| *Fidelity Mid-Cap Stock Fund | 17,269,061 |
| *Fidelity Freedom Income Fund | 74,787 |
| *Fidelity Freedom 2000 Fund | 291,271 |
| *Fidelity Freedom 2010 Fund | 1,745,997 |
| *Fidelity Freedom 2020 Fund | 876,330 |
| *Fidelity Freedom 2030 Fund | 4,262,572 |
| *Fidelity Freedom 2040 Fund | 5,650,837 |
| *U.S. Equity Index Commingled Pool | 20,622,912 |
| *Spartan U.S. Equity Index Fund | 128,586 |
| | <hr/> |
| Total Savings Plan Master Trust Mutual Fund | |
| Appreciation | 111,873,628 |
| Less other plans appreciation | 25,172,466 |
| | <hr/> |
| Net Plan appreciation | \$86,701,162 |
| | <hr/> |

* Permitted party-in-interest (See footnote 12)

5. SELF-DIRECTED BROKERAGE ACCOUNTS

Investments in the Self-Directed Brokerage Accounts at December 31, 2003, as maintained by Fidelity were as follows:

| | |
|-----------------------------------|------------|
| Fidelity Cash Reserves | \$ 493,446 |
| Common Stock | 817,894 |
| Fidelity Fund | 575,110 |
| Non-Employer Corporate Debt/Other | 10,033 |

| | |
|--|--------------|
| Total Savings Plan Master Trust Self-Directed Brokerage Accounts | 1,896,483 |
| Less other plans | 1,647 |
| | <hr/> |
| Plan investment in Self-Directed Brokerage Accounts | \$ 1,894,836 |
| | <hr/> |

6. INGERSOLL-RAND COMPANY LIMITED STOCK FUND

Investments in the Ingersoll-Rand Company Limited Stock Fund of the Savings Plan Master Trust at December 31, 2003 were as follows:

| | |
|--|----------------|
| Total Savings Plan Matster Trust Ingersoll-Rand Company Limited Class A Common Shares | \$ 329,342,773 |
| Money Market Portfolio | 13,293,464 |
| | <hr/> |
| Total Savings Plan Master Trust Ingersoll-Rand Company Limited Stock Fund | 342,636,237 |
| Less other plans | 123,161,438 |
| | <hr/> |
| Plan investment in Ingersoll-Rand Company Limited Stock Fund | \$ 219,474,799 |
| | <hr/> |

The Ingersoll-Rand Company Limited Stock Fund investment in Class A common shares of Ingersoll-Rand Company Limited at December 31, 2003 included 4,868,568 shares and the total cost of these shares was \$192,216,217.

Net realized and unrealized appreciation of investments for the year ended December 31, 2003 were as follows:

| | |
|---|----------------|
| Total Savings Plan Matster Trust Ingersoll-Rand Company Limited Stock Fund | \$ 141,209,242 |
| Less other plans | 62,958,747 |
| | <hr/> |
| Net Plan appreciation | \$ 78,250,495 |
| | <hr/> |

7. ASSETS OF MERGED PLANS

Investments in the assets of merged plans category are comprised of the investments of the ETC Plan and the Integrated Access Plan which were merged into the Plan effective December 31, 2003. The investments comprising these merged plans at December 31, 2003 are as follows:

ETC Plan:

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| | |
|---|-------------|
| Principal Guaranteed Interest Account | \$123,989 |
| Principal Money Market Separate Account | 181,816 |
| Principal Governments Securities Separate Account | 372,435 |
| Principal Large Cap Stock Index Separate Account | 384,961 |
| Principal Large Company Value Separate Account | 70,021 |
| Principal Stock Emphasis Balanced Separate Account | 83,993 |
| Principal Large Company Growth Separate Account | 165,389 |
| Principal Medium Company Blend Separate Account | 301,277 |
| Principal Small Company Blend Separate Account | 333,044 |
| Principal International Stock Separate Account | 274,887 |
| Principal Financial Group Inc. Stock Separate Account | 76,050 |
| Vanguard Growth & Income Fund | 175,927 |
| Vanguard Windsor II fund | 173,906 |
| *Fidelity Advisor Equity Growth Institutional | 190,014 |
| T. Rowe Price Science & Technology Fund | 283,863 |
| Participant Loans | 53,919 |
| | <hr/> |
| Total ETC Plan Investments | \$3,245,491 |
| | <hr/> |
| Integrated Access Plan: | |
| AIM High Yield Investor Fund | \$55,185 |
| ING Classic Money Market Fund | 494,068 |
| ING Mid Cap Opportunities A Fund | 314,735 |
| Oppenheimer Main Street Income Growth Fund | 450,849 |
| MFS Capital Opportunities Fund | 275,783 |
| Janus Equity Income Fund | 200,171 |
| ING Technology A Fund | 370,876 |
| Oppenheimer Capital Appreciation Fund | 221,047 |
| Franklin Small-Mid Cap Growth A Fund | 424,913 |
| Janus Twenty Fund | 331,436 |
| Janus Adviser Worldwide Growth Fund | 306,477 |
| | <hr/> |
| Total Integrated Access Plan investments | \$3,445,540 |
| | <hr/> |
| Total assets of merged plans | \$6,691,031 |
| | <hr/> |

*Permitted party-in-interest (See footnote 12)

8. INVESTMENTS

The following investments represent 5 percent or more of the Plan's net assets at December 31, 2003:

| | |
|--|---------------|
| *Fidelity Institutional Money Market Portfolio | \$294,758,750 |
| *Fidelity Dividend Growth Fund | 82,618,240 |
| *U.S. Equity Index Commingled Pool | 86,460,850 |
| *Fidelity Low-Priced Stock Fund | 67,374,015 |
| *Fidelity Mid-Cap Stock Fund | 67,247,174 |
| *Fidelity Magellan Fund | 86,004,865 |
| *Ingersoll-Rand Company Limited Stock Fund | 219,474,799 |

*Permitted party-in-interest (See footnote 12)

9. LOAN FUND

The Plan allows participants to borrow from their vested account balance subject to certain limits. Loans are withdrawn from the participants' accounts in a sequence outlined in the Plan.

The Committee establishes the loan interest rate and the recordkeeper adjusts as required. The interest rate on new loans was fixed at 5% in 2003. Interest charges begin 60 days after the initial loan date.

Loans are repaid in equal installments through payroll deductions over a maximum of five years. Loan repayments consist of interest and principal, and are reinvested according to the participant's current investment elections.

10. DIVIDEND AND INTEREST INCOME

Dividend and interest income for all investments for the year ended December 31, 2003 was as follows:

| | |
|--|---------------------|
| Total Savings Master Trust | \$12,351,560 |
| Less other plan | 3,655,455 |
| Net plan dividend and interest income from investments | <u>\$ 8,696,105</u> |

11. TAX STATUS

The Internal Revenue Service has determined and informed the Company by letter dated April 29, 2004 that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Company believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

12. PARTY-IN-INTEREST

Certain Savings Plan Master Trust investments are shares or units of money market portfolio, commingled pool and mutual funds managed by Fidelity Investments, the Plan's trustee and recordkeeper as of December 31, 2003. These transactions qualify as permitted party-in-interest transactions.

Certain Savings Plan Master Trust investments are units of the Ingersoll-Rand Company Limited Stock Fund. These transactions qualify as permitted party-in-interest transactions.

13. TRANSFERS FROM OTHER PLANS

During 2003, as described in footnote 1, several plans transferred assets or were merged into the Plan as follows:

| Plan Name | Value of Transfer |
|---|--------------------------|
| Ingersoll-Rand Company Savings and Stock Investment Plan | \$ 703,514,577 |
| Ingersoll-Rand/Thermo King Savings and Stock Investment Plan | 59,492,494 |
| Kryptonight Corporation Profit Sharing Plan | 1,001,058 |
| Blaw Knox Construction Equipment Corporation Retirement Plan for Salaried Employees | 1,256,342 |
| National Refrigeration Services, Inc. 401(k) Retirement Savings Plan | 6,326,637 |
| Hussman International Inc. Retirement Savings Plan | 105,050,402 |
| Taylor Industries, Inc. 401(k) Profit Sharing Plan | 5,223,445 |
| Perimeter Bobcat P.S. 401(k) Plan | 746,883 |
| WHS Refrigeration Systems, Inc. 401(k) Savings Plan | 2,065,425 |
| ETC 401(k) Plan | 3,245,491 |
| Integrated Access Systems, Inc., Employee Salary Reduction Plan | 3,445,540 |
| | <hr/> |
| Total transfers from other plans | \$ 891,368,294 |
| | <hr/> |

14. SAVINGS PLAN MASTER TRUST FINANCIAL INFORMATION

At December 31, 2003, the Plan had an 81% participation in the Savings Plan Master Trust. The financial statements for the Savings Plan Master Trust are prepared on the modified cash basis of accounting, which is substantially the same as the accrual basis of accounting. The Schedule of Assets Held by the Plan in the Savings Plan Master Trust at December 31, 2003 is included in the accompanying supplementary schedule.

INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS PLAN

FORM 5500, SCHEDULE H, PART IV, LINE 4i -
SCHEDULE OF ASSETS (HELD AT END OF YEAR)

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December 31, 2003

| Identity Issue | Description of Investment | Shares, Units, Principal Amount | Current Value |
|---|--|---------------------------------------|-------------------------|
| Mutual Funds: | | | |
| PIMCO Total Return Fund - Administrative Class | Open-end Mutual Fund | 3,219,403 | \$ 34,479,807 |
| Davis New York Venture Fund, INC - Class A | Open-end Mutual Fund | 240,697 | 6,623,978 |
| *Fidelity Low-Priced Stock Fund | Open-end Mutual Fund | 1,926,072 | 67,374,015 |
| *Fidelity Dividend Growth Fund | Open-end Mutual Fund | 3,026,309 | 82,618,240 |
| *Fidelity Magellan Fund | Open-end Mutual Fund | 879,935 | 86,004,865 |
| Massachusetts Investors Growth Stock Fund - Class A | Open-end Mutual Fund | 249,909 | 2,828,966 |
| *U.S. Equity Index Commingled Pool** | Commingled Pool | 2,560,286 | 86,460,850 |
| *Fidelity Mid-Cap Stock Fund | Open-end Mutual Fund | 3,117,625 | 67,247,174 |
| *Fidelity Diversified International Fund | Open-end Mutual Fund | 924,460 | 22,297,971 |
| *Fidelity Freedom Income Fund | Open-end Mutual Fund | 218,246 | 2,420,346 |
| *Fidelity Freedom 2000 Fund | Open-end Mutual Fund | 391,541 | 4,612,357 |
| *Fidelity Freedom 2010 Fund | Open-end Mutual Fund | 1,348,882 | 17,562,445 |
| *Fidelity Freedom 2020 Fund | Open-end Mutual Fund | 452,977 | 5,897,762 |
| *Fidelity Freedom 2030 Fund | Open-end Mutual Fund | 1,739,108 | 22,521,448 |
| *Fidelity Freedom 2040 Fund | Open-end Mutual Fund | 3,603,600 | 27,243,245 |
| *Fidelity Brokerage Link | Participant-Directed Brokerage Accounts | N/A | 1,894,836 |
| *Ingersoll-Rand Company Limited Stock Fund**** | Class A Common Shares | 16,354,307 | 219,474,799 |
| *Fidelity Money Market Portfolio*** | Money Market Portfolio | 28,835,327 | 294,758,750 |
| Participant Loans Receivable | Due 1/01/04 - 12/31/08; - 5% - 10% | | 15,676,274 |
| TOTAL INVESTMENTS HELD BY THE PLAN | | | \$ 1,067,998,098 |

* Permitted party-in-interest to the Plan.

** The U.S. Equity Commingled Pool is not a mutual fund and is managed by Fidelity Management Trust Company.

*** The Money Market Portfolio is not an SEC registered money market mutual fund and is administered by Fidelity Management Trust Company.

****Company matching contributions were nonparticipant-directed through July 31, 2002.

INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS PLAN

FORM 5500, SCHEDULE H, PART IV, LINE 4i -
SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2003

| Identity Issue | Description of Investment | Shares, Units, Principal Amount | Current Value |
|---|----------------------------------|--|----------------------|
| Principal Guaranteed Interest Account | Insurance Company General | 123,989 \$ | 123,989 |
| Principal Money Market Separate Account | Pooled Separate Accounts | 4,155 | 181,816 |
| Principal Government Securities Separate Account | Pooled Separate Accounts | 19,873 | 372,435 |
| Principal Large Cap Stock Index Separate Account | Pooled Separate Accounts | 9,449 | 384,961 |
| Principal Large Company Value Separate Account | Pooled Separate Accounts | 3,355 | 70,021 |
| Principal Stock Emphasis Balanced Separate Account | Pooled Separate Accounts | 3,920 | 83,993 |
| Principal Large Company Growth Separate Account | Pooled Separate Accounts | 9,242 | 165,389 |
| Principal Medium Company Blend Separate Account | Pooled Separate Accounts | 6,190 | 301,277 |
| Principal Small Company Blend Separate Account | Pooled Separate Accounts | 6,283 | 333,044 |
| Principal International Stock Separate Account | Pooled Separate Accounts | 4,243 | 274,887 |
| Principal Financial Group Inc. Stock Separate Account | Pooled Separate Accounts | 8,365 | 76,050 |
| Vanguard Growth & Income Fund | Open-end Mutual Fund | 6,297 | 175,927 |
| Vanguard Windsor II Fund | Open-end Mutual Fund | 6,565 | 173,906 |
| *Fidelity Advisor Equity Growth Institutional | Open-end Mutual Fund | 4,082 | 190,014 |
| T. Rowe Price Science & Technology Fund | Open-end Mutual Fund | 15,099 | 283,863 |
| AIM High Yield Investor Fund | Open-end Mutual Fund | 12,485 | 55,185 |
| ING Classic Money Market Fund | Open-end Mutual Fund | 494,068 | 494,068 |
| IMG Mid Cap Opportunities A Fund | Open-end Mutual Fund | 26,426 | 314,735 |
| Oppenheimer Main Street Income Growth Fund | Open-end Mutual Fund | 13,745 | 450,849 |
| MFS Capital Opportunities Fund | Open-end Mutual Fund | 23,175 | 275,783 |
| Janus Equity Income Fund | Open-end Mutual Fund | 11,139 | 200,171 |
| ING Technology A Fund | Open-end Mutual Fund | 96,835 | 370,876 |
| Oppenheimer Capital Appreciation Fund | Open-end Mutual Fund | 5,709 | 221,047 |
| Franklin Small-Mid Cap Growth A Fund | Open-end Mutual Fund | 14,061 | 424,913 |
| Janus Twenty Fund | Open-end Mutual Fund | 9,163 | |

| | | | |
|-------------------------------------|-----------------------------------|--------|---------------------|
| | | | 331,436 |
| Janus Adviser Worldwide Growth Fund | Open-end Mutual Fund | 11,613 | 306,477 |
| Participant Loans | Due 01/01/04-12/31/08: 6% - 11.5% | | 53,919 |
| TOTAL INVESTMENTS HELD BY THE PLAN | | | <u>\$ 6,691,031</u> |

* Permitted party-in-interest

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS PLAN

Dated: June 28, 2004

By: /s/ Sharon E. Elliott
 Name: Sharon E. Elliott
 Title: Chairperson, Benefits Committee

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---------------------------------------|
| 23 | Consent of PricewaterhouseCoopers LLP |