INGERSOLL RAND CO LTD
Form PRER14A
March 30, 2005
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Ingersoll-Rand Company Limited

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Ingersoll-Rand Company Limited

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

US Mailing Address:
155 Chestnut Ridge Road
Montvale, NJ 07645
(201) 573-0123

NOTICE OF 2005 ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of Ingersoll-Rand Company Limited will be held on Wednesday, June 1, 2005, at 11:00 a.m., local time, at the Hilton Hotel located at 200 Tice Boulevard, Woodcliff Lake, New Jersey, 07677, for the following purposes:

1. To elect three directors of the Third Class to hold office for three years.
2. To approve an amendment to Bye-law 10 of the Bye-laws to eliminate the classification of the board of directors.
3. To approve an amendment to Bye-law 10 of the Bye-laws to eliminate cumulative voting in the election of directors.
4. To approve the appointment of PricewaterhouseCoopers LLP as independent auditors of the Company for 2005 and authorize the Board of Directors to fix the auditors remuneration.
5. To conduct such other business properly brought before the meeting.

Only shareholders of record at the close of business on April 4, 2005 are entitled to notice of and to vote at the Annual General Meeting.

Directions to the meeting can be found on the inside back cover of the attached proxy statement.

By Order of the Board of Directors

B. A. SANTORO

Vice President Corporate Governance and Secretary

Dated: April , 2005

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the meeting, please provide your proxy by either using the Internet as directed in the accompanying proxy card or filling in, signing, dating, and promptly mailing the accompanying proxy card in the enclosed envelope.

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PROXY STATEMENT

INFORMATION CONCERNING VOTING AND SOLICITATION

General Information

The IR Board of Directors is soliciting proxies to be used at the June 1, 2005 Annual General Meeting of Shareholders. You are invited to attend the Annual General Meeting and vote your shares directly. Even if you do not attend, you may vote by proxy, which allows you to direct another person to vote your shares at the meeting on your behalf. This proxy statement and the accompanying proxy card are being distributed beginning on or about April , 2005.

In this proxy statement, IR , the Company , we , us and our refer to Ingersoll-Rand Company Limited, a Bermuda company, or, for any information prior to January 1, 2002, to Ingersoll-Rand Company, a New Jersey corporation, which, as of that date, became the primary U.S. subsidiary of Ingersoll-Rand Company Limited.

Our principal executive office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The telephone number there is (441) 295-2838. The executive office of our principal United States subsidiary is located at 155 Chestnut Ridge Road, Montvale, New Jersey 07645. The telephone number there is (201) 573-0123.

Annual General Meeting Admission

Either an admission ticket or proof of ownership of Class A common shares, as well as a form of personal identification, must be presented in order to be admitted to the Annual General Meeting. If you are a shareholder of record, your admission ticket is attached to your proxy card. If you plan to attend the Annual General Meeting, please vote your proxy, but keep the admission ticket and bring it to the Annual General Meeting together with a form of personal identification.

If your shares are held in the name of a bank, broker or other holder of record and you plan to attend the Annual General Meeting, you must present proof of your ownership of Class A common shares, such as a bank or brokerage account statement, together with a form of personal identification to be admitted to the Annual General Meeting. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, **along with proof of your ownership of Class A common shares,** to:

Secretary
Ingersoll-Rand Company Limited
155 Chestnut Ridge Road
Montvale, New Jersey 07645

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual General Meeting.

Who Can Vote

Shareholders of record of our Class A common shares at the close of business on April 4, 2005 may vote at the Annual General Meeting.

On April 4, 2005, Class A common shares were outstanding. Each shareholder has one vote for each Class A common share owned of record at the close of business on the record date.

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How You Can Vote

Shareholders of record can give a proxy to be voted at the meeting in any one of the following ways:

over the Internet as directed on the attached proxy card; or

by completing, signing and returning the enclosed proxy card.

Shareholders who hold their shares through a broker (in street name) must vote their shares in the manner prescribed by their broker.

The Internet voting procedures have been set up for your convenience. These procedures are designed to authenticate your identity, to allow you to give voting instructions, and to confirm that those instructions have been recorded properly. If you are a shareholder of record and you would like to vote by using the Internet, please refer to the specific instructions contained on the enclosed proxy card. If you wish to vote using the enclosed proxy card, please sign and return your signed proxy to us before the Annual General Meeting, and we will vote your shares as you direct.

Whether you vote over the Internet or by mail, you can specify whether your shares should be voted for all, some or none of the nominees for director (Item 1 on the proxy card). You can also specify whether you approve, disapprove or abstain from the other proposals presented at the meeting.

If you do not specify on your proxy card (or when giving your proxy over the Internet) how you want to vote your shares, we will vote them FOR the election of all nominees for director as set forth under Item 1, and FOR Items 2, 3 and 4.

How to Vote under Our Employee Plans

If you participate in the Ingersoll-Rand Company Employee Savings Plan, the IR/Clark Leveraged Employee Stock Ownership Plan, the Ingersoll-Rand Company Employee Savings Plan for Bargained Employees or the Ingersoll-Rand/Thermo King de Puerto Rico Retirement Savings Plan, then you may be receiving these materials because of shares held for you in those plans. In that case, you may use the enclosed proxy card to instruct the plan trustees of those plans how to vote your shares, or give those instructions over the Internet. They will vote the shares in accordance with your instructions and the terms of the plan.

If you do not provide voting instructions for shares held for you in any of these plans, they will vote these shares in the same ratio as the shares for which voting instructions are provided.

Revocation of Proxies

You may revoke your proxy at any time before it is exercised in any of following ways:

- by notifying IR s Secretary in writing;
- by submitting another proxy via the Internet or by mail that is received after the date of the revoked proxy and, if by mail, that is properly signed; or
- by voting in person at the meeting.

You may not revoke a proxy merely by attending the meeting. To revoke a proxy, you must take one of the actions described above.

Quorum and Required Votes

The presence of at least two persons present in person and representing in person or by proxy a majority of all outstanding Class A common shares is necessary to constitute a quorum.

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In voting for the election of directors, shareholders have cumulative voting rights. Accordingly, you may cumulate your voting power and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares held by you at the close of business on April 4, 2005, or distribute your votes on the same principle among two or more candidates, as you see fit. The enclosed proxy card grants discretionary authority for the exercise of such cumulative voting rights. The cumulative voting feature applicable to the election of directors is only available by voting the proxy card. It is not available if you vote over the Internet. In the election of directors, persons receiving the highest number of FOR votes will be elected. Item 3, to eliminate cumulative voting in the election of directors, will not take effect, if it is approved by shareholders, until after the 2005 Annual General Meeting.

The affirmative vote of a majority of shares present in person or represented by proxy at the meeting and entitled to vote, and voting on the matter presented, is required to approve each proposal other than the election of directors.

Abstentions are counted as shares present at the Annual General Meeting for the purposes of determining whether a quorum exists. However, since abstentions are not votes in favor of or against any matter, they will not affect the outcome of the vote. Proxies submitted by brokers that do not indicate a vote for some or all of the proposals because they do not have discretionary voting authority and have not received instructions as to how to vote on those proposals (so-called broker nonvotes) are also considered shares present, but also will not affect the outcome of any vote.

Votes cast at the Annual General Meeting will be tabulated by the Company s transfer agent, The Bank of New York.

Solicitation

We have hired Georgeson Shareholder Communications Inc. to assist in the distribution of proxy materials and the solicitation of proxies for a fee estimated at $15,000, plus out-of-pocket expenses. Proxies will be solicited on behalf of the Board of Directors by mail, in person and by telephone. We will bear the cost of soliciting proxies. We will also reimburse brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy materials to the persons for whom they hold shares.

Audited Financial Statements

Under our Bye-laws and Bermuda law, audited financial statements must be presented to shareholders at an annual general meeting of shareholders. To fulfill this requirement, we will present at the Annual General Meeting audited consolidated financial statements for the fiscal year 2004. Copies of the financial statements are contained in our 2004 Annual Report to Shareholders, which is being mailed to shareholders together with this proxy statement.

Other Matters to be Acted Upon

We do not know of any matters to be presented or acted upon at the meeting other than the items described in this proxy statement. Under our Bye-laws, shareholders may only bring business before an annual general meeting if it is submitted to our Secretary in a timely manner. (The deadline for timely proposals for future meetings is discussed under Shareholder Proposals and Nominations on page 24 of this proxy statement.) If any other matter is presented at the meeting on which a vote may properly be taken, the shares represented by proxies will be voted in accordance with the judgment of the person or persons voting those shares.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of April 4, 2005, the beneficial ownership of our Class A common shares by (i) each director and nominee for director of the Company, (ii) each executive officer of the Company named in the Summary Compensation Table below, and (iii) all directors and executive officers of the Company as a group:

Name	Class A Common Shares(a)	ESP and LESOP Shares(b)	Options Exercisable Within 60 Days(c)	Deferred Share Units(d)
A. C. Berzin	2,000		4,500	6,830
G. W. Buckley			2,250	2,166
P. C. Godsoe	3,000		11,250	11,908
H. L. Henkel	3,000		993,333	211,879
C. J. Horner	855		3,000	10,844
M. W. Lamach			16,666	11,631
H. W. Lichtenberger	3,500		18,000	18,800
T. E. Martin	762		15,750	16,310
T. R. McLevish			86,666	18,092
P. Nachtigal	32,021		169,000	30,995
O. R. Smith	1,500		15,750	21,039
R. P. Smith	3,902		92,001	42,121
R. J. Swift	750		13,500	16,682
C. P. Vasiloff	9,620		128,334	3,025
T. L. White	750		15,750	15,899
All directors and executive officers as a group (17 persons)(e)	61,660		1,668,966	447,993

(a) Unless otherwise indicated, all shares are held directly. No director or executive officer of the Company owns as much as 1% of the outstanding Class A common shares.

(b) Represents shares held by the trustee under the IR/Clark Leveraged Employee Stock Ownership Plan (LESOP) and the Ingersoll-Rand Company Employee Savings Plan (ESP) for the benefit of executive officers.

(c) Represents shares as to which directors and executive officers had options exercisable within 60 days of April 4, 2005 under the Company s Incentive Stock Plans.

(d) In the case of non-employee directors these amounts represent shares earned and vested under the IR Directors Deferred Compensation and Stock Award Plan (the Director Deferral Plan) and the IR Directors Deferred Compensation and Stock Award Plan II (the Director Deferral Plan II) (both of which are referred to below under the heading Compensation of Directors). In the case of executive officers these amounts represent (i) shares earned and vested under the IR Executive Deferred Compensation Plan and the IR Executive Deferred Compensation Plan II (the EDCP Plans) and (ii) shares in respect of vested stock awards deferred at the election of the executives.

(e) The Class A common shares beneficially owned by all directors and executive officers as a group (including shares issuable under exercisable options) aggregated approximately [1%] of the total outstanding Class A common shares.

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The following table sets forth each shareholder which, as of April 4, 2005, is known by us to be the beneficial owner of more than five percent of the outstanding Class A common shares of the Company:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
FMR Corp. 82 Devonshire Street Boston, Massachusetts 02109	13,253,847(a)	%
Wellington Management Company, LLP 75 State Street Boston, Massachusetts 02109	10,420,200(b)	%

(a) FMR Corp. (including its affiliates) has sole investment power as to all of such shares. In addition, as to 254,267 shares, FMR Corp. (including its affiliates) has sole voting power.

(b) Wellington Management Company, LLP has shared investment power as to all of such shares and shared voting power as to 7,449,900 of such shares.

CORPORATE GOVERNANCE

Pursuant to our Bye-laws, the Company s business is managed by the Board of Directors. Members of the Board are kept informed of the Company s business through discussions with the Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees.

Corporate Governance Guidelines

Our Corporate Governance Guidelines, together with the charters of the various Board committees, provide a framework for the corporate governance of the Company. The following is a summary of our Corporate Governance Guidelines. You can find a copy of our Corporate Governance Guidelines attached to this proxy statement as Appendix A. In addition, our Corporate Governance Guidelines, as well as the charters of our Board committees, are available on our website at *http://www.irco.com* under the heading Investor Relations. Copies of these documents are also available in print to any shareholder who requests them.

Our Corporate Governance Guidelines, together with our Board committee charters, outline the responsibilities, composition and operation of our Board of Directors. Among the core responsibilities of the Board of Directors are: to oversee the management and governance of the Company; to select, monitor and evaluate senior management; to assure that management succession planning is ongoing; to review the Company s financial controls and reporting systems; and to review the Company s ethical standards and compliance procedures.

The Board of Directors has determined that all of our directors, except Herbert Henkel and Patricia Nachtigal, who are employees of the Company, are independent under the standards set forth in Exhibit I to our Corporate Governance Guidelines, which are consistent with the New York Stock Exchange listing standards.

It is the policy of the Board that directors fees be the sole compensation received from the Company by any non-employee director. All directors must advise the Chairman of the Board and the Chair of the Corporate Governance and Nominating Committee if they are being considered for membership on the board of another public company. The Chief Executive Officer and other members of senior management of the Company must receive approval of the Board before accepting a public company board membership.

Our Corporate Governance Guidelines require that all members of the committees of the Board must be independent directors. The Board of Directors has determined that each member of each of the committees is independent as defined in the New York Stock Exchange listing standards. Committee memberships and chairs

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are rotated periodically. The Board and each of its committees have the authority to engage independent legal, financial or other advisers as they may deem necessary. The Board has the following four standing committees: Audit, Compensation, Corporate Governance and Nominating, and Finance.

Our Corporate Governance Guidelines provide for executive sessions of the independent members of the Board of Directors, without management present, to consider such matters as the independent directors deem appropriate. Such executive sessions are held no less than twice each year. Our Lead Director (a) presides at all meetings of the directors at which the Chairman is not present, including executive sessions of the independent directors; (b) serves as a liaison between the Chairman and the independent directors; (c) approves the information sent to the directors; (d) with input from the other independent directors, approves Board meeting agendas and Board meeting schedules to assure that there is sufficient time for discussion of all agenda items; (e) has the authority to call meetings of the independent directors; and (f) is available for direct communication from major shareholders. The Lead Director is appointed annually by the Board from among the independent directors who are not Board committee chairs. Our current Lead Director, whose term will expire on June 1, 2005, is Ann Berzin. Beginning June 1, 2005, our Lead Director will be George Buckley.

The Corporate Governance and Nominating Committee assists the Board in evaluating its performance and the performance of the Board committees. Each committee also conducts an annual self-evaluation. The effectiveness of individual directors is considered each time a director stands for renomination. The directors have full access to management and corporate staff and are provided with an orientation program for new directors and continuing education for all directors.

The Corporate Governance and Nominating Committee reviews the composition of the full Board to identify the qualifications and areas of expertise needed to further enhance the composition of the Board, makes recommendations to the Board concerning the appropriate size and needs of the Board and, on its own or with the assistance of management or others, identifies candidates with those qualifications. In considering candidates, the Corporate Governance and Nominating Committee will take into account all factors it considers appropriate, including breadth of experience, understanding of business and financial issues, ability to exercise sound judgment, diversity, leadership, and achievements and experience in matters affecting business and industry. The Corporate Governance and Nominating Committee considers the entirety of each candidate s credentials and believes that at a minimum each nominee should satisfy the following criteria: highest character and integrity, experience and understanding of strategy and policy-setting, sufficient time to devote to Board matters, and no conflict of interest that would interfere with performance as a director. Shareholders may recommend candidates for consideration for Board membership by sending the recommendation to the Corporate Governance and Nominating Committee, care of the Secretary of the Company. Candidates recommended by shareholders are evaluated in the same manner as director candidates identified by any other means.

Our Board of Directors is currently divided into three classes for purposes of election. One class is elected at each annual general meeting of shareholders to serve for a three-year term. In addition, directors elected by the Board of Directors to fill vacancies caused by the resignation, retirement or death of a director or the creation of a new directorship stand for election at the next annual general meeting. In the event that the management proposal to eliminate the classified Board is approved at the 2005 Annual General Meeting, directors elected at Annual General Meetings beginning in 2006 shall serve for one year. Current directors and those elected at the 2005 Annual General Meeting shall serve out their remaining terms before standing for re-election.

The Board of Directors held six meetings during 2004. Each incumbent director attended 94% or more of the total number of meetings of the Board and the committees on which he or she served.

The Company expects all Board members to attend the annual general meeting of shareholders, but from time to time other commitments prevent all directors from attending the meeting. All of the directors attended the most recent annual general meeting of shareholders, which was held on June 2, 2004.

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Shareholder Communications with Directors

Shareholders and other interested parties may send communications to Board members (including our Lead Director) by either sending a communication to the Board and/or a particular Board member, in care of the Secretary of the Company, or by e-mail at irboard@irco.com. Depending upon the nature of the communication and to whom it is directed, the Secretary will (a) forward the communication to the appropriate director or directors, (b) forward the communication to a department within the Company or (c) attempt to handle the matter directly (for example, a communication dealing with a share ownership related matter).

Code of Conduct

As provided in our Corporate Governance Guidelines, we have adopted a worldwide Code of Conduct, applicable to all employees, directors and officers, including our Chief Executive Officer, our Chief Financial Officer and our Controller. The Code of Conduct covers topics including, but not limited to, conflicts of interest, confidentiality of information, and compliance with laws and regulations. A copy of the Code of Conduct is available at our website located at *http://www.irco.com* under the headings Investor Relations Corporate Governance and a copy is also available in print to any shareholder who requests it. We may post amendments to, or waivers of the provisions of, the Code of Conduct, if any, made with respect to any of our directors and executive officers on our website.

New York Stock Exchange Annual Chief Executive Officer Certification

The Company s Chief Executive Officer submitted to the New York Stock Exchange (NYSE) the Annual CEO Certification as to the Company s compliance with the NYSE s corporate governance listing standards required by Section 303A.12 of the NYSE s listing standards.

Sarbanes-Oxley Act Section 302 Certification

The certifications of the Chief Executive Officer and Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 have been filed as exhibits to the Company s annual report on Form 10-K for the year ended December 31, 2004.

ITEM 1. ELECTION OF DIRECTORS

Nominees for Election for a Three-Year Term Expiring in 2008

Ann C. Berzin age 53, director since 2001

Private investor.

Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (insurer of municipal bonds and structured finance obligations), a subsidiary of General Electric Capital Corporation, from 1992 to 2001.

Director of First Central Life Insurance Company of New York, a subsidiary of HSBC Holdings plc.

Other Activities: Director of ArtsConnection

Herbert L. Henkel age 56, director since 1999

Chairman of the Board (since May 2000) and President and Chief Executive Officer (since October 1999) of the Company.

President and Chief Operating Officer of the Company from April 1999 to October 1999.

Chief Operating Officer of Textron Inc. (a multi-industry company with operations in aircraft, automotive, industrial and finance) from 1998 to March 1999.

Vice President of Textron Inc. responsible for Textron Industrial Products Segment from 1993 to 1998.

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Director of:

AT&T Corp.

C. R. Bard, Inc.

H. William Lichtenberger age 69, director since 1995

Chairman and Chief Executive Officer of Praxair, Inc. (an industrial gases company) from 1992 until retirement in 2000.

Director of:

AEA LLC

Arch Chemicals, Inc.

Huntsman Corporation

Other Activities: Director of Hospice of St. Lucie & Martin County

Tony L. White age 58, director since 1997

Chairman, President and Chief Executive Officer of Applera Corporation (a developer, manufacturer and marketer of life science systems and genomic information products) since 1995.

Executive Vice President of Baxter International Inc. (provider of medical products and services) from 1993 to 1995.

Director of:

AT&T Corporation

C. R. Bard, Inc.

Directors Continuing in Office Until 2007

Peter C. Godsoe age 66, director since 1998

Chairman of the Board and Chief Executive Officer of The Bank of Nova Scotia (a Canadian-based bank) from 1995 until retirement in 2004.

Deputy Chairman of the Board, President and Chief Executive Officer of the Bank of Nova Scotia from 1993 to 1995.

Director of:

Barrick Gold Corporation

Fairmont Hotels & Resorts Inc.

Lonmin plc

Onex Corporation

Rogers Communications Inc.

Sobeys Inc.

Templeton Emerging Markets Investment Trust plc

Other Activities:

Director, Atlantic Institute for Market Studies

Director, Canadian Council of Christians and Jews

Director, Mount Sinai Hospital

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Constance J. Horner age 63, director since 1994

Guest Scholar at the Brookings Institution since 1993.

Commissioner of U.S. Commission on Civil Rights from 1993 to 1998.

Assistant to the President and Director of Presidential Personnel from 1991 to 1993.

Deputy Secretary, U.S. Department of Health and Human Services from 1989 to 1991.

Director of:

Pfizer Inc.

Prudential Financial, Inc.

Other Activities:

Trustee, Annie E. Casey Foundation

Trustee, The Prudential Foundation

Fellow, National Academy of Public Administration

Orin R. Smith age 69, director since 1995

Chairman and Chief Executive Officer of Engelhard Corporation (provider of specialty chemical products, engineered materials and industrial commodities management services for various industries) from 1995 until retirement in 2000.

President and Chief Executive Officer of Engelhard Corporation from 1984 to 1995.

Director of:

Applera Corporation

Vulcan Materials Company

Other Activities:

Trustee, Canterbury College

Trustee, Duxbury Bay Maritime School

Each director of the Third Class *(i.e.*, Ann C. Berzin, Herbert L. Henkel, H. William Lichtenberger and Tony L. White) is a nominee for a three-year term expiring in 2008. Other directors are not up for election this year and will continue in office for the remainder of their terms.

If a nominee is unavailable for election, proxy holders will vote for another nominee proposed by the Board or, as an alternative, the Board may reduce the number of directors to be elected at the meeting.

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Directors Continuing in Office Until 2006

George W. Buckley age 58, director since 2002

Chairman and Chief Executive Officer of Brunswick Corporation (manufacturer of boats, marine engines, fitness equipment and billiard and bowling equipment) since 2000.

President and Chief Operating Officer (May June 2000), Executive Vice President (February May 2000) and Senior Vice President (1998 2000) of Brunswick Corporation.

Director of:

Tyco International Ltd.

Theodore E. Martin age 65, director since 1996

President and Chief Executive Officer of Barnes Group Inc. (manufacturer and distributor of precision springs and custom metal parts) from 1995 until retirement in 1998.

Director of:

Applera Corporation

C. R. Bard, Inc.

Strong Tool Company

Unisys Corporation

Other Activities:

Director, Edna McConnell Clark Foundation

Director, Naples Philharmonic Center for the Arts

Trustee (emeritus), Syracuse University

Patricia Nachtigal age 58, director since 2002

Senior Vice President and General Counsel of the Company since 2000.

Vice President and General Counsel of the Company from 1991 to 2000.

Other Activities:

Member, Board of Governors of Rutgers, The State University of New Jersey

Trustee, Rutgers, The State University of New Jersey

Richard J. Swift age 60, director since 1995

Chairman of Financial Accounting Standards Advisory Council since January 2002.

Chairman, President and Chief Executive Officer of Foster Wheeler Ltd. (provider of design, engineering, construction, manufacturing, management and environmental services) from 1994 until 2001.

Director of:

Hubbell Incorporated

Kaman Corporation

Public Service Enterprise Group

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Committees of the Board

Audit Committee

Members: Richard J. Swift (Chair)

Ann C. Berzin

George W. Buckley

H. William Lichtenberger

Number of Meetings in 2004: 7

Key Functions:

- Review annual audited and quarterly financial statements, as well as the Company s disclosures under Management s Discussion and Analysis of Financial Conditions and Results of Operations, with management and the independent auditors.
- Obtain and review periodic reports, at least annually, from management assessing the effectiveness of the Company s internal controls and procedures for financial reporting.
- Recommend the public accounting firm to be proposed for appointment by the shareholders as our independent auditors and review the performance of the independent auditors.
- Review the scope of the audit and the findings and approve the fees of the independent auditors.
- Approve in advance permitted non-audit services to be performed by the independent auditors.
- Satisfy itself as to the independence of the independent auditors and ensure receipt of their annual independence statement.

The Board of Directors has determined that each member of the Audit Committee is independent as defined in The New York Stock Exchange listing standards and that each member meets the qualifications of an audit committee financial expert, as that term is defined by rules of the Securities and Exchange Commission (SEC).

A copy of the charter of the Audit Committee is attached to this proxy statement as Appendix B.

Compensation Committee

Members: Orin R. Smith (Chair)

Peter C. Godsoe

Constance J. Horner

Theodore E. Martin

Tony L. White

Number of Meetings in 2004: 5

Key Functions:

- Establish executive compensation policies.

- Review and approve the goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer s performance against those goals and objectives and set the Chief Executive Officer s compensation level based on this evaluation.

- Approve compensation of officers and key employees.

- Administer the Company s equity compensation plans.

- Review and recommend changes in principal employee benefit programs.

A copy of the charter of the Compensation Committee is attached to this proxy statement as Appendix C.

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Corporate Governance and Nominating Committee

Members: Constance J. Horner (Chair)

Peter C. Godsoe

Theodore E. Martin

Orin R. Smith

Tony L. White

Number of Meetings in 2004: 5

Key Functions:

Identify individuals qualified to become directors and recommend the candidates for all directorships.

Recommend individuals for election as officers.

Review the Company s Corporate Governance Guidelines and make recommendations for changes.

Consider questions of independence and possible conflicts of interest of directors and executive officers.

Take a leadership role in shaping the corporate governance of the Company.

A copy of the charter of the Corporate Governance and Nominating Committee is attached to this proxy statement as Appendix D.

Finance Committee

Members: H. William Lichtenberger (Chair)

Ann C. Berzin

George W. Buckley

Richard J. Swift

Number of Meetings in 2004: 3

Key Functions:

Approve the appointment and review the performance of investment managers under employee benefit plans.

Review proposed borrowings and issuances of securities.

Recommend to the Board the dividends to be paid on our common shares.

Review cash management policies.

A copy of the charter of the Finance Committee is attached to this proxy statement as Appendix E.

Compensation of Directors

Non-employee directors receive an annual cash retainer of $50,000 and $1,500 for attendance at each board or committee meeting ($2,000 in the case of Audit Committee meetings), except that committee chairs receive $3,000 per committee meeting. The chair of the Audit Committee also receives a $20,000 annual cash retainer. In addition, each non-employee director is credited annually with share equivalents representing $60,000 in fair market value of Class A common shares. The share equivalents are credited to an account maintained for each non-employee director (a Deferred Compensation Account) under our Director Deferral Plan and, for all amounts credited after December 31, 2004, under our Director Deferral Plan II.

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Non-employee directors may also defer all or a portion of the cash retainer and meeting fees to which they are entitled. If a director defers his or her fees and elects to have the deferred fees invested in Class A common share equivalents, we credit an additional 20% of the retainer and meeting fees that are deferred to the director s Deferred Compensation Account. Each director is fully vested in amounts credited to the director s Deferred Compensation Account, except that the additional 20% contributions in respect of deferred fees are not vested until five years after crediting or, if earlier, the cessation of the director s service on the Board of Directors by reason of death or normal retirement (*i.e*., age 72). Under the Director Deferral Plan, all distributions under that Plan are made in cash. Distributions of amounts invested in Class A common share equivalents equal the then fair market value of a Class A common share multiplied by the number of share equivalents credited to the director s Deferred Compensation Account.

Executive Compensation

Report of the Compensation Committee

The Company s executive compensation programs are administered by the Compensation Committee.

Compensation Philosophy Beliefs and Principles

The purpose of our compensation programs is to enable the Company to attract, retain, deploy and focus the energies of employees who are capable of meeting the current and future goals of the enterprise, most notably, the creation of shareholder value.

Four design principles govern all compensation programs:

1. Principle of general program competitiveness:

Total compensation opportunities within the Company must serve to attract and retain top performers. All of the Company s executive compensation programs are based on market data to ensure their basic competitiveness. We establish our program target award levels at the median (50^{th} percentile) of the markets in which we operate; we explicitly do not set our target award levels above the median to achieve a competitive advantage independent of performance, as this would tend to inappropriately accelerate market pay levels over time.

2. Principle of pay for performance:

At the executive level, a large percentage of the executive s total compensation opportunity is contingent on, and variable with, performance. Performance is measured on business unit and enterprise financial performance against plan, and on the executive s ability to achieve enterprise objectives, develop and carry out strategic initiatives, contribute to both the dramatic growth and operational excellence of the Company, and demonstrate collaboration in the pursuit of a one-company culture. Total compensation can exceed the market median if performance exceeds the target, such as it has this past year (performance year 2004). In 2004, the Company exceeded its earnings per share, free cash flow and return on invested capital targets. Thus, variable compensation awards for 2004 performance reflect above target pay levels. Conversely, if performance falls short of the target, total compensation falls below the median. For example, in 2001, when the Company achieved some of its goals, but fell short of others, both our Annual Incentive Program and our Stock Option Program paid at only 65% of target and our Performance Share Program paid nothing for most participants (33 of the 40 participants received no award based on the performance of their respective business units; the other 7 participants received below-target awards).

3. Principle of internal parity:

An employee s total compensation is proportionate with work contribution, which is a function of each individual s role and capability. Thus, jobs of similar value are assigned similar compensation opportunity.

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4. Principle of alignment with various business strategies:

Although we have a Company-wide philosophy regarding the design of our compensation programs, we also understand the need to align the different performance metrics of our individual business units with our over-arching philosophy of appropriate competitiveness, pay for performance and internal equity. Thus, it is not only possible but also desirable for certain sector or business unit leaders to earn substantial awards in years when their units outperform the enterprise as a whole.

Executive Compensation Programs

The Compensation Committee s executive officer compensation policies and programs are based on the principle that the interests of the Company s executive officers should be aligned with those of the Company s shareholders. Executive officer compensation programs provide that compensation be both contingent and variable based upon Company financial and operational performance. The policies relate compensation to both short-term and long-term financial performance of the Company, as well as to long-term shareholder investment returns.

These compensation policies are generally accomplished through a mix of compensation components, targeted degrees of competitiveness and direct linkages to Company financial performance. The value of the variable compensation components (annual cash incentive payments plus stock options and equity-based awards) is directly linked to the financial performance of the Company and to the value of the Company s Class A common shares. Thus, alignment of the interests of the shareholders and of the executives is achieved.

The Mix of Total Direct Compensation

IR s executive compensation is comprised of four key programs: the Salary, Annual Incentive, Stock Option and Performance Share Programs, which collectively represent the total direct compensation opportunity for executives (excluding benefits).

The chart below shows the relative proportion of each program at target, by executive category:

		Variable Pay Programs @ Target				
		Compensation Components That Are Explicitly Contingent On And Variable With Performance				
# In Category	**Base Salary Program**	**Annual Incentive Program**	**Stock Option Program**	**Performance Share Program**	**Total Variable Pay Opportunity @ Target**	**Total Direct Compensation@ Target**

Chairman, President, CEO	1	11%	13%	38%	38%	89%	100%
Senior Vice Presidents	6	19%	15%	44%	22%	81%	100%
Other Officers & Senior Leaders	33	29%	18%	40%	13%	71%	100%
Total Group	40	20%	16%	40%	24%	80%	100%

This chart demonstrates the degree to which IR s executive compensation programs are tied to some combination of financial, operational and stock price performance, and are, therefore, aligned with the creation of shareholder value.

The Compensation Committee periodically reviews and evaluates its executive officer compensation practices against the practices and pay levels of other similar companies. These comparisons are conducted throughout the year through a variety of methods such as direct analysis of peer company proxy statements, compilation of survey data published by several independent consulting firms, and customized compensation surveys performed by independent consulting firms. Some of the companies included in these compensation surveys are the same as those comprising the Standard and Poor s Supercom Industrial Machinery Index referred to below under the caption Performance Graph.

Salary increases normally are granted annually to executive officers by the Compensation Committee based upon individual performance, general U.S. industry salary trends and the salaries paid for comparable positions.

Under the Annual Incentive Program, officers with direct responsibility for business unit operations may receive annual incentive awards contingent upon the achievement of prescribed objectives established early each year. For 2004 these awards were payable based on the achievement of certain pre-established sales, operating income, cash flow, return on invested capital business plans, and other subjective objectives applicable to the respective operations managed by these executive officers.

Similarly, other officers, including those responsible for staff functions, may receive Annual Incentive Program awards based upon both the Company s and their individual performance during each such year. Individual performance assessments are based on judgments about the achievement of pre-established objectives. In establishing such awards, the Compensation Committee considers several financial metrics, including the Company s earnings per share, cash flow, and return on invested capital performance compared to the annual plan and also the individual s contribution to such performance. In addition, the general economic environment in which the Company operated during such year is taken into account as are the prevailing pay levels for similar positions in similar companies.

The Senior Executive Performance Plan (the SEPP) funds the cash incentive awards that may be granted to the top five executive officers, consisting of the Chief Executive Officer (CEO) plus the four other highest-compensated executive officers (as determined under Securities Exchange Act regulations). Annual incentive awards to SEPP participants are limited to their respective allocated share of the SEPP s pool for the year in question. The pool is established based on the profit after tax in excess of 6% Return on Equity (ROE). Thus, if the Company fails to generate profits in excess of 6% ROE, no pool is created to fund awards for the top five executive officers. In such case, any awards to the top executive officers are at the discretion of the Committee.

The Company s executive compensation programs provide that a substantial component of total compensation reflect the returns realized by shareholders and the degree to which performance targets are met. This aligns the long-term interests of the Company s executive officers with those of the Company s shareholders and is accomplished through the following long-term incentive programs:

Stock options under the Company s Incentive Stock Plans generally have been granted annually at an exercise price equal to the fair market value of Class A common shares on the date of grant. Currently, options granted to executive officers generally become exercisable in three equal annual installments beginning one year from the date of grant and expire on the tenth anniversary of the grant. Under the Incentive Stock Plan, options can never be issued at less than fair market value. In certain years, eligible employees may elect to forego cash incentive payments and instead purchase Class A common shares issued under the Incentive Stock Plan.

The Performance Share Program provides annual awards based on a combination of the achievement of longer-term strategic initiatives and annual financial performance. Awards are completely contingent on and variable with the collective performance of the program participants in relation to pre-established strategic initiatives and financial performance goals. Payments are made in cash (based on the value of Class A common shares), unless previously deferred into the EDCP Plans described below.

The IR Executive Deferred Compensation Plan and the IR Executive Deferred Compensation Plan II (the EDCP Plans) enable and encourage eligible executives to defer receipt of all or part of their annual incentive award and/or their performance share award in exchange for investments in Class A common share equivalents or mutual fund investment equivalents. A component of the EDCP Plans is designed to increase stock ownership by executives. Certain participants who are subject to stock ownership requirements (see below) are eligible for a 20% supplemental amount on those deferrals invested in Class A common share equivalents. Vesting of the 20% supplemental amount is generally subject to the completion of five years of employment following the date of deferral.

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The number of stock options and Performance Share Program awards granted are based upon the position responsibility of each recipient, his or her individual performance, the Company s performance, and the long-term incentive practices of the surveyed corporations referred to above. These factors are periodically reevaluated by the Compensation Committee.

A formal share-ownership program has been established by the Company, which requires that the senior-most executives of the enterprise achieve and maintain sufficient ownership of Class A common shares at or above a prescribed level. The requirements are as follows:

	Individual Ownership Requirement (Shares and Equivalents)	Approximate Current Average Ownership (Shares and Equivalents)
Chief Executive Officer	100,000 shares	242,800 shares
Senior Vice Presidents	25,000 shares	35,600 shares
Corporate Vice Presidents	7,500 shares	12,800 shares
Other Participants (approximately 25)	3,000 shares	3,100 shares

The share-ownership program requires the accumulation of shares (or equivalents) over a five-year period starting in February 2004 (or the date the person becomes subject to stock ownership requirements, if later) at the rate of 20% of the required level each year. Ownership credit is given for actual Class A common shares purchased by the executive, deferred cash awards that are invested in Class A common share equivalents within the EDCP Plans and Class A common share equivalents accumulated in the Employee Savings Plan (ESP). Stock options themselves do not count towards meeting the share ownership target. If executives fall behind their scheduled accumulation level over the five years, their stock option exercises will be limited to buy and hold until the required ownership level is achieved. Likewise, if executives fail to maintain their required level of ownership after the five-year accumulation period, their stock option exercises will be limited to buy and hold until the required ownership level is achieved.

Other Compensation

In regard to other compensation (specifically perquisites) the Company s philosophy is to provide these at minimum competitive levels. In support of this philosophy, for example, the Company does not provide privileges such as executive parking spaces or executive dining facilities, nor does it allow for personal use of Company-provided aircraft, except as described below. The Company does provide Company-leased cars for business and personal use, with the cost associated with personal travel taxable to the executives. In addition, for security and safety reasons and to maximize his availability for Company business, the Board of Directors requires the Chairman and CEO to travel exclusively on Company-provided aircraft for both business and personal purposes. The cost for these programs is captured in Other Compensation shown in the Summary Compensation Table of the proxy statement.

2004 Chief Executive Officer Compensation

Throughout calendar year 2004, Mr. Henkel s annual salary was $1,100,000, which is consistent with the salary levels of the chief executive officers of peer group companies.

In addition, based upon Mr. Henkel s contribution to the Company s 2004 business results, the Compensation Committee approved incentive awards to Mr. Henkel as follows:

Annual Incentive Program	$ 2,750,000
Performance Share Program	$ 6,383,025
Total Cash Incentive	$ 9,133,025
Stock Option Program	225,000 shares

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2004 Compensation of Other Named Executive Officers

During 2004, in accordance with the policies stated above, the executive officers named in the Summary Compensation Table, other than Mr. Henkel, were granted salary increases averaging approximately 5.85%. Annual cash incentive awards to Messrs. McLevish, Smith, Vasiloff and Lamach were granted pursuant to the achievement of performance objectives of the type described above. Based on the Company s financial performance, and the contributions made by these executives, they were granted Annual Incentive Program awards averaging approximately 103% of year-end salary. In addition, these executives were granted Performance Share Program awards averaging approximately 222% of year-end salary. These awards are commensurate with the extent to which the named executive officers exceeded the Programs performance objectives.

The named executive officers were also granted stock options in respect of IR s Class A common shares, as indicated in the Summary Compensation Table and under the caption Stock Options , in accordance with the practices referred to above.

Summary

The Compensation Committee believes the compensation programs for the Company s executive officers are competitive with the compensation programs provided to similarly situated officers at the surveyed corporations. The Compensation Committee believes the annual incentive payments made to the executive officers named in the Summary Compensation Table below in respect of the year 2004 are appropriate and commensurate with the Company s outstanding 2004 financial and strategic performance and their exceptional individual achievements during the year. Based on information the Compensation Committee has been provided by consultants relative to the compensation practices of surveyed corporations, it believes the stock incentive compensation opportunities provided to these officers, in the form of stock options, are also appropriate and are awarded in a manner fully consistent with the Company s strategy of basing a substantial component of total executive officer compensation on the total returns realized by the Company s shareholders.

COMPENSATION COMMITTEE

Orin R. Smith (Chair)

Peter C. Godsoe

Constance J. Horner

Theodore E. Martin

Tony L. White

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Summary of Cash and Certain Other Compensation

The following table shows, for the years ended December 31, 2002, 2003 and 2004, the cash compensation we paid, as well as certain other compensation paid or accrued for those years, to the individuals named below:

Summary Compensation Table

					Long-term Compensation			
		Annual Compensation			Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)(a)(b)	Other Annual Compensation ($)(c)	Restricted Stock Awards ($)(d)	Securities Underlying Options/SARs (#)	LTIP Payouts ($)(e)	All Other Compensation ($)(f)
H. L. Henkel Chairman of the Board, President & Chief Executive Officer	2004	1,100,000	9,133,025	134,247	16,283	210,000		181,318
	2003	1,100,000	6,405,550	139,386	13,148	185,000		138,000
	2002	1,100,000	2,410,550	119,054	249,121	150,000		82,900
T. R. McLevish Senior VicePresident(g)	2004	470,417	1,698,945	6,125	3,150	60,000		99,932
	2003	441,667	1,214,644	3,197	2,544	50,000		73,436
	2002	283,333	685,575	31,592	137,115	50,000		72,327
M. W. Lamach Senior Vice President(h)	2004	395,192	1,212,663		771,082	50,000		23,712
R. P. Smith Senior Vice President	2004	510,417	1,623,845	7,940	327,706	50,000		188,172
	2003	476,846	1,114,650	42,696	2,372	42,000		117,183
	2002	438,333	666,880		2,205	42,500	66,978	32,970
C. P. Vasiloff Senior Vice President	2004	421,667	1,663,745		460	40,000		54,322
	2003	378,334	934,255		29,146	30,000		40,392
	2002	341,667	471,820		14,656	30,000		30,130

(a) This column reflects both amounts earned as annual bonuses and amounts earned under the Performance Share Program. The Performance Share Program provides annual awards based on a combination of the achievement of longer-term strategic initiatives and annual financial performance. Payments are made in cash (based on the value of the Class A common shares), unless previously deferred into the EDCP Plans described below. (See the Report of the Compensation Committee.) The amounts earned as bonuses and under the Performance Share Program for such years are as follows:

	2004	2003	2002

Name	Bonus	Performance Share Program	Bonus	Performance Share Program	Bonus	Performance Share Program
H. L. Henkel	$ 2,750,000	$ 6,383,025	$ 1,900,000	$ 4,505,550	$ 1,200,000	$ 1,210,550
T. R. McLevish	550,000	1,148,945	448,700	765,944	392,700	292,875
M. W. Lamach	446,700	765,963				
R. P. Smith	474,900	1,148,945	471,000	643,650	448,200	218,680
C. P. Vasiloff	514,800	1,148,945	483,700	450,555	300,000	171,820

(b) Pursuant to the EDCP Plans, annual cash bonuses and Performance Share Program distributions have been deferred in exchange, among other investment options, for Class A common share equivalents equal to 120% of the deferred amounts. Common share equivalents representing deferred cash bonuses and Performance Share Program distributions are included in the Bonus column, while the 20% additional amounts are included in the column captioned Restricted Stock Awards. The deferred cash bonus amounts

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and Performance Share Program distributions for the executive officers named above who elected to defer bonus payments and Performance Share Program distributions in exchange for common share equivalents were as follows:

Name	2004	2003	2002
H. L. Henkel	$	$	$ 1,205,275
T. R. McLevish			685,575
M. W. Lamach	765,963		
R. P. Smith	1,623,845		
C. P. Vasiloff		116,782	47,182

(c) These amounts represent that portion of relocation benefit payments which compensated the named executive officers for the income taxes payable in respect of relocation compensation. The relocation benefit amounts are reflected in the column headed All Other Compensation. This column also includes the aggregate incremental cost to the Company of providing various perquisites. In accordance with SEC rules, perquisite amounts aggregating less than the lower of $50,000 or 10% of the named executive officer s total salary and bonus may be omitted and therefore no such amounts are included for Messrs. McLevish, Lamach, Smith or Vasiloff for 2002, 2003 or 2004. For 2004, the amount for Mr. Henkel includes $89,180 for travel on company-provided aircraft for personal purposes and $31,600 for use of a Company-leased car. For 2003, this amount includes $111,763 for air travel for personal purposes and $18,950 for the personal use of the car. For 2002, the amount includes $99,781 for air travel for personal purposes and $10,600 for the use of the car. For security and safety reasons and to maximize his availability for Company business, the Board of Directors requires Mr. Henkel to travel exclusively on Company-provided aircraft for business and personal purposes.

(d) The amounts reflected as Restricted Stock Awards are composed of the following:

amounts credited under the EDCP Plans equal to 20% of the cash bonuses and the Performance Share Program deferred by the named executives (see footnote (b) above); and

for Mr. Lamach, 9,000 employment share units granted as part of his employment arrangement with the Company. These employment units were valued at the date of grant in February 2004, earn dividend equivalents at the same rate as Class A common shares and vest as follows: 2,500 on the first anniversary of employment (in February 2005); 2,500 on the second anniversary of employment; and the remaining 4,000 shares on the third anniversary of employment. Dividend equivalents earned on the employment share units vest at the time the employment share units vest.

The total number and fair market value as of December 31, 2004, of Class A common shares issuable contingent upon the continued employment, retirement, death or disability of the named executives are as follows:

Name	# Shares	Fair Market Value($)
H. L. Henkel	18,649	1,497,476
T. R.		