

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**  
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### FILER

#### INGERSOLL RAND CO

CIK: **50485** | IRS No.: **135156640** | State of Incorporation: **NJ** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **001-00985** | Film No.: **94527972**  
SIC: **3560** General industrial machinery & equipment

#### Mailing Address

200 CHESTNUT RIDGE ROAD  
WOODCLIFF LAKE NJ 07675

#### Business Address

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WOODCLIFF LAKE NJ 07675  
2015730123

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 1994  
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from to

Commission File Number 1-985

INGERSOLL-RAND COMPANY  
Exact name of registrant as specified in its charter

New Jersey  
State of incorporation

13-5156640  
I.R.S. Employer Identification No.

Woodcliff Lake, New Jersey  
Address of principal executive offices

07675  
Zip Code

(201) 573-0123  
Telephone number of principal executive offices

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes . X .                      No . . .

The number of shares of common stock outstanding as of April 29, 1994 was 105,463,740.

INGERSOLL-RAND COMPANY

FORM 10-Q

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## PART I. FINANCIAL INFORMATION

## INGERSOLL-RAND COMPANY

CONDENSED CONSOLIDATED BALANCE SHEET  
(in thousands)

	ASSETS	
	MARCH 31, 1994	DECEMBER 31, 1993
Current assets:		
Cash and cash equivalents	\$ 227,406	\$ 227,993
Marketable securities	5,392	6,172
Accounts and notes receivable, net of allowance for doubtful accounts	829,326	797,525
Inventories	735,065	713,690
Prepaid expenses and deferred taxes	170,839	156,780
Total current assets	1,968,028	1,902,160
Investments and advances:		
Dresser-Rand Company	108,891	112,630
Partially-owned equity companies	160,376	158,645
	269,267	271,275

Property, plant and equipment, at cost	1,696,003	1,665,428
Less - accumulated depreciation	816,854	790,284
Net property, plant and equipment	879,149	875,144
Intangible assets, net	104,252	105,855
Deferred income taxes	83,970	90,913
Other assets	130,588	129,985
Total assets	\$3,435,254	\$3,375,332

#### LIABILITIES AND EQUITY

Current liabilities:		
Loans payable	\$ 236,465	\$ 206,939
Accounts payable and accruals	821,244	817,385
Total current liabilities	1,057,709	1,024,324
Long-term debt	313,219	314,136
Postemployment liabilities	516,258	515,787
Ingersoll-Dresser Pump Company minority interest	146,935	146,331
Other liabilities	25,285	24,929
Shareowners' equity:		
Common stock	218,271	217,879
Other shareowners' equity	1,157,577	1,131,946
Total shareowners' equity	1,375,848	1,349,825
Total liabilities and equity	\$3,435,254	\$3,375,332

See accompanying notes to condensed consolidated financial statements.

#### INGERSOLL-RAND COMPANY

#### CONDENSED CONSOLIDATED INCOME STATEMENT (in thousands except per share figures)

Three Months Ended  
March 31,

	1994	1993
NET SALES	\$1,010,308	\$952,105
Cost of goods sold	775,924	728,042
Administrative, selling and service engineering expenses	174,257	178,913
Operating income	60,127	45,150
Interest expense	11,871	13,878
Other income (expense), net	(2,153)	1,424
Dresser-Rand income	5,700	6,100
Ingersoll-Dresser Pump Company minority interest	184	(315)
Earnings before income taxes	51,987	38,481
Provision for income taxes	18,975	13,853
Earnings for the period before the effect of accounting change	33,012	24,628
Effect of accounting change (Net of income tax benefit):		
- Postemployment benefits	--	(21,000)
Net earnings	\$ 33,012	\$ 3,628
Average number of common shares outstanding	105,402	104,754
Net earnings per common share before the effect of accounting change	\$ 0.31	\$ 0.24
Effect of accounting change:		
- Postemployment benefits	--	(0.20)
Net earnings per common share	\$ 0.31	\$ 0.04
Dividends per common share	\$0.175	\$0.175

See accompanying notes to condensed consolidated financial statements.

INGERSOLL-RAND COMPANY

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(in thousands)

	Three Months Ended March 31,	
	1994	1993
Cash flows from operating activities:		
Net earnings	\$ 33,012	\$ 3,628
Adjustments to arrive at net cash provided by operating activities:		
Effect of accounting change	--	21,000
Depreciation and amortization	31,811	30,917
Equity earnings/loss, net of dividends	(5,846)	(9,165)
Minority interests in earnings	17	(3,322)
Deferred income taxes	6,943	1,402
Other noncash items	99	1,523
Changes in other assets and liabilities, net	(57,396)	(58,455)
Net cash provided by (used in) operating activities	8,640	(12,472)
Cash flows from investing activities:		
Capital expenditures	(36,204)	(22,412)
Proceeds from sales of property, plant and equipment	2,268	2,930
Decrease in marketable securities	796	7,108
Cash invested in or advances to equity companies	9,717	32,139
Net cash (used in) provided by investing activities	(23,423)	19,765
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	27,990	(10,818)
Proceeds from long-term debt	1,769	100,506
Payments of long-term debt	(1,035)	(68,585)
Net change in debt	28,724	21,103
Dividends paid	(18,453)	(18,340)
Other	2,284	2,443
Net cash provided by financing activities	12,555	5,206
Effect of exchange rate changes on cash and cash equivalents	1,641	(1,394)

Net (decrease) increase in cash and cash equivalents	(587)	11,105
Cash and cash equivalents - beginning of period	227,993	216,832
Cash and cash equivalents - end of period	\$227,406	\$227,937

See accompanying notes to condensed consolidated financial statements.

INGERSOLL-RAND COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the consolidated unaudited financial position and results of operations for the three months ended March 31, 1994 and 1993.

Note 2 - Inventories of appropriate domestic manufactured inventories of standard products are valued on the last-in, first-out (LIFO) method and all other inventories are valued using the first-in, first-out (FIFO) method. The composition of inventories for the balance sheets presented was as follows (in thousands):

	March 31, 1994	December 31, 1993
Raw materials and supplies	\$ 125,037	\$ 121,083
Work-in-process	303,580	295,829
Finished goods	474,053	462,677
	902,670	879,589
Less - LIFO reserve	167,605	165,899
Total	\$ 735,065	\$ 713,690

Work-in-process inventories are stated after deducting customer progress payments of \$17,391,000 at March 31, 1994 and \$14,395,000 at December 31, 1993.

Note 3 - The company's investment in the Dresser-Rand partnership at

March 31, 1994 and December 31, 1993 was \$138,989,000 and \$133,867,000, respectively. The company owed Dresser-Rand \$30,098,000 at March 31, 1994 and \$21,237,000 at December 31, 1993.

Net sales of Dresser-Rand were \$310.3 million for the three months ended March 31, 1994 and \$268.7 million for the three months ended March 31, 1993; and gross profit was \$49.1 million and \$51.8 million, respectively. Dresser-Rand's net income for the three months ended March 31, 1994 was \$11.6 million and \$13.8 million for the three months ended March 31, 1993.

INGERSOLL-RAND COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

Note 3 - Continued:

The summarized financial position of Dresser-Rand was as follows (in thousands):

	March 31, 1994	December 31, 1993
Current assets	\$ 454,962	\$ 489,122
Property, plant and equipment, net	211,751	220,604
Other assets and investments	20,647	18,531
	687,360	728,257

Deduct:		
Current liabilities	294,132	321,629
Noncurrent liabilities	190,006	188,211
	484,138	509,840
Net partners' equity and advances	\$ 203,222	\$ 218,417

- Note 4 - In February 1993, the company issued \$100 million of notes at 6 7/8% per annum, which are not redeemable prior to maturity in 2003. The proceeds from these notes were used to redeem \$68 million of the company's outstanding 8.05% Debentures Due 2004 and for general corporate purposes.
- Note 5 - On July 20, 1993, the company sold substantially all of its underground coal-mining machinery assets to Long-Airdox Company. In connection with this sale, the company recorded a \$5 million restructure of operations charge, during the 1993 second quarter.
- Note 6 - Effective August 1, 1993, the company acquired the Kunsebeck, Germany, needle and cylindrical bearing business of FAG Kugelfischer Georg Schafer AG of Schweinfurt, Germany.

INGERSOLL-RAND COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

First quarter 1994 net sales totalled \$1.0 billion, 6.1 percent higher than the amount reported for the first three months of 1993. Operating income for the first quarter totalled \$60.1 million, or approximately one-third higher than the amount reported for the comparable 1993 quarter.

The company reported net earnings of \$33.0 million, or 31 cents per common share, for the first quarter of 1994. Net earnings for the first three months of 1993, before the effect of the retroactive adoption of an accounting change, totalled \$24.6 million, or 24 cents per common share. The 1993 accounting change related to the company's adoption, effective January 1, 1993, of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits". The 1993 adoption of this statement resulted in a one-time after-tax charge of \$21.0 million, or 20 cents per share. After considering this charge, the company reported net earnings of \$3.6 million, or four cents per share for the three months ended March 31, 1993.

The ratio of cost of goods sold to sales for the first quarter of 1994 reflects a slight deterioration from 1993's first quarter primarily due to unabsorbed costs associated with the severe winter weather experienced by a number of the company's plants located in the Northeast, which were closed for periods up to one week during the early part of the quarter. The ratio of administrative, selling and service engineering expenses to sales during the first three months of 1994 decreased significantly over 1993's first quarter due to the combined effect of last year's restructuring activity at Ingersoll-Dresser Pump Company and the continued effect of the company's efforts from cost-containment programs.

There were no LIFO (last-in, first-out) inventory liquidations during the first quarter of 1994 or 1993.

Other income (expense), net, aggregated \$2.2 million of net expense for the three months ended March 31, 1994. This represents a \$3.6 million unfavorable change from the \$1.4 million of income reported for the first quarter of 1993. The principal reasons for this change are:

- o losses from foreign exchange activity totalled \$1.1 million in the current quarter versus \$391,000 in the comparable 1993 quarter; and,
- o a reduction in equity earnings from partially-owned affiliated companies of approximately \$3 million.

INGERSOLL-RAND COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS  
(continued)

The company's pretax profits from its 49 percent interest in Dresser-Rand Company (another partnership between Dresser and the company) totalled \$5.7 million for the first quarter of 1994, compared to \$6.1 million for the three months ended March 31, 1993.

The Ingersoll-Dresser Pump Company's minority interest represents Dresser's interest in the operating results of IDP. The first quarter of 1994 reflects a benefit to the company of \$184,000, which indicates that this joint venture produced a net loss at the partnership level of approximately \$375,000 during the first three months of 1994. During the first quarter of 1993, the company recorded a charge to pretax earnings of approximately \$315,000, which indicated that IDP generated net income at the partnership level of approximately \$640,000 in the comparable 1993 period. It should be noted that despite a ten percent decrease in sales for the IDP venture for the first quarter of 1994 versus last year, benefits derived from cost-containment and restructuring programs helped to generate operating income during the first quarter of 1994 which was close to last year's level.

Interest expense for the first three months of the year decreased by \$2.0 million from the \$13.9 million incurred during the first quarter of 1993. This decrease is the composite result of lower outstanding debt and an overall lower effective interest rate in the first quarter of 1994 when compared to 1993.

The company's effective tax rates were 36.5 percent and 36.0 percent for the three months ended March 31, 1994 and 1993, respectively. These rates represent the company's forecast of its effective tax position for each year. The company's effective tax rate differs from the statutory rate of 35 percent mainly due to state income taxes and some foreign earnings being taxed at higher rates. The effective tax rate for the full year 1993 was 35.5 percent.

The results for the first quarter of the year benefitted from the combination of business improvements in most of the company's domestic markets including auto, housing and construction and a continued emphasis on cost-containment programs throughout the

company. International business has generally reflected a modest increase during the first quarter of 1994 when compared to the first three months of last year. Incoming orders totalled \$1,137.4 million and represents an increase of 5.7 percent over the 1993 first quarter total of \$1,075.8 million. The Production Equipment Group and IDP were the only operations within the company which failed to report meaningful increases in first quarter bookings levels when compared to the first quarter of 1993. The company's backlog of orders at

INGERSOLL-RAND COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS  
(continued)

March 31, 1994, believed by it to be firm, was approximately \$1,032 million, which reflects an increase of \$110 million over the December 31, 1993 balance. The company estimates that approximately 90 percent of the backlog will be shipped during the next twelve months.

Liquidity and Capital Resources

The company's financial position at March 31, 1994 did not change materially from December 31, 1993. In the first three months of 1994, working capital increased by approximately \$32.5 million to \$910.3 million at March 31, 1994 from December 31, 1993's balance of \$877.8 million. The current ratio at March 31, 1994 was 1.9 to 1, which equalled the ratio at December 31, 1993.

The company's cash, cash equivalents and marketable securities decreased by \$1.4 million during the first three months of 1994 to \$232.8 million from \$234.2 million at December 31, 1993. This decrease is the net effect of a general decrease in cash and cash equivalents of approximately \$2.2 million, a \$0.8 million decrease in marketable securities and a \$1.6 million increase attributed to the effect of currency movements during the first quarter of the year.

Receivables totalled \$829.3 million at March 31, 1994, which represents a \$31.8 million increase from the \$797.5 million reported

at December 31, 1993. This increase is the net effect of a strong selling period towards the end of the first quarter offset by aggressive collection efforts and the effect of foreign currency translation during the first three months of 1994.

Inventories totalled \$735 million at March 31, 1994, approximately \$21 million higher than the December 31, 1993 level. The activity during the first quarter of 1994 represents the net effect of the normal first quarter build of domestic inventories increased slightly by the change in exchange rates on the international inventories.

Long-term debt, including current maturities, at the end of the first quarter, totalled \$397 million, which approximated the year-end balance.

The company's March 31, 1994 debt-to-capital ratio was 29/71, which reflects a slight increase from the 28/72 ratio at December 31, 1993.

INGERSOLL-RAND COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS  
(continued)

During the first three months of 1994, foreign currency adjustment resulted in a net increase of approximately \$5 million in shareowners' equity, caused by the weakening of the U.S. dollar against other currencies. Currency changes in Italy, Australia, Singapore and Japan accounted for virtually all of this change. The translation of accounts receivable and inventories were the principal balance sheet items affected by the currency fluctuations since year-end.

Environmental Matters

Environmental matters at March 31, 1994 remain substantially unchanged from December 31, 1993. The company has been identified as

a potentially responsible party in environmental proceedings brought under both the federal Superfund law and state remediation laws, involving 29 sites within the United States. For all sites, there are other potentially responsible parties and in most instances, the company's involvement is minimal. Although there is a possibility that a responsible party might have to bear more than its proportional share of site clean-up costs if other responsible parties fail to make contributions, the company has not yet had, and to date there is no indication that it will have, to bear more than its proportional share of clean-up costs at any site. The company also is engaged in site investigations and remedial activities to address environmental cleanup from past operations at current and former manufacturing facilities. Although uncertainties regarding environmental technology, state and federal regulations, insurance coverage and individual site information make estimating the liability difficult, management believes that the total liability for the cost of environmental remediation will not have a material effect on the financial condition or the results of operations of the company.

#### Review of Business Segments

The Standard Machinery Segment reported sales of \$319.2 million for the first three months of 1994, an increase of 7.5 percent from last year's first quarter. The segment's operating income for the quarter totalled \$22.9 million and represents a 67.2 percent increase over the \$13.7 million reported for 1993's first quarter. The increase in sales is attributed to a double-digit improvement in domestic markets combined with a slight improvement in international business. The domestic increase in sales volume is more pronounced when you adjust 1993's first quarter sales for underground coal mining equipment, which was sold effective June 30, 1993. The Air Compressor and Construction and Mining groups reported marked improvements in their operating income margins, the result of improved domestic operations and continued benefits from cost-containment programs.

INGERSOLL-RAND COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS  
(continued)

Engineered Equipment Segment's sales for the first quarter of 1994 totalled \$203.5 million, down 9.2 percent from the \$224.0 million reported for the first three months of 1993. The segment reported an operating loss of \$1.8 million for the first quarter of 1994, as compared to \$0.8 million of operating income in last year's first quarter. Sales from Ingersoll-Dresser Pump Company declined by approximately ten percent both domestically and internationally from the amounts reported for the first three months of 1993. Benefits derived from cost-containment and restructuring programs, however, helped to generate operating income during the first quarter of the year which was close to last year's level.

Process Systems Group's sales were also approximately ten percent below 1993's first quarter due to the continued depressed conditions in the pulp and paper industry. The reduced volume caused the group to report an operating loss for the quarter.

The Bearings, Locks and Tools Segment reported sales of \$487.6 million for the first quarter of 1994, which is 13.1 percent above last year's first quarter total of \$431.3 million. Operating income totalled \$47.4 million, which was significantly higher than the \$38.2 million of operating income reported by the segment for the first three months of 1993.

An increase in demand for automotive-related products and for general industrial products caused higher sales and operating income in the Bearings and Components Group when compared to last year's first quarter. However, the group's operating results for the quarter were adversely affected by the lack of profitability generated from its plant in Kunsebeck, Germany, which was acquired in the latter part of 1993 from FAG.

Increases in housing related markets coupled with market share penetration produced higher sales and operating income from the Door Hardware Group in the first quarter of 1994 when compared to last year's performance.

The Production Equipment Group's sales increased slightly over their prior year level. However, the group's first quarter operating income and operating income margin improved notably over the levels reported for the first three months of 1993 based on an improving domestic market and cost-containment benefits.

INGERSOLL-RAND COMPANY

COMPUTATIONS OF PRIMARY AND FULLY DILUTED EARNINGS PER SHARE  
(in thousands except per share figures)

	Three Months Ended March 31,	
	1994	1993
PRIMARY EARNINGS PER SHARE (NOTE 1):		
Earnings before effect of accounting change	\$ 33,012	\$ 24,628
Effect of accounting change:		
- Postemployment benefits	--	(21,000)
Net earnings applicable to common stock	\$ 33,012	\$ 3,628
Average number of common shares outstanding	105,402	104,754
PRIMARY EARNINGS PER SHARE:		
Earnings before effect of accounting change	\$0.31	\$ 0.24
Effect of accounting change:		
- Postemployment benefits	--	(0.20)
Primary earnings per share	\$0.31	\$ 0.04
FULLY DILUTED EARNINGS PER SHARE (NOTE 2):(*)		
Earnings before effect of accounting change	\$ 33,012	\$ 24,628
Effect of accounting change:		
- Postemployment benefits	--	(21,000)
Net earnings applicable to common stock	\$ 33,012	\$ 3,628
Adjusted shares:		
Average number of common shares outstanding	105,402	104,754
Number of common shares issuable assuming exercise under incentive stock plans	453	524
Average number of outstanding shares, as adjusted for fully diluted earnings per share calculations	105,855	105,278
FULLY DILUTED EARNINGS PER SHARE:		
Earnings before effect of accounting change	\$0.31	\$0.23
Effect of accounting change:		

- Postemployment benefits	--	(0.20)
Fully diluted earnings per share	\$0.31	\$ 0.03

(\*) This calculation is presented in accordance with the Securities Exchange Act of 1934, although it is not required disclosure under APB Opinion No. 15.

See accompanying notes to computations of primary and fully diluted earnings per share.

INGERSOLL-RAND COMPANY

NOTES TO COMPUTATIONS OF PRIMARY AND FULLY DILUTED  
EARNINGS PER SHARE

- Note 1 - Shares issuable under outstanding stock plans, applying the "Treasury Stock" method, have been excluded from the computation of primary earnings per share since such shares were less than 1% of common shares outstanding.
- 2 - Net earnings per share of common stock computed on a fully diluted basis are based on the average number of common shares outstanding during each year after adjustment for individual securities which may be dilutive. Securities entering into consideration in making this calculation are common shares issuable under employee stock plans. Employee stock options outstanding are included in the calculation of fully diluted earnings per share by applying the "Treasury Stock" method quarterly. Such calculations are made using the higher of the average month-end market prices or the market price at the end of the quarter, in order to reflect the maximum potential dilution.

INGERSOLL-RAND COMPANY

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

a.) Exhibits

The exhibits listed on the accompanying index to exhibits on page 16 are filed as part of this Form 10-Q Quarterly Report.

b.) Reports on Form 8-K

None.

INGERSOLL-RAND COMPANY

INDEX TO EXHIBITS  
(Item 6(a))

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INGERSOLL-RAND COMPANY

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INGERSOLL-RAND COMPANY  
(Registrant)

Date May 13, 1994

/S/ T.F. McBride  
T.F. McBride, Senior Vice  
President & Chief Financial Officer  
  
Principal Financial Officer

Date May 13, 1994

/S/ R.A. Spohn  
R.A. Spohn, Controller -  
Accounting and Reporting  
  
Principal Accounting Officer



<TABLE>

INGERSOLL-RAND COMPANY  
 COMPUTATIONS OF RATIOS OF EARNINGS TO FIXED CHARGES  
 (Dollar Amounts in Thousands)

EXHIBIT 12  
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	(2) Years Ended December 31				
	1993	1992	1991	1990	1989
Fixed charges:					
<S>	<C>	<C>	<C>	<C>	<C>
Interest expense.....	\$ 55,764	\$ 64,698	\$ 64,476	\$ 71,663	\$ 44,049
Amortization of debt discount and expense...	688	288	265	255	255
Rentals (one-third of rentals).....	19,425	20,846	21,229	20,599	17,410
Capitalized interest.....	3,103	3,460	4,640	4,197	4,336
Total fixed charges.....	\$ 78,980	\$ 89,292	\$ 90,610	\$ 96,714	\$ 66,050
Net earnings (loss).....	\$142,524	\$(234,406)	\$150,589	\$185,343	\$210,751
Add: Minority income (loss) of majority-owned subsidiaries.....	13,571	(33,155)	1,938	2,232	1,304
Taxes on income.....	90,000	67,400	84,600	99,800	100,374
Fixed charges.....	78,980	89,292	90,610	96,714	66,050
Effect of accounting changes.....	21,000	350,000	--	--	--
Less: Capitalized interest.....	3,103	3,460	4,640	4,197	4,336
Undistributed earnings (losses) from less than 50% owned affiliates.....	39,933	16,603	13,523	3,327	6,036
Earnings available for fixed charges .....	\$303,039	\$ 219,068	\$309,574	\$376,565	\$368,107
Ratio of earnings to fixed charges .....	3.84 (1)	2.45 (3)	3.42 (4)	3.89	5.57
Undistributed earnings (losses) from less than 50% owned affiliates:					
Equity in earnings (losses).....	\$ 42,077	\$ 17,865	\$ 14,768	\$ 4,187	\$ 6,903
Less: Dividends paid .....	2,144	1,262	1,245	860	867
Undistributed earnings (losses) from less-than 50% owned affiliates.....	\$ 39,933	\$ 16,603	\$ 13,523	\$ 3,327	\$ 6,036

- (1) The 1993 calculation includes the effect of the \$5 million pretax charge relating to the restructure of the company's underground mining machinery business. Excluding this amount, the ratio would have been 3.90.
- (2) The company's portion of the earnings and fixed charges of the Dresser-Rand Company (a joint venture formed effective January 1, 1987 with Dresser Industries, Inc.) are included through September 30, 1992. Effective October 1, 1992, the company's ownership interest in the Dresser-Rand Company was reduced from 50% to 49%.
- (3) The 1992 calculation includes (i) the effect of the \$10 million pretax charge relating to the restructure of the company's aerospace bearings business and (ii) the full effect of the \$70 million pretax restructure of operations charge relating to the Ingersoll-Dresser Pump Company. Excluding the 1992 restructure charges the ratio would have been 3.35.
- (4) The 1991 ratio includes the \$7.1 million net pretax benefit from a restructure of operations. Excluding this amount the ratio would have been 3.34.

</TABLE>

EXHIBIT 12  
 Page 2 of 2

INGERSOLL-RAND COMPANY  
 COMPUTATIONS OF RATIOS OF EARNINGS TO FIXED CHARGES  
 (Dollar Amounts in Thousands)  
 For the Three Months Ended March 31, 1994

Fixed charges:	
Interest expense . . . . .	\$12,697

Amortization of debt discount and expense . . . . .	120
Rentals (one-third of rentals) . . . . .	5,327
Capitalized interest . . . . .	600
Total fixed charges . . . . .	\$18,744
Net earnings . . . . .	\$33,012
Add: Minority income (loss) of majority- owned subsidiaries . . . . .	17
Taxes on income . . . . .	18,975
Fixed charges . . . . .	18,744
Less: Capitalized interest . . . . .	600
Undistributed earnings (losses) from less than 50% owned affiliates . . . . .	7,204
Earnings available for fixed charges . . . . .	\$62,944
Ratio of earnings to fixed charges . . . . .	3.36
Undistributed earnings (losses) from less than 50% owned affiliates:	
Equity in earnings (losses) . . . . .	\$ 7,486
Less: Dividends paid . . . . .	282
Undistributed earnings (losses) from less-than 50% owned affiliates . . . . .	\$ 7,204