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GARDNER DENVER INC
Form DEF 14A
March 15, 2005

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

- Filed by Registrant [X]
- Filed by a Party other than the Registrant []
- Check the appropriate box:
- [] Preliminary Proxy Statement
- [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Under Rule 14a-12

GARDNER DENVER, INC.
.....
(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:
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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):
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4) Proposed maximum aggregate value of transaction:
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[] 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:
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- 2) Form, Schedule or Registration Statement No.:

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.....
3) Filing Party:
.....

.....
4) Date Filed:
.....

[GARDNER DENVER LOGO]

March 15, 2005

TO OUR STOCKHOLDERS:

You are cordially invited to attend the 2005 Annual Meeting of Stockholders on Tuesday, May 3, 2005 at 1:30 p.m., at the Quincy Country Club, 2410 State Street, Quincy, Illinois.

The attached Notice and Proxy Statement describe the business of the meeting. After the transaction of formal business, a question and answer period will follow.

We look forward to a significant vote of the Common Stock, either in person or by proxy. This year, we are offering three convenient ways to vote your proxy. If you are a stockholder of record, you may use the toll-free telephone number on the proxy card to vote your shares or you may vote your shares via the Internet by following the simple instructions on the proxy card. If you prefer to vote your shares by mail, simply complete, date, sign and return your proxy card in the enclosed stamped and addressed envelope. Regardless of your method of voting, you may revoke your proxy and vote in person if you decide to attend the Annual Meeting.

We are now offering you the opportunity to access future stockholder communications (e.g., annual reports, proxy statements, related proxy materials) over the Internet instead of receiving such communications in print. Participation is completely voluntary. If you give your consent, in the future, when our material is available over the Internet, the package you receive containing your proxy voting card will contain the Internet location where the material is available ([http:// www.gardnerdenver.com](http://www.gardnerdenver.com)). There is no cost to you for this service other than any charges you may incur from your Internet provider, telephone and/or cable company. Once you give your consent, it will remain in effect until revoked, which you may do at any time by writing to us or our transfer agent, National City Bank. In addition, you may also request paper copies of any such communications at any time by writing to us or our transfer agent.

Your support is appreciated, and we hope that you will be able to join us at the May 3rd meeting.

Cordially,

/s/ Ross J. Centanni
Ross J. Centanni
Chairman, President and
Chief Executive Officer

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GARDNER DENVER, INC.
1800 GARDNER EXPRESSWAY
QUINCY, ILLINOIS 62305

NOTICE OF 2005 ANNUAL MEETING OF STOCKHOLDERS

The 2005 Annual Meeting of Stockholders of Gardner Denver, Inc. (the "Company") will be held at the Quincy Country Club, 2410 State Street, Quincy, Illinois on Tuesday, May 3, 2005 at 1:30 p.m., for the following purposes:

1. To elect three directors to serve for a three-year term each;
2. To approve the Company's Executive Annual Bonus Plan; and
3. To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on March 4, 2005 are entitled to notice of, and to vote at, the meeting. Stockholders of record may vote their proxy by completing the enclosed proxy card, calling the toll-free number indicated on the proxy card, or accessing the Internet website specified in the instructions included on the proxy card. A stockholder may revoke a proxy at any time before it is voted at the meeting by following the procedures described in the attached Proxy Statement.

FOR THE BOARD OF DIRECTORS

Tracy D. Pagliara
Vice President, Administration,
General Counsel and Secretary

Quincy, Illinois
March 15, 2005

RETURN OF PROXIES REQUESTED

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TO ASSURE YOUR REPRESENTATION AT THE MEETING, PLEASE (1) SIGN, DATE AND PROMPTLY MAIL THE ENCLOSED PROXY CARD, FOR WHICH A RETURN ENVELOPE IS PROVIDED; (2) CALL THE TOLL-FREE NUMBER INDICATED ON THE ENCLOSED PROXY CARD; OR (3) ACCESS THE INTERNET WEBSITE SPECIFIED IN THE INSTRUCTIONS ON THE PROXY CARD.

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GARDNER DENVER, INC.
1800 GARDNER EXPRESSWAY
QUINCY, ILLINOIS 62305

PROXY STATEMENT

GENERAL INFORMATION

The accompanying proxy is solicited by the Board of Directors of Gardner Denver, Inc. (the "Company" or "Gardner Denver") and will be voted in accordance with the instructions given (either in a signed proxy card or

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voted through the toll-free telephone or Internet procedures described below) and not revoked. A stockholder may revoke a proxy at any time before it is voted by (1) giving notice to the Company in writing, (2) submitting another proxy that is properly signed and later dated, or (3) voting in person at the meeting. Attendance at the meeting will not in and of itself revoke a proxy.

This Proxy Statement and the enclosed proxy card were first mailed to stockholders on or about March 23, 2005. The record date for determining the stockholders entitled to vote at the meeting was the close of business on March 4, 2005 (the "Record Date"). On that date, the outstanding voting securities of the Company were 20,056,178 shares of Common Stock, par value \$0.01 ("Common Stock"). Each share of Common Stock is entitled to one vote. A majority of the outstanding shares of Common Stock is required to establish a quorum. Abstentions and "broker non-votes" (as described below) will be considered present at the meeting for purposes of determining a quorum with respect to items brought before the meeting.

Brokers holding shares for beneficial owners must vote these shares according to specific instructions received from the owner. If specific instructions are not received, brokers may vote these shares in their discretion on certain routine matters, such as the election of directors. However, the New York Stock Exchange rules preclude brokers from exercising their voting discretion on certain proposals. In these cases, if they have not received specific instructions from the beneficial owner, brokers may not vote on the proposals, resulting in what is known as a "broker non-vote."

The affirmative vote of a majority of the outstanding shares of Common Stock having voting power present at the meeting, in person or by proxy and voting thereon, is required to elect each of the nominees as a director of the Company (Item 1 on the proxy card). For these purposes, abstentions and "broker non-votes" will not be counted as voting for or against the proposal to which it relates.

The affirmative vote of a majority of the outstanding shares of Common Stock having voting power present at the meeting, in person or by proxy and voting thereon, is required to approve the Executive Annual Bonus Plan (Item 2 on the proxy card). For these purposes, abstentions and "broker non-votes" will not be counted as voting for or against the proposal to which they relate.

The Company is not aware of any matter that will be presented to the meeting for action on the part of the stockholders other than that stated in the notice. If any other matter is properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote the shares to which the proxy relates in accordance with their best judgment.

Stockholders of record may vote using the toll-free number listed on the proxy card or via the Internet or they may complete, sign, date and mail the enclosed proxy card in the postage-paid envelope provided. The telephone and Internet voting procedures are designed to authenticate stockholders' identities. The procedures allow stockholders to give their voting instructions and confirm that their instructions have been properly recorded. Specific instructions to be followed by any stockholder of record interested in voting by telephone or the Internet are set forth on the enclosed proxy card.

Stockholders may vote by telephone or through the Internet 24 hours a day, 7 days a week. Telephone or Internet votes must be received by 11:59 p.m. Eastern Time on May 2, 2005 for all shares of Common Stock

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other than shares held in the Gardner Denver, Inc. Savings Plan and the Gardner Denver, Inc. Retirement Savings Plan, including the Gardner Denver, Inc. Supplemental Excess Defined Contribution Plan (together, the "Savings Plans").

Shares of Common Stock held in the Savings Plans will be voted by Wachovia Bank, N.A. ("Wachovia"), as trustee of the Savings Plans. The enclosed proxy card includes the number of equivalent shares credited to your account. Voting instructions to Wachovia regarding your Savings Plans shares must be received by 11:59 p.m. Eastern Time on April 28, 2005. Such voting instructions can be made in the same manner as other shares of Common Stock are voted by proxy (i.e., by returning the proxy card by mail or voting by telephone or through the Internet as described above). A vote by telephone or through the Internet authorizes Wachovia and the proxies named on the enclosed proxy card to vote your shares in the same manner as if you marked, signed and returned your proxy card. Therefore, if you vote by telephone or Internet, there is no need to return the proxy card.

After April 28, 2005, all shares of Common Stock held in the Savings Plans for which voting instructions have not been received, and all shares not yet allocated to participants' accounts, will be voted by Wachovia, as trustee, as directed by the Company, in the same proportion (for or against) as the shares for which instructions are received from participants in the Savings Plans. If you fail to return a proxy properly signed or fail to cast your votes by telephone or via the Internet by April 28, 2005, the equivalent shares of Common Stock credited to your Savings Plans account will be voted by Wachovia, as trustee, as directed by the Company, in the same proportion as the shares for which instructions were received from other participants in the Savings Plans.

The cost of soliciting proxies will be paid by the Company. The Company will, upon request, reimburse brokerage houses, custodians, nominees and others for their out-of-pocket and reasonable clerical expenses incurred in connection with such solicitation. For the purpose of obtaining broad representation at the meeting, Georgeson Shareholder Communications Inc. has been retained by the Company to assist in the solicitation of proxies at an anticipated cost of approximately \$10,000 plus reimbursement of reasonable expenses. Officers and employees of the Company, without being additionally compensated, may also make requests for the return of proxies by letter, telephone or other means or in person.

If you are a registered holder of shares, you have the option to access future stockholder communications (e.g., annual reports, proxy statements and related proxy materials) over the Internet instead of receiving those documents in print. Participation is completely voluntary. If you give your consent to receive such material electronically, in the future, when our material is available over the Internet, the package you receive containing your proxy voting card will contain the Internet location where such stockholder communications are available (www.gardnerdenver.com). The material will be presented in PDF format. There is no cost to you for this service other than any charges you may incur from your Internet provider, telephone and/or cable company. Once you give your consent, it will remain in effect until you inform the Company otherwise. You may revoke your consent at any time and/or request paper copies of any of these stockholder communications by writing the Company's transfer agent, National City Bank, Corporate Trust Operations, Department 5352, P.O. Box 92301, Cleveland, Ohio 44193-0900, or by writing the Company.

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To give your consent to receive such material electronically, follow the prompts when you vote by telephone or over the Internet or check the appropriate box located at the bottom of your proxy card when you vote by mail.

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PROPOSAL I--ELECTION OF DIRECTORS

The authorized number of directors of the Company is presently fixed at eight. In July 2004, the number of directors was increased from seven to eight by decision of the Company's Board of Directors in accordance with the Bylaws of the Company. The directors are divided into three classes, with two classes having three members each and one class having two members. Directors in each class are elected for three-year terms so that the term of office of one class of directors expires at each annual meeting.

For election as directors at the Annual Meeting of Stockholders to be held on May 3, 2005, the Board of Directors has approved the nominations of Donald G. Barger, Jr., Raymond R. Hipp, and David D. Petratis, who are currently directors, to serve for three-year terms expiring in 2008. THE BOARD OF DIRECTORS BELIEVES THAT THE ELECTION OF THESE NOMINEES WILL BE IN THE BEST INTERESTS OF THE STOCKHOLDERS AND, ACCORDINGLY, RECOMMENDS A VOTE FOR ELECTION OF THESE NOMINEES, WHICH IS ITEM 1 ON THE PROXY CARD. Proxies received in response to the Board's solicitation will be voted FOR election of these nominees for director if no specific instructions are included for Item 1, except for shares held in Savings Plans which shall be voted as set forth in the accompanying proxy. See also "General Information."

If any one of the nominees becomes unavailable or unwilling for good reason to stand for election, the accompanying proxy will be voted for the election of such person, if any, as shall be recommended by the Board of Directors, or will be voted in favor of holding a vacancy to be filled by the directors. The Company has no reason to believe that any nominee will be unavailable or unwilling to stand for election.

The following information is provided regarding the nominees for election as a director and each of the other directors who will continue in office after the meeting.

NOMINEES FOR ELECTION

[PHOTO] DONALD G. BARGER, JR., age 62, has been a director of Gardner Denver since its spin-off from Cooper Industries, Inc. ("Cooper") in April 1994. Mr. Barger is the Senior Vice President and Chief Financial Officer of Yellow Roadway Corporation, a publicly held company specializing in the transportation of goods and materials. He joined the predecessor company, Yellow Corporation ("Yellow") in December 2000 in the same capacity. Prior to joining Yellow, he served as Vice President and Chief Financial Officer of Hillenbrand Industries Inc. ("Hillenbrand"), a publicly held company serving healthcare and funeral services, from March 1998 until December 2000. Mr. Barger was also Vice President, Chief Financial Officer of Worthington Industries, Inc., a publicly held manufacturer of metal and plastic products and processed steel products, from September 1993 until joining Hillenbrand. Mr. Barger has a

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B.S. degree from the United States Naval Academy and an M.B.A. from the University of Pennsylvania, Wharton School of Business. Mr. Barger is a director of the Quanex Corporation.

[PHOTO]

RAYMOND R. HIPPI, age 62, has been a director of Gardner Denver since November 1998. Since July 2002, Mr. Hipp has served as a strategic alternative and merger and acquisition consultant. Mr. Hipp served as Chairman, President and CEO and a Director of Alternative Resources Corporation, a provider of information technology staffing and component outsourcing, a position he held from July 1998 until his retirement in June 2002. From August 1996 until May 1998, Mr. Hipp was the Chief Executive Officer of ITI Marketing Services, a provider of telemarketing services. Mr. Hipp has a B.S. degree from Southeast Missouri State University.

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[PHOTO]

DAVID D. PETRATIS, age 47, was appointed a director of Gardner Denver in July 2004. Mr. Petratis has been the President and Chief Executive Officer of the North American Operating Division of Schneider Electric, located in Palatine, Illinois, since January 2004. Schneider Electric is headquartered in Paris, France and provides a market-leading brand of electrical distribution and industrial control products, systems and services. Mr. Petratis previously served as the President and Chief Operating Officer of the North American Division of Schneider Electric from December 2002 until his promotion. He was President of MGE Americas, a privately held manufacturer of power supplies, from 1996 through 2002. Mr. Petratis earned a B.A. degree in Industrial Management from the University of Northern Iowa and an M.B.A. from Pepperdine University. He has held positions on the Board of Directors of the University of California, Irvine Graduate School of Management, the California State (Fullerton) Quality Advisory Board and Project Independence, a community agency in Costa Mesa, California for the developmentally disabled. Mr. Petratis also serves on the Board of Governors of National Electrical Manufacturers Association (NEMA).

DIRECTORS WHOSE TERMS OF OFFICE WILL CONTINUE AFTER THE MEETING

TERMS EXPIRING AT THE 2006 ANNUAL MEETING OF STOCKHOLDERS

[PHOTO]

ROSS J. CENTANNI, age 59, has been President and Chief Executive Officer and a director of Gardner Denver since its incorporation in November 1993. He has been Chairman of Gardner Denver's Board of Directors since November 1998. Prior to Gardner Denver's spin-off from Cooper in April 1994, he was Vice President and General Manager of Gardner Denver's predecessor, the Gardner-Denver Industrial Machinery Division, where he also served as Director of Marketing from August 1985 to June 1990. He has a B.S. degree in industrial technology and an M.B.A. degree from Louisiana State University. Mr. Centanni is a director of Esterline Technologies, a publicly held manufacturer of components for avionics, propulsion and guidance systems, and Denman Services, Inc., a privately held supplier of

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medical products. He is also a member of the Petroleum Equipment Suppliers Association Board of Directors and a member of the Executive Committee of the International Compressed Air and Allied Machinery Committee.

[PHOTO] RICHARD L. THOMPSON, age 65, has been a director of Gardner Denver since November 1998. Mr. Thompson served as a Group President and Executive Office Member of Caterpillar Inc. ("Caterpillar"), a publicly held manufacturer of construction machinery and equipment, from 1995 until his retirement in June 2004. He earned a B.S. in electrical engineering and an M.B.A. from Stanford University and completed the Caterpillar Advanced Management Program. Mr. Thompson serves as Vice Chairman of the Board of Directors of Lennox International, Inc., a publicly held manufacturer of HVAC and refrigeration equipment, and as a director of NiSource Inc., a publicly held electric and gas utility.

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TERMS EXPIRING AT THE 2007 ANNUAL MEETING OF STOCKHOLDERS

[PHOTO] FRANK J. HANSEN, age 63, has been a director of Gardner Denver since June 1997. Mr. Hansen was the President and Chief Executive Officer of IDEX Corporation, a publicly held manufacturer of proprietary fluid handling and industrial products, from April 1999 until his retirement in April 2000. He was President and Chief Operating Officer from January 1998 to April 1999 and Senior Vice President and Chief Operating Officer from July 1994 until January 1998. Mr. Hansen has a B.S. degree in business administration from Portland State University.

[PHOTO] THOMAS M. MCKENNA, age 67, has been a director of Gardner Denver since its spin-off from Cooper in April 1994. Mr. McKenna served as the President of United Sugars Corporation, a marketing cooperative which is one of the nation's largest sugar marketers to both the industrial and retail markets, from December 1998 until his retirement in December 2002. He was President and Chief Executive Officer of Moorman Manufacturing Company, a privately held manufacturer of agricultural supplies, from August 1993 until January 1998. Mr. McKenna has a B.A. degree from St. Mary's College and an M.B.A. from Loyola University.

[PHOTO] DIANE K. SCHUMACHER, age 51, has been a director of Gardner Denver since August 2000. Ms. Schumacher has served as Senior Vice President, General Counsel and Secretary of Cooper from 1995 to 2003 and presently serves as Senior Vice President, General Counsel and Chief Compliance Officer. Ms. Schumacher holds a B.A. degree in economics from Southern Illinois University and a J.D. degree from DePaul University College of Law. She also completed the Harvard Advanced Management Program and serves as a director of the American Arbitration Association and is a member of the Executive Committee.

BOARD OF DIRECTOR RESPONSIBILITIES, COMPENSATION AND RELATIONSHIPS

The Company's Board of Directors (the "Board") held four regular

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meetings and no special meetings during 2004. Each director, other than Mr. Petratis, attended the Company's annual stockholder meeting and all of the Board meetings and meetings of Committees of which he or she was a member. Mr. Petratis, who was appointed as a director on July 26, 2004, attended all of the Board meetings held after his appointment and all meetings of Committees of which he was a member.

The Board has adopted categorical standards of independence for its members, a copy of which is attached hereto as Appendix A. In accordance with New York Stock Exchange and Securities and Exchange Commission ("SEC") rules and guidelines, the Board assesses the independence of its members from time to time. As part of this assessment, the following steps are taken:

- * The Board reviews the standards of independence in relation to each director's response to a detailed questionnaire which addressed the director's background, activities and relationships.
- * The Board reviews the commercial and other relationships, if any, between the Company and each director.
- * The Board determines whether or not any director has a material relationship with the Company, either directly or indirectly as a partner, stockholder or officer of an organization that has a relationship with the Company. In making this determination, the Board broadly considers all relevant facts and circumstances, including (a) the nature of the relationship, (b) the significance of the relationship to the Company, the other organization and the individual director, (c) whether or not the relationship is solely

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a business relationship in the ordinary course of the Company's and the other organization's businesses and does not afford the director any special benefits, (d) any commercial, banking, consulting, legal, accounting, charitable and familial relationships, and (e) whether a director's affiliated company and the Company engaged in transactions which involved an aggregate amount of payments for products or services greater than two percent of the annual consolidated gross revenues of the affiliated company.

The Board has reviewed the commercial and other relationships between the Company and its present directors (including all of the nominees presently standing for election). After taking into account all relevant facts and circumstances, the Board determined that there were no material relationships, whether industrial, banking, consulting, legal, accounting, charitable or familial, which would impair the independence of any of the directors or nominees.

On the basis of this assessment and the standards for independence adopted by the New York Stock Exchange and the SEC, the Board determined that all of its members (including all of the nominees presently standing for election) other than Mr. Centanni, its Chairman, President and Chief Executive Officer, are independent. Mr. Centanni is not independent because he is an employee of the Company.

BOARD OF DIRECTORS COMMITTEES

The Board has a standing Audit and Finance Committee, a standing Management Development and Compensation Committee and a standing Nominating and Corporate Governance Committee, each composed exclusively of independent

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nonemployee directors. The Board has adopted written charters for each of the Audit and Finance Committee, the Management Development and Compensation Committee and the Nominating and Corporate Governance Committee, copies of which are available on the Company's website at www.gardnerdenver.com. Copies of each such charter are also available in print to any stockholder upon request in writing to the Corporate Secretary at 1800 Gardner Expressway, Quincy, Illinois 62305 or by telephone to 217-222-5400.

The Audit and Finance Committee. The Audit and Finance Committee, currently composed of Donald G. Barger, Jr., Chairperson, Thomas M. McKenna, Raymond R. Hipp and David D. Petratis, held four meetings during 2004. In addition, the Pricing Committee of the Board, which was comprised of all of the members of the Audit and Finance Committee, held one special meeting, at which all members were in attendance, in connection with the Company's public offering in March 2004. The Board has determined that all members of the Audit and Finance Committee are independent, pursuant to New York Stock Exchange listing standards and SEC guidelines. The Board has also determined that Donald G. Barger, Jr. is an Audit Committee Financial Expert, as that term is defined in Item 401(h)(2) of Regulation S-K.

The purpose of the Audit and Finance Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- * The integrity of the Company's financial statements and financial information provided to stockholders and others;
- * The adequacy and effectiveness of the Company's disclosure controls and procedures and its internal control over financial reporting;
- * The adequacy and effectiveness of the Company's financial reporting principles and policies;
- * The adequacy and effectiveness of the Company's internal and external audit processes;
- * The adherence to the Company's regulatory compliance policies and procedures;
- * The Company's compliance with legal and regulatory requirements; and
- * The Company's independent registered public accounting firm's (independent auditors') qualifications and independence.

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The specific functions of the Audit and Finance Committee include, among other things:

- * Appointment, retention, discharge, oversight and compensation of the Company's independent auditors, including resolution of any disagreements between management and the Company's independent auditors regarding financial reporting;
- * Review of the planned scope and results of the internal auditors' and independent auditors' respective audits and examinations of the Company's financial results;
- * Approve in advance all non-audit services to be provided by, and

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estimated fees of, the Company's independent auditors, subject to certain exceptions;

- * Receive and review, at least annually, reports from the Company's independent auditors with respect to: (i) critical accounting policies and practices used by the Company in the preparation of its financial statements, (ii) alternative treatments of financial information within GAAP, including the ramifications of the use of any alternative disclosures and treatments, and (iii) any other material written communications between the independent auditors and management;
- * Review with the independent auditors any problems or difficulties with the audit, including, among other things, significant disagreements with management, any "management" or "internal control" letter issued or proposed to be issued, responsibilities, budget and staff issues and management's response;
- * At least annually, obtain and review a report by the independent auditors describing the independent auditors' independence and internal quality control procedures, and make a determination regarding the independent auditors' independence;
- * Receive the annual report from the independent auditors regarding the Company's internal control over financial reporting and review such report with the Company's management;
- * Review and discuss with management, the internal audit department and the independent auditors the Company's financial statements, including, among other things, (i) any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; and (ii) the effect of regulatory and accounting initiatives on the financial statements;
- * Establish procedures for the receipt, retention, treatment and handling of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of concerns and complaints regarding questionable accounting, internal controls and procedures for financial reporting or auditing matters;
- * Oversight of the Company's benefits committee in its establishment of investment objectives, policies and performance criteria for the management of the Company's retirement and benefit plan assets;
- * Monitor compliance with the Company's Code of Ethics and Business Conduct Policy;
- * Review information concerning environmental, legal and other matters which may represent material financial exposure or risk to the Company;
- * Establish clear hiring policies for employees or former employees of the Company's independent auditor; and
- * Report regularly to the Board and review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function.

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The Audit and Finance Committee has authority to retain outside financial and legal advisors to assist it in meeting any of the above obligations, as necessary and appropriate, and to ensure that the Company provides appropriate funding to pay the fees and expenses of the Company's independent auditors and the Audit and Finance Committee's other outside advisors.

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The Management Development and Compensation Committee. The Management Development and Compensation Committee, currently composed of Richard L. Thompson, Chairperson, Frank J. Hansen, Thomas M. McKenna and Diane K. Schumacher, held three regular meetings and one special meeting during 2004. The Board has determined that all members of the Management Development and Compensation Committee are independent, pursuant to New York Stock Exchange listing standards and SEC guidelines.

The purpose of the Management Development and Compensation Committee is to assist the Board in discharging its responsibilities relating to executive selection, retention and compensation and succession planning. The specific functions of the Management Development and Compensation Committee include, among other things:

- * Review and consult with the Chief Executive Officer concerning selection of officers, management succession planning, executive performance, organizational structure and matters related thereto and assist the Chief Executive Officer in developing recommendations concerning the same from time to time for Board consideration;
- * Recommend to the Board one or more candidates for Chief Executive Officer in the event the position becomes vacant;
- * Establish from time to time reasonable short-term and long-term compensation for services to the Company by executive officers (the Chief Executive Officer, President, all corporate Vice Presidents, and the Secretary), which shall include the following tasks: (a) to establish compensation, incentive compensation and bonuses, deferred compensation, pensions, insurance, death benefits and other benefits; (b) to administer stock and compensation plans of the Company as adopted by the Board, and to amend or restate any such plan to the extent deemed appropriate for incorporating therein non-substantive points or substantive matters expressly mandated by law; and (c) to review and approve corporate goals relevant to executive officer compensation, including that of the Chief Executive Officer;
- * Evaluate executive officer performance, including the Chief Executive Officer, and set their compensation in light of the achievement of such goals and such other factors and requirements as the Committee shall deem relevant or appropriate;
- * Review and assess the Company's employee benefit plans and programs from time to time; and
- * Report to the Board on the results of reviews and conferences and submit to the Board any recommendations the Committee may have from time to time.

The Management Development and Compensation Committee has authority to retain executive compensation consulting firms and other consultants,

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including outside financial and legal advisors, to assist it in meeting any of the above obligations, as necessary and appropriate, and to ensure that the Company provides appropriate funding to pay the fees and expenses of such advisors.

The Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee, currently composed of Diane K. Schumacher, Chairperson, Frank J. Hansen and Richard L. Thompson, held two meetings during 2004. The Board has determined that all members of the Nominating and Corporate Governance Committee are independent, pursuant to New York Stock Exchange listing standards and SEC guidelines.

The purpose of the Nominating and Corporate Governance Committee is to make recommendations to the Board on director nominees, Board practices and corporate governance practices and principles. The specific functions of the Nominating and Corporate Governance Committee include, among other things:

- * Review with management and evaluate the overall effectiveness of the organization of the Board, including its incumbent members, lead independent nonemployee director, size and composition, and the conduct of its business, and make appropriate recommendations to the Board with regard thereto;
 - * At least annually, review the Chairpersons and membership of the various Board committees and make recommendations with regard thereto;
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- * Develop, maintain and review on an annual basis criteria and procedures for the identification and recruitment of candidates for election to serve as directors of the Company, and make appropriate recommendations with regard thereto to the Board and, as appropriate, to the stockholders of the Company;
 - * Identify individuals qualified to become Board members, consistent with the criteria approved by the Board;
 - * Recommend to the Board new candidates for election to the Board and the director nominees for the next annual meeting of stockholders;
 - * Review the appropriateness and adequacy of information supplied to directors prior to and during Board meetings;
 - * Consider from time to time the overall relationship of, and oversee the evaluation of, directors and management;
 - * Review from time to time compensation (including benefits) for services to the Company by its directors, and make recommendations with regard thereto to the Board;
 - * Develop and recommend to the Board a set of corporate governance principles applicable to the Company;
 - * Review and assess changes, if any, in any of the director's relationships, affiliations, employment or other board or public service and the corresponding impact on the independence of such director; and
 - * Develop an orientation program for new directors and a continuing

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education program for all Board members.

The Nominating and Corporate Governance Committee has authority to retain independent third-party search firms and outside financial and legal advisors to assist it in meeting any of the above obligations, as necessary and appropriate, and to ensure that the Company provides appropriate funding to pay the fees and expenses of such advisors.

The Nominating and Corporate Governance Committee must review with the Board, on at least an annual basis, the requisite qualifications, independence, skills and characteristics of Board candidates, members and the Board as a whole. When assessing potential new directors, the Nominating and Corporate Governance Committee considers individuals from various and diverse backgrounds. While the selection of qualified directors is a complex and subjective process that requires consideration of many intangible factors, the Nominating and Corporate Governance Committee believes that candidates generally should, at a minimum, meet the following criteria:

- * Candidates should possess broad training, experience and a successful track record at senior policy-making levels in business, government, education, technology, accounting, law and/or administration;
- * Candidates should also possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of all stockholders;
- * Candidates should have an inquisitive and objective perspective, strength of character and the mature judgment essential to effective decision-making;
- * Candidates should possess expertise that is useful to the Company and complementary to the background and experience of other Board members; and
- * Candidates must be willing and free to commit necessary time to serve effectively as a Board member, including attendance at committee meetings.

The Nominating and Corporate Governance Committee will consider such candidates if a vacancy arises or if the Board decides to expand its membership, and at such other times as the Nominating and Corporate Governance Committee deems necessary or appropriate. The Nominating and Corporate Governance Committee will consider stockholder recommendations for candidates for the Board. Any stockholder wishing to

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submit a candidate for consideration should send the following information to the Corporate Secretary, Gardner Denver, Inc., 1800 Gardner Expressway, Quincy, Illinois 62305:

- * Stockholder's name, number of shares of Company Common Stock owned, length of period held, and proof of ownership;
- * Name, age and address of candidate;
- * A detailed resume describing, among other things, the candidate's educational background, occupation, employment history, and material outside commitments (e.g., memberships on other boards and

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committees, charitable foundations, etc.);

- * A supporting statement which describes the candidate's reasons for seeking election to the Board, and which documents his/her ability to satisfy the director qualifications described above;
- * Any information relating to the candidate that is required by the rules and regulations of the SEC and the New York Stock Exchange to be disclosed in the solicitation of proxies for election of directors;
- * A description of any arrangements or understandings between the stockholder and the director; and
- * A signed statement from the candidate, confirming his/her willingness to serve on the Board.

The Corporate Secretary will promptly forward such materials to the Chairperson of the Nominating and Corporate Governance Committee and to the Chairman of the Board. The Corporate Secretary will also maintain copies of such materials for future reference by the Nominating and Corporate Governance Committee when filling Board positions. The same criteria applies with respect to the Nominating and Corporate Governance Committee's evaluation of all candidates for membership to the Board, including candidates recommended by stockholders. However, separate procedures will apply, as provided in the Bylaws, if a stockholder wishes to submit at an annual meeting a director candidate who is not approved by the Committee or Board.

COMPENSATION OF DIRECTORS

For 2004, the Company's nonemployee directors each received an annual retainer of \$28,000. Additionally, nonemployee directors received meeting attendance fees of \$1,250 per meeting for Board meetings and \$1,000 per meeting for committee meetings. Directors were also reimbursed for reasonable expenses incurred in connection with attending Board and committee meetings.

The Gardner Denver, Inc. Phantom Stock Plan for Outside Directors (the "Phantom Stock Plan") has been established to more closely align the interests of the nonemployee directors and the Company's stockholders by increasing each nonemployee director's proprietary interest in the Company in the form of "phantom stock units."

Under the Phantom Stock Plan, which is an unfunded plan, the Company credits the equivalent of \$7,000 annually, in equal monthly amounts, to the phantom stock unit account of each nonemployee director. Phantom stock units are credited based upon the previous month's average closing price per share for the Company's Common Stock. Each nonemployee director may also elect to defer all or some portion of his or her annual director's fees under the Phantom Stock Plan and have such amount credited on a monthly basis as phantom stock units, based on the previous month's average closing price per share for the Company's Common Stock. If the Company were to pay dividends, dividend equivalents would be credited to each nonemployee director's account on the dividend record date.

The fair market value of a director's account will be distributed as a cash payment to the director (or his or her beneficiary) on the first day of the month following the month in which the director ceases to be a director of the Company for any reason. Alternatively, a director may elect to have the fair market value of his or her account distributed in twelve or fewer equal monthly installments, or in a single payment on a predetermined date

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within one year after he or she ceases to be a director, but without interest on the deferred payments. The fair market value of a director's account is determined by reference to the average closing price per share for the Company's Common Stock during the thirty trading days immediately preceding the date the director ceases to

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be a director. The following table summarizes the number of phantom stock units credited to each nonemployee director as of March 4, 2005.

NAME -----	PHANTOM STOCK UNITS -----
Donald G. Barger, Jr.....	4,990
Frank J. Hansen.....	2,262
Raymond R. Hipp.....	3,625
Thomas M. McKenna.....	14,864
David D. Petratis.....	1,022
Diane K. Schumacher.....	1,423
Richard L. Thompson.....	6,641

Total.....	34,827
	=====

Pursuant to the Gardner Denver, Inc. Long-Term Incentive Plan (the "Incentive Plan"), for 2004, the Board granted each nonemployee director an option to purchase 4,500 shares of the Company's Common Stock, on the date following the 2004 Annual Stockholders Meeting. Nonemployee director stock options become exercisable on the first anniversary of the date of grant and terminate upon the expiration of five years from such date. If a person ceases to be a nonemployee director by virtue of disability or retirement (after having completed at least one three-year term), outstanding options generally remain exercisable for a period of five years (but not later than the expiration date of the options). If a person ceases to be a nonemployee director by virtue of death (or dies during the five-year exercise period after disability or retirement described above), outstanding options generally remain exercisable for a period of one year (but not later than the expiration date of the options). If a nonemployee director's service terminates for any other reason, options not then exercisable are canceled and options that are exercisable may be exercised at any time within ninety days after such termination (but not later than the expiration date of the options). Additionally, upon the occurrence of a change of control, as defined in the plan, these options will be canceled in exchange for a cash payment equal to the appreciation in value of the options over the exercise price as set forth in the plan. The exercise price of these options is the fair market value of the Common Stock on the date of grant.

STOCKHOLDER COMMUNICATION WITH DIRECTORS

The Board has adopted the following procedures for stockholders to send communications to the Board, individual directors and/or Committee chairs.

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Stockholders and other interested persons seeking to communicate with the Board or any individual director should submit their written comments to the Corporate Secretary, Gardner Denver, Inc., 1800 Gardner Expressway, Quincy, Illinois 62305. Such persons who prefer to communicate by e-mail should send their comments to CorporateSecretary@gardnerdenver.com. The Corporate Secretary will then forward all such communications (excluding routine advertisements and business solicitations) to each member of the Board, or the applicable individual director(s) and/or Committee Chair(s). Subject to the following paragraph, the Chairman of the Board will receive copies of all stockholder communications, including those addressed to individual directors and/or Committee Chairs, unless such communications address allegations of misconduct or mismanagement on the part of the Chairman. In such event, the Corporate Secretary will first consult with and receive the approval of the Audit and Finance Committee Chair before disclosing or otherwise discussing the communication with the Chairman of the Board.

If a stockholder communication is addressed exclusively to the Company's non-management directors, the Corporate Secretary will first consult with and receive the approval of the Chairperson of the Nominating and Corporate Governance Committee before disclosing or otherwise discussing the communication with directors who are members of management.

The Company reserves the right to screen materials sent to its directors for potential security risks and/or harassment purposes.

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Stockholders also have an opportunity to communicate with the Board of Directors at the Company's Annual Meeting of Stockholders. Pursuant to Board policy, each director is expected to attend the Annual Meeting in person and be available to address questions or concerns raised by stockholders, subject to occasional excused absences due to illness or unavoidable conflicts. All members of the Board of Directors attended the 2004 Annual Meeting of Stockholders, other than Mr. Petratis, who was not appointed to the Board until after the Annual Meeting.

CORPORATE GOVERNANCE

The Board has adopted a policy regarding Corporate Governance, which is available on the Company's website at www.gardnerdenver.com. A copy of such policy is available in print to any stockholder upon request in writing to the Corporate Secretary at 1800 Gardner Expressway, Quincy, Illinois 62305 or by telephone to 217-222-5400. The objective of this policy is to ensure that the Board maintains its independence, objectivity and effectiveness in fulfilling its responsibilities to the Company's stockholders. The policy establishes: the criteria and requirements for selection and retention of directors; the procedures and practices governing the operation and compensation of the Board; and the principles under which management shall direct and operate the business of the Company and its subsidiaries. The policy provides that the majority of the Board should be independent based on the independence standards of the New York Stock Exchange, with varied and complementary backgrounds, and interlocking directorships are prohibited. Directors may serve on the boards of directors of no more than four for-profit organizations, including the Company, and members of the Audit and Finance Committee may serve on the audit committees of no more than three for-profit organizations, including the Company. The policy specifies that a nonemployee director will retire at the next regular meeting of the Board following the date he or she attains 70 years of age, and that, at any one time, no less than 50% of the number of nonemployee

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directors shall be actively employed.

On November 12, 2002, the Board appointed Mr. Frank Hansen to serve as its Lead Nonemployee Director. In this capacity, Mr. Hansen fulfills the duties of the Chairman of the Board at Board meetings as president pro tem when the Chairman is unavailable, and leads the discussion of independent nonemployee directors during executive sessions of the independent nonemployee directors.

The Company has adopted a Code of Ethics and Business Conduct Policy, which is available on the Company's website at www.gardnerdenver.com, that applies to all members of the Board and all executive officers and employees of the Company. In addition, under the charter of the Company's Audit and Finance Committee, the Chief Executive Officer and Chief Financial Officer, among others, are required to certify annually their adherence to a Code of Ethics, which is attached to the Audit and Finance Committee Charter available on the Company's website. The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendments to or waivers of the Code of Ethics and Business Conduct Policy and/or the Code of Ethics mandated by the Audit and Finance Committee by posting such information on its website at www.gardnerdenver.com. A copy of the Code of Ethics and Business Conduct Policy and the Audit and Finance Committee Charter (including the Code of Ethics attached thereto) are available in print to any stockholder upon request in writing to the Corporate Secretary at 1800 Gardner Expressway, Quincy, Illinois 62305 or by telephone to 217-222-5400.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The Company maintains stock ownership requirements for its nonemployee directors, executive officers and other key employees. Under these requirements, each nonemployee director is expected to maintain an equity interest in the Company equal to three times his or her annual cash compensation (including compensation for Board and Committee meeting attendance, but not including stock options or amounts contributed on behalf of such director to the Phantom Stock Plan). These requirements also require that the CEO maintain an equity interest equal to five times his annual base salary and each executive officer maintain an equity interest in the Company equal to three times his or her annual base salary. These ownership requirements are to be achieved by the fifth anniversary of each individual's appointment as a director or executive officer, as appropriate. Common Stock held directly by the director or executive officer or their respective immediate

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family members, and indirectly for the benefit of the director or executive officer in an IRA account, family trust, the Savings Plans and/or the related Supplemental Excess Defined Contribution Plan (the "Excess Contribution Plan"), are considered in determining compliance with these requirements.

The following table sets forth information, as of March 4, 2005, with respect to the beneficial ownership of the Company's Common Stock by (a) each director, (b) the Company's Chief Executive Officer, (c) each of the other "named executive officers" (as defined in Item 402(a)(3) of Regulation S-K) of the Company and (d) all directors and named executive officers as a group. Mr. Roth resigned as Vice President, Finance, and Chief Financial Officer effective as of August 16, 2004.

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NAME OF BENEFICIAL OWNERS -----	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP ----- DIRECT OWNERSHIP (1) (2) -----
DIRECTORS	
Donald G. Barger, Jr.....	24,760 (2)
Ross J. Centanni (Chairman, President and CEO).....	598,574 (2), (4), (5)
Frank J. Hansen.....	18,880 (2), (6)
Raymond R. Hipp.....	19,048 (2)
Thomas M. McKenna.....	23,966 (2)
David D. Petratis.....	0 (2)
Diane K. Schumacher.....	14,438 (2)
Richard L. Thompson.....	24,200 (2)
NAMED EXECUTIVE OFFICERS (NOT DIRECTORS)	
Michael S. Carney.....	25,299 (2)
Helen W. Cornell.....	112,535 (2), (7)
Tracy D. Pagliara.....	40,610 (2)
Richard C. Steber.....	23,833 (2)
Philip R. Roth (8).....	5,983 (2)
All directors and executive officers as a group.....	932,126 (2), (3), (4), (5), (6), (7), (8)