

GARDNER DENVER INC
Form DEF 14A
March 15, 2012
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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

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))

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):

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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March 15, 2012

TO OUR SHAREHOLDERS:

You are cordially invited to attend the 2012 Annual Meeting of Shareholders on May 1, 2012 at 1:30 p.m. Eastern Daylight Time, at the Embassy Suites Philadelphia-Valley Forge, 888 Chesterbrook Boulevard, Wayne, PA 19087.

After the transaction of formal business, a question and answer period will follow.

The Notice of Annual Meeting and Proxy Statement for the annual meeting are being made available to our shareholders on or about March 15, 2012 on the Internet, electronically by email for shareholders who have previously consented to delivery or who have requested to receive the proxy materials by email or, upon request, in printed form by mail.

We look forward to a significant vote of our common stock, either in person or by proxy. We are offering three convenient ways to vote your shares: over the Internet, by toll-free telephone or by mailing a proxy card. Voting via the Internet, by telephone or by written proxy will ensure your representation at the annual meeting if you do not attend in person. Please review the instructions you received regarding these three voting options.

Voting over the Internet or by telephone is fast and convenient and your vote is immediately tabulated. By using the Internet or telephone, you help Gardner Denver reduce the cost of postage and proxy tabulations. Regardless of your method of voting, you may revoke your proxy as provided in the Proxy Statement.

Your support is appreciated, and we hope that you will be able to join us at the May 1st meeting.

Cordially,

Diane K. Schumacher,

Chairperson of the Board

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GARDNER DENVER, INC.

1500 Liberty Ridge Drive, Suite 3000

Wayne, Pennsylvania 19087

NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS

The 2012 Annual Meeting of Shareholders of Gardner Denver, Inc. (the Company) will be held at the Embassy Suites Philadelphia-Valley Forge, 888 Chesterbrook Boulevard, Wayne, PA 19087 on May 1, 2012 at 1:30 p.m. Eastern Daylight Time for the following purposes:

1. To elect Michael C. Arnold, Barry L. Pennypacker, and Richard L. Thompson, each of whom has been nominated by the Board of Directors, to serve a three-year term expiring at the Company's annual meeting of shareholders to be held in 2015;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2012;
3. To approve the amendment and restatement of the Gardner Denver, Inc. Long-Term Incentive Plan;
4. To cast an advisory vote to approve executive compensation; and
5. To transact such other business as may properly come before the annual meeting or any adjournments or postponements thereof.

The Notice of Annual Meeting and Proxy Statement for the annual meeting are being made available to our shareholders on or about March 15, 2012 on the Internet, electronically by email for shareholders who have previously consented to electronic delivery or who have requested to receive the proxy materials by email or, upon request, in printed form by mail.

Shareholders of record at the close of business on March 2, 2012 are entitled to notice of, and to vote at, the annual meeting and any adjournments or postponements thereof. If you are the beneficial owner of shares of our common stock held in street name, you will receive voting instructions from your broker, bank or other nominee (the shareholder of record). The voting instructions will provide details regarding how to vote these shares. Additionally, you may vote these shares in person at the annual meeting if you have requested and received a legal proxy from your broker, bank or other nominee giving you the right to vote the shares at the annual meeting, and you complete the legal proxy and present it to us at the annual meeting. Shareholders of record may vote over the Internet, by telephone, by mail if you received a printed set of proxy materials or in person at the annual meeting.

Pursuant to the New York Stock Exchange rules, if you hold your shares in street name, nominees will not have discretion to vote these shares on the election of directors, the amendment and restatement of the equity incentive plan, or the advisory vote to approve executive compensation. Accordingly, if your shares are held in street name and you do not submit voting instructions to your broker, bank or other nominee, these shares will not be counted in determining the outcome on Proposals 1, 3 and 4 set forth in this proxy statement at the annual meeting. We encourage you to provide voting instructions to your broker, bank or other nominee if you hold your shares in street name so that your voice is heard on these proposals.

FOR THE BOARD OF DIRECTORS

Brent A. Walters

Vice President, General Counsel,

Chief Compliance Officer and Secretary

Wayne, Pennsylvania

March 15, 2012

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GARDNER DENVER, INC.

1500 Liberty Ridge Drive, Suite 3000

Wayne, Pennsylvania 19087

PROXY STATEMENT

This proxy statement and related proxy materials are being made available to our shareholders on or about March 15, 2012 on the Internet, electronically by email for shareholders who have previously consented to electronic delivery or who have requested to receive our proxy materials by email or, upon request, in printed form by mail.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: When and where is the annual meeting?

A: The 2012 Annual Meeting of Shareholders of Gardner Denver, Inc. (Gardner Denver or the Company) will be held at the Embassy Suites Philadelphia-Valley Forge, 888 Chesterbrook Boulevard, Wayne, PA 19087 on May 1, 2012 at 1:30 p.m. Eastern Daylight Time.

Q: What is the Notice of Internet Availability of Proxy Materials that I received in the mail this year instead of a full set of proxy materials?

A: In accordance with rules adopted by the Securities and Exchange Commission (SEC), we may furnish proxy materials, including this proxy statement and the Company s 2011 Annual Report to Shareholders, by providing access to these documents on the Internet instead of mailing a printed copy of our proxy materials to our shareholders. Based on this practice, most of our shareholders have already received a Notice of Internet Availability of Proxy Materials (the Notice), which provides instructions for accessing our proxy materials on a website referred to in the Notice or requesting to receive printed copies of the proxy materials by mail or electronically by email.

If you would like to receive a paper or email copy of our proxy materials for our 2012 annual meeting or for all future meetings, please follow the instructions for requesting such materials included in the Notice. Please note that if you previously requested or consented to delivery of our proxy materials by mail or electronically via email, you did not receive the separate Notice of Internet Availability of Proxy Materials. Instead, we sent you a full set of our proxy materials, which includes instructions for voting. We believe the delivery options that we have chosen will allow us to provide our shareholders with the proxy materials they need, while lowering the cost of the delivery of the materials and reducing the environmental impact of printing and mailing printed copies.

Q: Why am I being provided with access to or receiving these proxy materials?

A: The Board of Directors of Gardner Denver (the Board) is soliciting your proxy for voting on the proposals to be presented at our annual meeting. Your proxy will be voted in accordance with the instructions given, unless the proxy is subsequently revoked. This proxy statement describes in detail the proposals on which we would like you, our shareholder, to vote. It also gives you information on these proposals so that you can make an informed decision.

Q: What am I being asked to vote on?

A: Our shareholders are being asked to vote on the following proposals at the annual meeting:

To elect Michael C. Arnold, Barry L. Pennypacker, and Richard L. Thompson, each of whom has been nominated by the Board, to serve a three-year term expiring at the Company's annual meeting of shareholders to be held in 2015;

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To ratify the appointment of Ernst & Young LLP (E&Y) as our independent registered public accounting firm for 2012;

To approve the amendment and restatement of the Gardner Denver, Inc. Long-Term Incentive Plan (the Incentive Plan); and

To cast an advisory vote to approve executive compensation.

The Company is not aware of any other matter that will be presented at the annual meeting for action on the part of the shareholders. However, if any other matters are properly brought before the annual meeting, your proxy or voting instructions gives authority to the proxy holders, Michael M. Larsen and Brent A. Walters, to vote on those other matters in accordance with the Board's recommendation.

Q: What vote is required to approve each proposal?

A: The vote of the holders of a majority of our common stock that are present in person or by proxy at the annual meeting, and that have voted thereon is required to (1) elect each of Michael C. Arnold, Barry L. Pennypacker, and Richard L. Thompson as a director of the Company, (2) ratify the appointment of E&Y as our independent registered public accounting firm for 2012, (3) approve the amendment and restatement of the Incentive Plan and (4) approve, on an advisory basis, the Company's executive compensation. Except as described below, abstentions and broker non-votes (as described below) will not be counted as votes cast for or against these proposals, and therefore, will have no effect on the outcome of these proposals.

In addition, pursuant to the rules of the New York Stock Exchange (NYSE), the vote of a majority of the votes cast is also required to approve the amendment and restatement of the Incentive Plan, provided that the total vote cast on this proposal represents over 50% of all shares entitled to vote on this proposal. For this purpose, abstentions will be counted as votes cast against this proposal. Broker non-votes will not be counted as votes cast, but will be counted as shares entitled to vote for purposes of determining whether the 50% threshold is met.

Votes will be tabulated by Broadridge Financial Services, our inspector of election for the annual meeting. The inspector of election will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Q: How does the Board recommend I vote on these proposals?

A: The Board recommends that you vote (1) **FOR** the election of each of Michael C. Arnold, Barry L. Pennypacker, and Richard L. Thompson as a director of the Company, (2) **FOR** the ratification of the appointment of E&Y as our independent registered public accounting firm for 2012, (3) **FOR** the approval of the amendment and restatement of the Incentive Plan, and (4) **FOR** the approval, on an advisory basis, of the Company's executive compensation.

We anticipate that our executive officers and directors will vote their shares of our common stock in accordance with the Board's recommendations on the above proposals.

Q: What is the difference between holding shares of our common stock as a shareholder of record and as a beneficial owner ?

A: Most of our shareholders hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between holding shares as a shareholder of record and holding shares as a beneficial owner in street

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name:

Shareholder of Record If your shares are registered directly in your name with our transfer agent, Wells Fargo Bank, N.A., you are the shareholder of record of the shares.

Beneficial Owner If your shares are held in a brokerage account, bank or by another nominee, you are the beneficial owner of shares held in street name.

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Q: If I am a shareholder of record of shares, how do I vote?

A: You may vote these shares (1) over the Internet by following the instructions provided either in the Notice or on a separate proxy card if you have received a printed set of proxy materials, (2) over the telephone by following the instructions provided in either the Notice or in the separate proxy card if you have received a printed set of proxy materials, (3) by mail if you received a printed set of proxy materials by completing and returning the separate proxy card in the prepaid and addressed envelope, or (4) in person at the annual meeting. Written ballots will be passed out to anyone who wants to vote in person at the annual meeting.

Shareholders of record may vote their shares by telephone or through the Internet 24 hours a day, 7 days a week. Telephone and Internet votes must be received by 11:59 p.m. Eastern Daylight Time on April 30, 2012 and votes by mail must be received on or before May 1, 2012 at 12:30 p.m. Eastern Daylight Time.

Q: If I am a beneficial owner of shares, how do I vote?

A: You may instruct your broker, bank or other nominee on how to vote these shares. Your nominee has provided voting instructions for you to use in directing your nominee on how to vote these shares. The instructions from your nominee will indicate if Internet or telephone voting is available and, if so, will provide details regarding how to use those systems. Additionally, you may vote these shares in person at the annual meeting if you have requested and received a legal proxy from your broker, bank or other nominee (the shareholder of record), giving you the right to vote these shares in person at the annual meeting, and you complete the legal proxy and present it to us at the annual meeting.

Q: If my shares are held in Gardner Denver's retirement savings plan, how do I vote?

A: Shares of our common stock held in the Gardner Denver, Inc. Retirement Savings Plan (the Retirement Savings Plan) will be voted by JPMorgan Chase Bank, N.A. (JPMorgan), as trustee of this plan. Voting instructions regarding your shares in the Retirement Savings Plan must be received by 11:59 p.m. Eastern Daylight Time on April 26, 2012. After April 26, 2012, all shares of our common stock held in the Retirement Savings Plan for which voting instructions have not been received, and all shares not yet allocated to participants' accounts, will be voted by JPMorgan, as trustee, in the same proportion (FOR or AGAINST) as the shares for which instructions are received from participants in this plan.

Q: Can I revoke my proxy later?

A: If you are a shareholder of record of shares, you may revoke your proxy at any time before it is voted by: (1) the timely delivery of a valid, later-dated proxy, a later-dated vote by telephone, or a later-dated vote via the Internet, (2) providing timely written notice of revocation to our Corporate Secretary at our principal executive offices at 1500 Liberty Ridge Drive, Suite 3000, Wayne, Pennsylvania 19087, or (3) attending the annual meeting and giving oral notice of your intention to vote in person.

If you are a beneficial owner of shares, you may revoke your proxy at any time before it is voted by: (1) submitting new voting instructions to your broker, bank or other nominee in accordance with its voting instructions, or (2) obtaining a legal proxy from your bank, broker or other nominee giving you the right to vote these shares in person at the annual meeting, completing the legal proxy and presenting it to the Company at the annual meeting.

Attendance at the annual meeting will not in and of itself revoke a proxy.

Q: Who is entitled to vote?

A: The record date for determining the shareholders entitled to notice of, and to vote at, the annual meeting was the close of business on March 2, 2012 (the Record Date).

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Q: How many shares can vote?

A: On the Record Date, the outstanding voting securities of the Company were 50,699,268 shares of common stock, par value \$0.01, referred to herein as common stock. Each share of common stock is entitled to one vote on each proposal presented at the annual meeting.

Q: How is a quorum determined?

A: The presence, either in person or by proxy, of at least a majority of the issued and 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 annual meeting for purposes of determining a quorum at the annual meeting.

Q: How will my shares be voted if I do not give specific voting instructions?

A: *Beneficial Owner:*

If you are the beneficial owner of shares held in street name and properly submit your proxy, but do not provide voting instructions therein to your broker, bank or other nominee, the nominee that holds your shares may use their discretion in voting such shares with respect to routine items, but not with respect to non-routine items, under the rules of the NYSE. On non-routine items for which you properly submit your proxy, but do not provide voting instructions to your broker, bank or other nominee, these shares will not be voted and will be treated as broker non-votes. The proposal to ratify the appointment of E&Y as our independent registered public accounting firm for 2012 (Proposal 2) is considered a routine item and therefore may be voted upon by your broker, bank or other nominee if you do not provide voting instructions on this proposal. However, the election of directors (Proposal 1), the amendment and restatement of the Incentive Plan (Proposal 3) and the advisory vote to approve executive compensation (Proposal 4) are considered non-routine items and therefore may not be voted upon by your broker, bank or other nominee if you do not provide voting instructions on these specific proposals.

Shareholder of Record:

If you are a shareholder of record and do not specify a choice on a matter when returning an executed proxy, these shares will be voted (1) **FOR** the election of each of Michael C. Arnold, Barry L. Pennypacker, and Richard L. Thompson, the director nominees named in this proxy statement, (2) **FOR** the ratification of the appointment of E&Y as our independent registered public accounting firm for 2012, (3) **FOR** the approval of the amendment and restatement of the Incentive Plan, and (4) **FOR** the approval, on an advisory basis, of the Company's executive compensation.

Retirement Savings Plan:

If your shares of common stock are held in the Retirement Savings Plan and you do not submit voting instructions, your shares and all shares that have not yet been allocated to your account will be voted by JPMorgan, the trustee of this plan, in the same proportion (**FOR** or **AGAINST**) as the shares of common stock for which instructions are received from participants in such plan.

Q: Who is paying for the cost of soliciting proxies for the annual meeting and how will the solicitation be done?

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A: The costs of soliciting proxies pursuant to this proxy statement will be paid by the Company. Solicitation may be made in person or by telephone, electronic mail, mail or facsimile. The Company will bear the expense of preparing and distributing this proxy statement and accompanying materials to our shareholders. Upon request, the Company will reimburse brokers, banks or other nominees for reasonable expenses incurred in forwarding copies of the proxy materials relating to the annual meeting to the beneficial owners of common stock.

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The Company has retained Georgeson Inc., an independent proxy solicitation firm (Georgeson), to assist in soliciting proxies from shareholders. Georgeson will receive a fee of approximately \$10,000 as compensation for its services and will be reimbursed for its reasonable out-of-pocket expenses. The Company has agreed to indemnify Georgeson against certain liabilities arising under the federal securities laws.

Q: Who can help answer my questions?

A: If you have questions concerning a proposal or the annual meeting, or if you need directions to or special assistance at the annual meeting, please call our Investor Relations office at (610) 249-2009 or email investor.request@gardnerdenver.com. In addition, information regarding the annual meeting is available via the Internet at our website www.gardnerdenver.com.

PART ONE: CORPORATE GOVERNANCE

Our Corporate Governance Policy, Board committee charters, Director Independence Standards, Related Party Transactions Policy, Code of Ethics and Business Conduct and Environmental and Safety Policy provide the framework for our corporate governance and are designed to ensure that the Company is managed for the long-term benefit of our shareholders. We routinely evaluate our corporate governance policies, standards and practices to ensure that they comply with SEC rules and regulations and the corporate governance listing standards of the NYSE, the exchange on which our common stock is currently listed.

Our Corporate Governance Policy, Audit and Finance Committee Charter, Management Development and Compensation Committee Charter and Nominating and Corporate Governance Committee Charter, Director Independence Standards, Related Party Transactions Policy, Code of Ethics and Business Conduct and Environmental and Safety Policy are available on our website at www.gardnerdenver.com. Information on our website does not constitute a part of this proxy statement.

Corporate Governance Policy

Our Board has adopted a policy regarding corporate governance. The objective of this policy is to help ensure that our Board maintains its independence, objectivity and effectiveness in fulfilling its responsibilities to our shareholders. The policy establishes the criteria and requirements for:

Selection and retention of directors;

Procedures and practices governing the operation and compensation of our Board; and

Principles under which management shall direct and operate the business of the Company and its subsidiaries.

The policy provides that a substantial majority of our Board should be independent based on the independence standards of the NYSE with varied and complementary backgrounds. Directors may serve on the boards of directors of no more than four for-profit organizations, including the Company, and members of our Audit and Finance Committee (the Audit Committee) may serve on the audit committees of no more than three for-profit organizations, including the Company. The policy specifies that a director who has a material change in his or her primary employment or professional responsibilities must submit a letter of resignation, which the Board may accept or reject.

Directors who are employees of the Company must retire as a director at the next regular Board meeting following termination of employment. In addition, the policy also specifies that at the regularly scheduled Board meeting prior to a nonemployee director's 70th birthday and each year thereafter, nonemployee directors will submit their resignation to our Nominating and Corporate Governance Committee (the Governance

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Committee). The Governance Committee will make an evaluation and recommendation for a decision by the full Board as to whether to accept or reject the director's resignation based on the director's contributions and the Board's needs at the time. A nonemployee director must retire as a director at the next regularly scheduled meeting of the Board following the date he or she attains 75 years of age. A nonemployee director is also eligible to retire at the end of any elected term or at the discretion of the Board following review by the Governance Committee. The policy also requires that at any one time, at least 50% of the number of nonemployee directors must be actively engaged in business as an employee, consultant, director (other than for the Company) or in a similar capacity for a minimum of 250 hours per year.

For 2011, all of our directors, including the director nominees seeking re-election, have complied with our Corporate Governance Policy. In accordance with the policy, Mr. Thompson tendered his resignation to the Board on October 24, 2011. Among other factors, the Board considered Mr. Thompson's key expertise in compensation committee matters and his significant contribution to our Management Development and Compensation Committee (the Compensation Committee), of which he has served as Chairperson since 2000. As such, the Board determined that accepting Mr. Thompson's resignation would not be in the best interests of the Company or its shareholders and declined such resignation on November 16, 2011.

Composition of the Board of Directors

Our Board currently consists of nine directors and is divided into three classes. One class is elected at each annual meeting to serve for a three-year term. With the exception of our Chief Executive Officer (CEO), all of our Board members, including our Chairperson of the Board, are independent as determined in accordance with the NYSE listing standards as described under the Director Independence section of this proxy statement set forth below. There are no family relationships among any of the Company's executive officers, directors or director nominees. The current composition of our Board is as follows:

NOMINEES FOR ELECTION AT THE ANNUAL MEETING

Terms Expiring at the 2012 Annual Meeting of Shareholders

Michael C. Arnold, age 55, has been a director of Gardner Denver since his appointment by the Board of Directors in June 2009. Mr. Arnold was appointed to the role of President and Chief Executive Officer of Ryerson Inc. in January 2011, a leading distributor and processor of metals in North America. Previously, Mr. Arnold served as Executive Vice President and President of the Bearings and Power Transmission Group at The Timken Company, a publicly held manufacturer of innovative friction management and power transmission products and services (Timken) from 2007 until December 2010. Mr. Arnold served as President of Timken's former Industrial Group from 1999 through 2007. Mr. Arnold earned both a B.S. in mechanical engineering and a Masters in sales and marketing from The University of Akron. He also completed the Advanced Management Program at Harvard University. Mr. Arnold served as Chairman of Endorsia.com International AB. He is a member of The University of Akron's Engineering Advisory Council. He has also served as a director of Cincinnati Incorporated since May 2008.

With his years of managerial experience at Timken, Mr. Arnold brings to our Board demonstrated managerial expertise in international manufacturing. In his short tenure as one of our directors, Mr. Arnold's understanding of the complexity of operating a global manufacturing organization and the impact of the economic conditions currently facing the Company has established him as a respected addition to our Board.

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Barry L. Pennypacker, age 51, was appointed President and Chief Executive Officer of Gardner Denver in January 2008 and as a director in February 2008. He joined the Company from Westinghouse Air Brake Technologies Corporation, a worldwide provider of technology-based equipment and services for the rail industry, where he held a series of Vice President positions with increasing responsibility from 1999 to 2008, with his last position being Vice President, Group Executive. Prior to that, he was Director, Worldwide Operations for the Stanley Fastening Systems, an operating unit of Stanley Works, from 1997 to 1999. Mr. Pennypacker also served in a number of senior management positions of increasing responsibility with Danaher Corporation from 1992 to 1997. He holds a B.S. in operations management from the Pennsylvania State University and an M.B.A. in operations research from St. Joseph's University.

Mr. Pennypacker's extensive managerial and operational expertise has proven invaluable to the Company and the Board during the recent worldwide economic downturn. His foresight to make crucial operational improvements and his continued vision in implementing the Gardner Denver Way has been a significant factor in the Company's success. His leadership in addressing the issues facing the Company has provided our Board with the insight necessary to strategically plan for the Company's future successes.

Richard L. Thompson, age 72, 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 both a B.S. in electrical engineering and an M.B.A. from Stanford University and also completed the Caterpillar Advanced Management Program. Mr. Thompson serves as 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.

Mr. Thompson is a recognized operational leader within the industrial manufacturing sector. His service as Chairman of the Board of Lennox and as a director of NiSource in addition to his 21 years of service as a senior executive at Caterpillar have provided him with managerial and international operational expertise which translates into a valuable asset to our Board. Mr. Thompson's positions have also provided him with a wealth of knowledge in executive compensation and human resources matters. This expertise has made Mr. Thompson an important member of the Compensation Committee, which he has led since his appointment as Chairperson in 2000.

DIRECTORS WHOSE TERMS OF OFFICE WILL CONTINUE AFTER THE ANNUAL MEETING

Terms Expiring at the 2013 Annual Meeting of Shareholders

John D. Craig, age 60, has been a director of Gardner Denver since his appointment by the Board of Directors in November 2011. Mr. Craig has served as Chairman of the Board of Directors, President and Chief Executive Officer of EnerSys, a publicly traded company and the world's largest manufacturing and marketer of industrial batteries and related equipment, since November 2000. Prior to joining EnerSys in 2000, Mr. Craig served six years with Yuasa, Inc., holding a series of positions with increasing responsibility, with his last position being President and Chief Operating Officer. Mr. Craig holds a B.S. from Western Michigan University and an M.S. from Arizona State University. He currently serves on the boards of Kutztown University Foundation, American Red Cross (Berks County) and Reading Hospital, and is President and a board member of Battery Council International.

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Diane K. Schumacher, age 58, was appointed Chairperson of the Board of Directors in November 2011 and has been a director of Gardner Denver since August 2000. Mrs. Schumacher served as Senior Vice President, General Counsel and Secretary of Cooper Industries, Ltd., a company engaging in the manufacture and sale of electrical products and tools and the Company's former parent company (Cooper), from 1995 to 2003, and was Senior Vice President, General Counsel and Chief Compliance Officer until August 2006. She served as Special Counsel to the CEO of Cooper from September 2006 until her retirement from Cooper in September 2008. Mrs. Schumacher is currently providing legal services to a number of non-public companies as an independent consultant. She is a member of the Advisory Board, College of Business, Southern Illinois University. Mrs. Schumacher holds a B.A. in economics from Southern Illinois University and a J.D. from DePaul University College of Law. She also completed the Harvard Advanced Management Program.

Mrs. Schumacher is an experienced legal leader with the skills necessary to guide our Board and its Governance Committee. Her legal expertise in the manufacturing industry and long-standing, intimate knowledge of Gardner Denver gained during her service at Cooper, the Company's former parent company, have been valuable to our Board and in her position as the Chairperson of our Governance Committee.

Charles L. Szews, age 55, has been a director of Gardner Denver since November 2006. In January 2011, Mr. Szews was appointed as the President and Chief Executive Officer of Oshkosh Corporation (Oshkosh), a specialty vehicle manufacturer. He has been a director of Oshkosh since May 2007. Previously, he served as President and Chief Operating Officer of Oshkosh from October 2007 until January 2011, as Executive Vice President and Chief Financial Officer of Oshkosh from 1997 until 2007 and Vice President and Chief Financial Officer from 1996 to 1997. Prior to joining Oshkosh in 1996, Mr. Szews spent eight years with Fort Howard Corporation, a paper manufacturing company, holding a series of positions with increasing responsibility, with his last position being Vice President and Controller. Mr. Szews also has ten years of audit experience at E&Y. Mr. Szews holds a B.B.A. in comprehensive public accounting from the University of Wisconsin-Eau Claire and was previously a Certified Public Accountant for 28 years.

Mr. Szews is an experienced financial and operational leader within the manufacturing industry. His prior senior financial positions at Oshkosh, Fort Howard and E&Y have provided him with a wealth of knowledge in dealing with complex financial and accounting matters. In his current position as President and Chief Executive Officer of Oshkosh, Mr. Szews has critical insight into the operational and financial requirements of a large, publicly traded manufacturing company, which has proven invaluable to our Board and Audit Committee. Mr. Szews qualifies as an audit committee financial expert.

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Terms Expiring at the 2014 Annual Meeting of Shareholders

Donald G. Barger, Jr., age 69, has been a director of Gardner Denver since its spin-off from Cooper in April 1994. Mr. Barger retired in February 2008 from YRC Worldwide, Inc. (YRCW), formally Yellow Corporation, a publicly held company specializing in the transportation of goods and materials. He served as special advisor to the Chief Executive Officer of YRCW from September 2007 to February 2008 and as Executive Vice President and Chief Financial Officer of YRCW and Senior Vice President and Chief Financial Officer of Yellow Corporation from December 2000 to September 2007. Prior to joining Yellow, he served as Vice President and Chief Financial Officer of Hillenbrand Industries Inc. (Hillenbrand), a publicly held company serving the healthcare and funeral services industries, from March 1998 until December 2000. Mr. Barger was also Vice President, Chief Financial Officer of Worthington Industries, Inc. (Worthington), a publicly held manufacturer of metal and plastic products and processed steel products, from September 1993 until joining Hillenbrand. Mr. Barger has a B.S. 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 Globe Specialty Metals, Inc., a publicly held producer of silicon metal and silicon-based specialty alloys, and Precision Aerospace Components, Inc., a publicly held provider of quality aerospace components. Mr. Barger retired as a director in February 2012 from Quanex Building Products Corporation, a publicly held manufacturer of engineered materials and components for the U.S. building products markets.

Mr. Barger is an experienced financial leader with the skills required to lead our Audit Committee. His service as Chief Financial Officer for YRCW, Hillenbrand, and Worthington, as well as his service on two other public companies' audit committees, qualify him as an audit committee financial expert and his industry experience has been a valuable asset, both on our Board and as the Chairperson of our Audit Committee.

Raymond R. Hipp, age 69, has been a director of Gardner Denver since November 1998. Since July 2002, Mr. Hipp has served as a strategic alternative and mergers and acquisitions 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. from Southeast Missouri State University. In February 2011, Mr. Hipp was appointed a Director and Chairman of the Audit Committee for Neogenomics, Inc., a biotechnology company operating a network of cancer-focused testing laboratories.

With his years of senior managerial experience in information technology and mergers and acquisitions, Mr. Hipp has been a trusted member of our Board and Audit Committee in assessing technological risks facing the Company and evaluating potential strategic acquisitions and business combinations.

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David D. Petratis, age 54, has been a director of Gardner Denver since July 2004. In July 2008, Mr. Petratis was appointed Director, President and Chief Executive Officer of Quanex Building Products Corporation (Quanex), a publicly held manufacturer of engineered materials and components for the U.S. building products markets. In addition to his current role at Quanex, in December 2008, he was elected to the position of Chairman. Mr. Petratis previously served as President and Chief Executive Officer of the North American Operating Division of Schneider Electric, a market-leading brand of electrical distribution and industrial control products, systems and services, from January 2004 until May 2008 and President and Chief Operating Officer from December 2002 until his promotion in January 2004. He was President of MGE Americas, a privately held manufacturer of power supplies, from 1996 through 2002. Mr. Petratis earned a B.A. 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 served on the Board of Governors of National Electrical Manufacturers Association (NEMA) and the International Electrical Safety Foundation.

Mr. Petratis is an experienced manufacturing and operational leader. Through his leadership role as Chief Executive Officer for a similarly sized company, Mr. Petratis has critical insights into the operational and financial requirements of a publicly traded manufacturing company which have proven beneficial to the Board and our Audit Committee.

Meetings of the Board of Directors

Our Board held five meetings during 2011. Our nonemployee directors met in executive session without any management directors or employees four times during 2011. Mr. Hansen, our former independent Chairperson, presided over all of these meetings before his retirement in November 2011. In addition to our full Board meetings, directors attended meetings of the committees on which they serve. Pursuant to our Corporate Governance Policy, each director is expected to attend our annual shareholder meeting. Each director attended at least 75% of the aggregate of the Board meetings and the meetings of committees of which he or she was a member.

Committees of the Board of Directors

Our Board has three standing committees composed exclusively of independent, nonemployee directors: the Audit Committee, the Compensation Committee and the Governance Committee. Each of the standing committees operates under a written charter adopted by the Board. All of the committee charters are available on our website at www.gardnerdenver.com. Our committees have the authority to retain outside advisors to assist each committee in meeting its obligations, as necessary and appropriate, and to ensure that we provide appropriate funding to pay the fees and expenses of such advisors.

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Directors	Audit Committee	Compensation Committee	Governance Committee
Michael C. Arnold		ü	
Donald G. Barger, Jr.	ü *		
John D. Craig(1)	ü		
Frank J. Hansen(2)		ü	ü
Raymond R. Hipp	ü		
Barry L. Pennypacker			
David D. Petratis		ü	
Diane K. Schumacher		ü	ü *
Charles L. Szews	ü		ü
Richard L. Thompson		ü *	ü

* Chairperson of the Committee

(1) Mr. Craig was appointed to the Audit Committee in November 2011.

(2) Mr. Hansen retired from the Board in November 2011.

The Audit and Finance Committee. Our Audit Committee held 11 meetings during 2011, including 7 telephonic meetings. Our Audit Committee assists our Board (with particular emphasis on the tone at the top of the Company) in fulfilling its oversight responsibilities with respect to the integrity of our financial statements and financial information provided to shareholders and others, our compliance with legal and regulatory requirements including our compliance policies and procedures, and the effectiveness of our internal and external audit processes. The Audit Committee is directly responsible for ensuring the independence and qualifications of our independent registered public accounting firm (sometimes referred to herein as our independent auditor). The committee performs these functions by: (i) overseeing our financial reporting process; (ii) selecting and overseeing our independent auditor; (iii) reviewing the scope of audits performed by our independent and internal auditors, as well as the results of such audits; (iv) monitoring our disclosure and internal controls; (v) overseeing our compliance program; and (vi) overseeing our risk assessment and management practices. Our Board has determined that all of the members of our Audit Committee meet the independence and other requirements for audit committee membership of the NYSE listing standards and SEC requirements. The Board has also determined that Donald G. Barger, Jr. and Charles L. Szews are both audit committee financial experts, as that term is defined in the SEC rules. The Audit Committee's report is set forth below.

The Management Development and Compensation Committee. Our Compensation Committee held five meetings during 2011. Our Compensation Committee assists our Board in fulfilling its oversight responsibilities with respect to executive selection, retention and compensation and succession planning. The committee performs this function by: (i) evaluating our executive officers' performance, including our CEO, and establishing and reviewing their compensation, including incentive equity and cash compensation, other benefits, and corporate goals relevant to executive compensation; (ii) administering our compensation plans for all eligible employees; (iii) reviewing and consulting with our CEO concerning the selection of executive officers, management succession planning, executive performance, organizational structure and matters related thereto; (iv) recruiting candidates for CEO in the event that position becomes vacant; (v) monitoring executive stock ownership in accordance with the Company's stock ownership guidelines, and (vi) reviewing compensation risk to determine whether compensation policies and practices for employees are reasonably likely to have a material adverse effect on the Company. Pursuant to its charter, the Compensation Committee may delegate to a subcommittee all or such portion of its power and authority as the Compensation Committee deems appropriate. Our Board has determined that all of the members of our Compensation Committee meet the independence requirements of the NYSE listing standards. The Compensation Committee's report is set forth below.

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The Nominating and Corporate Governance Committee. The Governance Committee held three meetings during 2011. The Governance Committee assists our Board in fulfilling its oversight responsibilities with respect to the selection of director nominees for the Board, the overall effectiveness of the Board and its practices and corporate governance practices and principles. The committee performs this function by: (i) reviewing and evaluating the overall effectiveness of the organization of our Board, including our Chairperson of the Board, our incumbent directors, the Board's size and composition, committee membership, and the conduct of its business, and making appropriate recommendations to our Board with regard thereto; (ii) establishing and reviewing director compensation; (iii) reviewing criteria and process for identifying and recruiting of Board nominees; (iv) identifying, recruiting, and recommending qualified Board nominees; (v) developing, recommending and reviewing corporate governance principles applicable to the Company; and (vi) reviewing and assessing related person transactions and the independence of our directors. Our Governance Committee reviews with our Board, on at least an annual basis, the requisite qualifications, independence, skills and characteristics of Board candidates, Board members and our Board as a whole. Our Board has determined that all of the members of our Governance Committee meet the independence requirements of the NYSE listing standards.

Board's Role in Risk Oversight

Our Board is responsible for the Company's risk-oversight function. The Board, with the assistance of its standing committees and our CEO, Chief Financial Officer, General Counsel, and Director of Internal Audit, identifies, evaluates and discusses the material enterprise risks that could impact the Company's operations and tactical and strategic decisions. These enterprise risks include operational, financial, legal, regulatory, market and reputational risks. In 2009, our Board implemented an enhanced enterprise risk management process (the ERM Process) to assist the Board in identifying and evaluating the Company's material enterprise risks. As part of the ERM Process, the Board periodically surveys Board members and senior management requesting independent evaluations and opinions of the Company's material enterprise risks, together with a description of any mitigation strategies associated with such risks. The evaluations are then reported to the Board where they are considered, weighted and prioritized by the Board and senior management. Highly weighted or prioritized risks may be specifically assigned to a risk manager within the Company who is responsible for the management and reporting of that risk, including the development of mitigation strategies. The ERM Process is designed, in part, to (i) inform the Board of the Company's material enterprise risks, (ii) inform the Board how Company management addresses such risks, and (iii) permit the Board to discuss and evaluate how these risks interrelate and affect the Company's ongoing operations and tactical and strategic decisions, so that the Board is able to fulfill its oversight obligations. In 2011, our management conducted a survey of the Board and the management team, with input from the Company's insurance broker, to re-evaluate key risks faced by the Company. This survey was consistent with management's assessment of the Company's material risks. Our management and Board will continue to monitor these risks and assess potential risks on an on-going basis. We believe our Board leadership structure promotes the ERM Process as further described below.

In addition to the ERM Process, the Board's standing committees routinely monitor the various risks that fall under their respective purview as set forth in each Board committee's charter. Each Board committee routinely reports its actions to the full Board, enabling the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

Independent Chairperson of the Board

Our Board has been led by a non-executive, independent Chairperson since May 2008. Mrs. Schumacher was appointed Chairperson of the Board effective as of November 2011 and has been an independent director of Gardner Denver since August 2000.

Separation of the roles of Chairperson and CEO allows our CEO, Mr. Pennypacker, to focus on the management and day-to-day operations of the Company and allows our independent Chairperson to focus on the Board's oversight responsibilities and the long-term sustainability of the Company. Our Chairperson works to

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develop a high-performing Board by working with Company management to ensure the Board has timely and adequate information, supporting and mentoring the CEO and ensuring effective shareholder communications.

Among the duties and responsibilities of our independent Chairperson are the following:

Presides at all meetings of the Board, including executive sessions of the independent directors and non-management directors;

Assists in the preparation of all Board and committee agendas and meeting schedules, and coordinates Board committee activities;

Promotes an environment of open, transparent, two-way communications between the Board and senior management;

Communicates with senior management to align Board and management priorities;

Promotes an active, on-going succession process for Board and senior management positions;

Promotes, with senior management, the ERM Process;

Supports senior management in promoting high ethical standards in all Company and Board dealings; and

Oversees the implementation of the Company's strategic planning processes.

Director Independence

In accordance with the NYSE listing standards and applicable SEC rules and guidelines, our Board assesses the independence of its members from time to time. As part of this assessment, the following steps are taken:

Our Board reviews the various standards of independence applicable to each of the members of the Board and its standing committees;

Our Board then reviews the applicable standards of independence in relation to each director's response to a detailed questionnaire that addresses the director's background, activities and relationships;

Our Board determines whether or not any director has a material relationship with the Company, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Company. In making this determination, our Board broadly considers all relevant facts and circumstances, including without limitation:

i The nature of the relationship;

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- i The significance of the relationship to the Company, the other organization and the individual director;

- i Whether or not the relationship is solely 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;

- i Any commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships; and

- i Whether the director's affiliated company has made payments to, or received payments from, the Company for property or services in an amount that exceeds the greater of \$1 million or 2% of the annual consolidated gross revenues of the affiliated company.

Applying the applicable NYSE listing standards and SEC rules for independence, our Board determined that each of Michael C. Arnold, Donald G. Barger, Jr., John D. Craig, Raymond R. Hipp, David D. Petratis, Diane K. Schumacher, Charles L. Szews and Richard L. Thompson is independent. Mr. Pennypacker is not independent due to his employment relationship with the Company.

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Relationships and Transactions

Our Board has adopted a written policy governing the approval of related person transactions for directors and executive officers. Pursuant to this policy, our Governance Committee reviews and approves relationships and transactions between the Company and our directors and executive officers, or their immediate family members, to determine whether such persons have a direct or indirect material interest therein.

Prior to entering into a potential related person transaction, the related person must notify our General Counsel of the relevant facts and circumstances, including the related person's interest in the transaction and the value of the proposed transaction. Our General Counsel will confer with the relevant business unit leader to confirm and supplement the information in the notice, and determine whether the transaction is subject to this policy. If the transaction is subject to our policy and involves an aggregate amount in excess of \$120,000 (over the entire term of the transaction), the transaction will be submitted to the Governance Committee for consideration at a committee meeting.

The Governance Committee reviews all relevant facts and circumstances available and approves only those transactions with related persons that it determines in good faith to be in, or to not be inconsistent with, the best interests of the Company and our shareholders. The Governance Committee considers, among other things, the following in evaluating such proposed transactions:

The nature of the related person's interest in the transaction;

The material terms of the transaction, including, without limitation, the amount and type of transaction;

The importance of the transaction to the related person and the Company, respectively;

Whether the transaction would impair the judgment of the director or executive officer to act in the best interest of the Company;

Whether the transaction is in the ordinary course of business and comparable to those available to third parties;

The overall fairness of the transaction to the Company; and

Any other facts the Governance Committee deems appropriate.

Transactions are approved or denied in our Governance Committee's sole discretion. The Governance Committee retains the flexibility to condition any approval upon requiring additional actions or non-actions by the Company or the related person. Conditions will be considered on a case by case basis with a focus on the aspects of the transaction that give rise to a conflict of interest or otherwise cause the transaction not to be in the best interest of the Company. Conditions may include limiting the duration of the transaction, limiting the monetary amount of the transaction, modifying other material terms of the transaction, requiring periodic reporting, and appointing an independent Company representative to monitor various aspects of the transaction.

We are not aware of any relationships or related person transactions that require disclosure under the proxy rules and regulations promulgated by the SEC.

Code of Ethics and Business Conduct

We have adopted a Code of Ethics and Business Conduct (Code of Ethics) that applies to all members of our Board and all executive officers and employees of the Company. In addition, under the charter of our Audit Committee, the CEO and Chief Financial Officer, among others, are required to certify annually their adherence to our Code of Ethics. We intend to satisfy the SEC's disclosure requirement regarding amendments to or waivers of our Code of Ethics by posting such information on our website at www.gardnerdenver.com.

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Communications with Directors

Our Board has adopted the following procedures for our shareholders and all other interested parties to send communications to our entire Board, non-management or independent directors, Board committees or individual directors.

Shareholders and other interested persons seeking to communicate with our directors should submit their written comments to our Corporate Secretary at 1500 Liberty Ridge Drive, Suite 3000, Wayne, Pennsylvania 19087. Such persons who prefer to communicate by e-mail should send their comments to corporatesecretary@gardnerdenver.com. Our Corporate Secretary will then forward all such communications (excluding routine advertisements and business solicitations) to each member of our Board, or the applicable individual director(s) and/or committee chairperson(s). Our Chairperson of the Board will receive copies of all appropriate shareholder communications, including those addressed to individual directors and/or committee chairpersons, unless such communications address allegations of misconduct or mismanagement on the part of the Chairperson of the Board. In such event, our Corporate Secretary will first consult with and receive the approval of our Audit Committee Chairperson before disclosing or otherwise discussing the communication with our Chairperson of the Board.

If a shareholder communication is addressed exclusively to our nonemployee directors, our Corporate Secretary will consult with and receive the approval of the Chairperson of our Governance Committee before disclosing or otherwise discussing the communication with directors who are members of management.

We reserve the right to screen materials sent to our directors for potential security risks and/or harassment purposes.

Shareholders also have an opportunity to communicate with our Board at our annual meeting of shareholders. Pursuant to our Corporate Governance Policy, each director is expected to attend the annual meeting in person and be available to address questions or concerns raised by shareholders, subject to occasional excused absences due to illness or unavoidable conflicts.

Process for Nominating Directors

The Governance Committee periodically assesses the appropriate size and composition of the Board, and whether any vacancies on the Board are expected. In the event that vacancies are anticipated or otherwise arise, the Governance Committee will review and assess potential director candidates. The Governance Committee utilizes various methods for identifying and evaluating candidates for director. Candidates may come to the attention of the Governance Committee through recommendations of Board members, management, shareholders or professional search firms.

When identifying and evaluating candidates for Board membership, our Governance Committee considers individuals from various and diverse backgrounds. Although we do not have a formal diversity policy in place for the Board nomination process, an important factor in our Governance Committee's consideration and assessment of a candidate is the diversity of the candidate's background, viewpoints, training, professional experience, education and skill set. While the selection of qualified directors is a complex and subjective process that requires consideration of many intangible factors, our Governance Committee believes that candidates generally should, at a minimum, possess the following criteria:

Broad training, experience and a successful record at senior policy-making levels in business, government, education, technology, accounting, law or administration;

The highest personal and professional ethics, integrity and values and a commitment to representing the long-term interests of all shareholders;

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Inquisitive and objective perspective and the strength of character and mature judgment essential to effective decision making;

Expertise that is useful to the Company and complementary to the background and experience of other Board members; and

Willingness and freedom to commit the necessary time to serve effectively as a Board member, including attendance at Board and committee meetings, as applicable.

In evaluating candidates, the Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board.

Our Governance Committee will consider shareholder recommendations for candidates for our Board, provided such candidates meet the minimum criteria stated above. Any shareholder wishing to submit a candidate for our Governance Committee's consideration should send the following information to the Corporate Secretary at 1500 Liberty Ridge Drive, Suite 3000, Wayne, Pennsylvania 19087:

The shareholder's name, the number of shares of our common stock owned, the length of time held and proof of ownership;

The name, age and address of the candidate;

A detailed resume describing, among other things, the candidate's educational background, occupation, employment history and material outside commitments (i.e., memberships on other boards and committees, charitable foundations, etc.);

A supporting statement that describes the candidate's reasons for seeking election to the Board and documents the candidate's ability to satisfy the minimum director qualifications described above;

Any information relating to the candidate that is required by the rules and regulations of the NYSE and the SEC to be disclosed in the solicitation of proxies for election of directors;

A description of any arrangements or understandings between the shareholder and the candidate; and

A signed statement from the candidate confirming the candidate's willingness to serve on our Board if appointed or elected.

Our Corporate Secretary will promptly forward director nominations by shareholders to Mrs. Schumacher, the Chairperson of our Governance Committee and the Chairperson of the Board. The same criteria apply with respect to our Governance Committee's evaluation of all candidates for membership to our Board, including candidates recommended by shareholders. However, separate procedures will apply, as provided in our Bylaws, if a shareholder wishes to submit at an annual meeting a director candidate who is not approved by our Governance Committee or our Board.

Shareholder Proposals for 2013 Annual Meeting

Shareholder proposals intended to be included in our proxy materials for the 2013 Annual Meeting of Shareholders must be received by us at our principal executive offices (Attention: Corporate Secretary) on or before November 15, 2012. Such proposals must comply with SEC regulations under Rule 14a-8 of the Exchange Act of 1934 (the Exchange Act) regarding the inclusion of shareholder proposals in Company-sponsored proxy materials.

Any shareholder desiring to nominate a director or propose other business at our 2013 Annual Meeting of Shareholders without including the shareholder's nomination or other business in our proxy materials for that meeting must provide timely notice to the Company of the nomination

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or other business in the form provided by our Bylaws. Please refer to our Bylaws for a description of the required form and content of this notice. To be

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timely, the notice must ordinarily be delivered to our principal executive offices (Attention: Corporate Secretary) not later than the close of business on the 90th day, and not earlier than the 120th day, prior to the first anniversary date of the preceding year's annual shareholder meeting (i.e., shareholder proposals or nominations for director for inclusion in the 2013 Annual Meeting must be delivered to our principal executive offices no earlier than January 1, 2013 and no later than January 31, 2013), or such proposal will be considered untimely. However, in the event that the date of the annual meeting of shareholders is more than 30 days before or more than 60 days after the first anniversary of the previous year's annual meeting of shareholders, then the notice must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or the 10th day following the day on which public announcement of the date of such annual meeting is first made by the Company.

AUDIT COMMITTEE MATTERS

Report of Our Audit Committee

Management of the Company is responsible for our internal controls and the financial reporting process. KPMG LLP (KPMG), our independent registered public accounting firm for the fiscal year ended December 31, 2011, was responsible for performing an independent audit of our consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (the PCAOB) and issuing a report thereon. Our Audit Committee's responsibility is to monitor and oversee these processes with a particular emphasis on the tone at the top of the Company and report its findings to the Board. Our Audit Committee's function is more fully described in its charter, which has been approved by our Board and is available on our website at www.gardnerdenver.com. Our Audit Committee reviews its charter on an annual basis.

In this context, our Audit Committee has met and held discussions with management and KPMG. Management represented to our Audit Committee that our consolidated financial statements for the fiscal year ended December 31, 2011 were prepared in accordance with U.S. generally accepted accounting principles. Our Audit Committee has reviewed and discussed the audited consolidated financial statements with management and with KPMG. Our Audit Committee has discussed with KPMG the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU section 380), as adopted by the PCAOB in Rule 3200T.

The Audit Committee has received the written disclosures and letter required by applicable requirements of the PCAOB regarding KPMG's communications with the Audit Committee concerning independence, and has discussed with KPMG its independence.

While members of our Audit Committee perform their own diligence, they are not professionally engaged in the practice of auditing or accounting and are not experts with respect to auditor independence. Therefore, they must rely substantially on the information provided to them and on the representations made by management and KPMG. Accordingly, our Audit Committee's considerations and discussions referred to above do not assure that the audit of our financial statements has been carried out in accordance with the standards of the PCAOB, that the financial statements are presented in accordance with U.S. generally accepted accounting principles or that our auditors are in fact independent.

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Based on its review and discussions with the Company's management and KPMG, our Audit Committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K for the period ended December 31, 2011 for filing with the SEC.

Audit and Finance Committee

Donald G. Barger, Jr., Chairperson

John D. Craig

Raymond R. Hipp

Charles L. Szews

The information above in the Report of Our Audit Committee shall not be deemed to be soliciting material or to be filed with the SEC or subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Exchange Act, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 (the Securities Act) or the Exchange Act, except to the extent that the Company specifically requests that the information be treated as soliciting material or specifically incorporates the information by reference.

Accounting Fees

In accordance with its charter, our Audit Committee appointed KPMG to serve as our independent registered public accounting firm and audit our consolidated financial statements for fiscal years 2011 and 2010. Pursuant to our Audit and Finance Committee Services Approval Policy, our Audit Committee approved all the audit and non-audit services performed by KPMG in 2011 and 2010. The following summarizes the aggregate fees KPMG billed to the Company for services relating to the years ended December 31, 2011 and December 31, 2010.

Audit Fees. \$3,065,000 (for the fiscal year ended December 31, 2011) and \$3,274,000 (for the fiscal year ended December 31, 2010) for professional services rendered for the audit of our annual financial statements included in our Form 10-K and review of quarterly financial statements included in our Forms 10-Q or services that are normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related Fees. \$0 (for the fiscal year ended December 31, 2011) and \$0 (for the fiscal year ended December 31, 2010) for acquisition due diligence, employee benefit plan audits, and other audit services that are reasonably related to the performance of the audit or review of our financial statements, but which are not included under Audit Fees above.

Tax Fees. \$300,000 (for the fiscal year ended December 31, 2011) and \$355,000 (for the fiscal year ended December 31, 2010) for tax compliance, tax advice and tax planning services.

All Other Fees. \$0 (for the fiscal year ended December 31, 2011) and \$0 (for the fiscal year ended December 31, 2010) for all products and services provided by KPMG other than those described above.

Policies and Procedures for Pre-Approval of Audit and Non-Audit Services

Pursuant to the Audit Committee's Services Approval Policy, the Audit Committee is required to approve all audit and non-audit services performed by the Company's independent registered public accounting firm in order to assure that the provision of any services does not impair the registered accounting firm's independence. With limited exception for non-audit services under certain conditions, services require either general or specific pre-approval.

The Audit Committee has generally pre-approved audit, audit-related, tax and other services that are specifically identified in the Services Approval Policy. The Audit Committee periodically revises the list of pre-approved services specified in this policy, based on subsequent determinations. The term of any general

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pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. Unless a type of service to be provided by the independent registered public accounting firm has received general pre-approval, it requires specific pre-approval by the Audit Committee. Services that require specific pre-approval include, but are not limited to, the annual audit services engagement terms and fees, certain tax services and non-routine or non-recurring services.

The fee levels for all pre-approved services are established periodically by the Audit Committee. Any proposed service that may exceed the pre-approved fee levels requires specific approval by the Audit Committee.

The Audit Committee does not delegate to management its responsibilities to approve services performed by the independent registered public accounting firm. However, it may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated must report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

During fiscal 2011, all services by KPMG were approved by the Audit Committee in accordance with this policy.

Change in Independent Auditor

In accordance with its charter, our Audit Committee annually selects its independent registered public accounting firm for each fiscal year. In addition to considering extending KPMG's engagement, during 2011 the Audit Committee undertook a competitive request for proposals, and as a result of this process and following careful deliberation, on December 22, 2011, the Audit Committee approved the engagement of E&Y as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012. KPMG continued to serve as the Company's independent registered public accounting firm until the completion of their audit of the Company's consolidated financial statements as of and for the fiscal year ending December 31, 2011 and the effectiveness of internal control over financial reporting as of December 31, 2011, and the issuance of their reports thereon. KPMG issued such reports on February 24, 2012.

KPMG's audit reports on the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2011 and 2010 did not contain any adverse opinions or disclaimers of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. The audit reports of KPMG on the effectiveness of internal control over financial reporting as of December 31, 2011 and 2010 did not contain any adverse opinions or disclaimers of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, except with respect to Robuschi S.p.A. (Robuschi), which the Company acquired in the fourth quarter of fiscal 2011, as described below. KPMG's report dated February 27, 2012, on the effectiveness of internal control over financial reporting as of December 31, 2011, contains an explanatory paragraph that states that the Company acquired Robuschi in December 2011, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, Robuschi's internal control over financial reporting associated with 11% and less than 1% of the Company's total assets and total revenues, respectively. Consistent with management's assessment, KPMG's audit of internal control over financial reporting of the Company also excluded an evaluation of Robuschi's internal control over financial reporting associated with 11% and less than 1% of the Company's total assets and total revenues, respectively, included in the consolidated financial statements of the Company as of and for the year ended December 31, 2011.

During the fiscal years ended December 31, 2011 and 2010, and the subsequent interim period through February 24, 2012, there were (i) no disagreements between the Company and KPMG on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of KPMG, would have caused KPMG to make reference to the subject matter of the disagreement in their reports on the Company's consolidated financial statements for such years, and (ii) no reportable events as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

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The Company provided KPMG with a copy of its Current Report on Form 8-K and its Current Report on 8-K/A (the Reports), in which the Company disclosed the above information prior to the time the Reports were filed with the SEC and requested that KPMG furnish letters addressed to the SEC stating whether it agrees with the statements made therein. These letters, dated December 29, 2011 and February 27, 2012, are filed as Exhibit 16.1 to the Reports filed on December 29, 2011 and February 27, 2012, respectively, and are incorporated herein by reference.

On December 22, 2011, the Audit Committee approved the engagement of E&Y to serve as the Company's independent registered public accounting firm for the Company's fiscal year ending December 31, 2012. During fiscal years 2010 and 2011, respectively, the Company did not consult with E&Y regarding either:

The application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, nor did E&Y provide written or oral advice to the Company that E&Y concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or

Any matter that was either the subject of a disagreement (as defined in Regulation S-K Item 304(a)(1)(v)) or a reportable event (as defined in Regulation S-K Item 304(a)(1)(v)).

A representative of E&Y and a representative of KPMG are expected to be present at the annual meeting to respond to appropriate questions and will have the opportunity to make a statement if such representative desires to do so.

COMPENSATION COMMITTEE MATTERS

Report of Our Compensation Committee

The purpose of our Compensation Committee is to assist our Board in discharging its responsibilities relating to executive selection, retention and compensation and succession planning. Our Compensation Committee's function is more fully described in its charter, which has been approved by our Board and is available at our website at www.gardnerdenver.com. Our Compensation Committee reviews its charter on an annual basis.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on its review and discussion with management, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement, filed pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended.

Management Development and Compensation Committee

Richard L. Thompson, Chairperson

Michael C. Arnold

David D. Petratis

Diane K. Schumacher

The information above in the Report of Our Compensation Committee shall not be deemed to be soliciting material or to be filed with the SEC or subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Exchange Act, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically requests that the information be treated as soliciting material or specifically incorporates the information by reference.

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Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee or Governance Committee is or has been an officer or employee of the Company or any of our subsidiaries. In addition, none of the members of our Compensation Committee or Governance Committee has or had any relationships with the Company or any other entity that would require disclosure under Item 404 of Regulation S-K. During fiscal 2011, none of our executive officers served on the compensation committee (or equivalent) or board of another entity whose executive officers served on our Compensation Committee, Governance Committee, or Board.

Risk-Related Compensation Policies and Practices

In February 2012, the Compensation Committee undertook an assessment of the risk profile of its executive and non-executive compensation programs. As a result of this assessment, the Compensation Committee believes that the Company's compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Security Ownership Requirements

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 five times his or her annual cash compensation, including compensation for Board and Committee meeting attendance, but excluding the value of equity compensation granted pursuant to the Incentive Plan or amounts we contributed on behalf of such director to our Phantom Stock Plan. The director ownership requirements are to be achieved by the end of the director's first three years of service. These requirements also require that the CEO maintain an equity interest equal to five times his annual base salary and each executive officer and corporate vice president maintain an equity interest in the Company equal to three times their annual base salary. The management ownership requirements are to be achieved by the fifth anniversary of each individual's appointment as an officer. Common stock held directly by the director or officer or their respective immediate family members, and indirectly for the benefit of the director or officer in an IRA account, a family trust, the Retirement Savings Plan and/or the related Excess Contribution Plan, are considered in determining compliance with these requirements. In the case of nonemployee directors, phantom stock units acquired through the director's deferral of cash compensation are also considered in determining compliance with our stock ownership requirement. Failure to meet these requirements within the allotted time will be taken into consideration when evaluating the individual's commitment to a continuing relationship with the Company.

The Company's securities law policy prohibits officers and directors of the Company from hedging the economic risk of their ownership of our common stock, which includes purchasing or selling derivative securities relating to our common stock and purchasing financial instruments that are designed to hedge or offset any decrease in the market value of our common stock.

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The following table sets forth information, as of March 2, 2012, with respect to the beneficial ownership of our common stock by: (a) each of our directors and director nominees; (b) each of our other named executive officers set forth in the Summary Compensation Table below; and (c) all of our current directors and executive officers as a group.

Name of Beneficial Owners	Direct Ownership(2),(3),(4)	Indirect Ownership	Percent of Class
Directors			
Michael C. Arnold	5,700		*
Donald G. Barger, Jr.	15,700		*
John D. Craig(5)		100	*
Raymond R. Hipp	26,064		*
Barry L. Pennypacker (President and Chief Executive Officer)	153,894	627 (9)	*
David D. Petratis	26,081		*
Diane K. Schumacher (Chairperson of the Board)	20,776	35,751 (6)	*
Charles L. Szews	13,229		*
Richard L. Thompson	13,300	69,365 (7)	*
Other Named Executive Officers			
Michael M. Larsen	4,534	26 (9)	*
Brent A. Walters	8,118	254 (9)	*
T. Duane Morgan	20,291	7,596(10)	*
Christopher R. Celtruda(8)	0	0	*
All directors and executive officers as a group(1)	347,056	116,000 (9)	*

* Less than 1%

- (1) All directors and executive officers as a group includes only those directors and executive officers serving as of the date of this proxy statement, including executive officers not listed herein.
- (2) Each beneficial owner has sole voting and investment power with respect to all shares, except as indicated below.
- (3) Includes shares that could be acquired by the exercise of stock options granted under the Incentive Plan that are currently exercisable or exercisable within 60 days after March 2, 2012, as follows: 5,700 shares for Mr. Arnold; 13,300 shares for Mr. Barger; 0 shares for Mr. Craig; 13,300 shares for Mr. Hipp; 116,467 shares for Mr. Pennypacker; 13,300 shares for Mr. Petratis; 13,300 shares for Mrs. Schumacher; 9,700 shares for Mr. Szews; 13,300 shares for Mr. Thompson; 4,534 shares for Mr. Larsen; 8,118 shares for Mr. Walters; 0 shares for Mr. Celtruda; 18,067 shares for Mr. Morgan; 25,634 shares for all other executive officers not named herein; and 254,720 shares for the group.
- (4) In addition to the shares reported in this table, all nonemployee directors, except for Mr. Craig, own phantom stock units, as further discussed in the Compensation of Directors section of this proxy statement set forth below, which units are settled solely in cash. Mr. Craig may elect to defer certain payments into the Phantom Stock Plan. Phantom stock units are included in determining whether individuals meet our stock-ownership requirements.
- (5) Mr. Craig was appointed to the Board in November 2011.

- (6) Shares are held by the Schumacher 2010 Partnership Ltd. Mrs. Schumacher and her husband are the limited partners of the Schumacher 2010 Partnership Ltd. and the Schumacher Management Trust is the general partner. Mrs. Schumacher and her husband are the trustees and the beneficiaries of the Schumacher Management Trust.

- (7) Shares held indirectly in the R&B Thompson 2005 Family Trust. Mr. Thompson and his wife are the trustees and the beneficiaries of the R&B Thompson 2005 Family Trust.

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- (8) Mr. Celtruda resigned from the Company, effective February 17, 2012.
- (9) Indirect ownership includes shares owned by the executive officer in our Retirement Savings Plan and/or Excess Contribution Plan.
- (10) Indirect ownership includes 940 shares owned by Mr. Morgan in our Retirement Savings Plan and/or Excess Contribution Plan and 6,656 shares held by the Thomas Duane Morgan and Nicola Rae Morgan Revocable Living Trust, of which Mr. Morgan and his wife are the trustees and beneficiaries.

The following table lists all persons known to be the beneficial owner of more than 5% of our outstanding common stock as of December 31, 2011.

Name and Address	Number of Shares	Percent of Class
T. Rowe Price Associates, Inc.(1) 100 E. Pratt Street Baltimore, MD 21202	6,342,920	12.5%
BlackRock, Inc.(2) 40 East 52 nd Street New York, NY 10022	2,675,800	5.3%

- (1) T. Rowe Price Associates, Inc. (Price Associates) has (i) sole voting power with respect to 1,284,520 of the reported shares, (ii) sole dispositive power with respect to all of the reported shares, and (iii) no shared voting power and no shared dispositive power with respect to the reported shares. These reported shares are owned by various individuals and institutional investors including T. Rowe Price Mid-Cap Growth Fund, Inc. (Price Growth Fund), a registered investment company sponsored by Price Associates, to which Price Associates also serves as investment adviser. Price Growth Fund has (i) sole voting power with respect to 3,350,000 of the reported shares, and (ii) no shared voting power and no sole or shared dispositive power with respect to the reported shares. Price Associates disclaims beneficial ownership of the reported shares. Information relating to these reporting shareholders is based on a Schedule 13G/A filed with the SEC on February 10, 2012.
- (2) These shares are owned by BlackRock, Inc. The reporting shareholder has sole voting and dispositive power with respect to the all of the reported shares. Information relating to this reporting shareholder is based on the shareholder s Schedule 13G/A filed with the SEC on February 13, 2012.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities of the Company. Our insiders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file, including Forms 3, 4 and 5. As a practical matter, we assist our directors and executive officers by monitoring transactions and completing and filing Section 16(a) forms on their behalf. We believe that, except as described below, all reports required to be filed by insiders during the fiscal year ended December 31, 2011, were filed in a timely manner. Mr. Morgan inadvertently did not file a Form 5 in 2011 to timely report one transaction in December 2010 that changed the nature of his ownership of certain shares of our common stock from direct ownership to indirect ownership by a gift to a revocable living trust for which Mr. Morgan and his spouse are the trustees and beneficiaries. Mr. Morgan s total ownership of our common stock has been correctly reported in all previously filed Forms 4, and a Form 5 noting the change from direct to indirect ownership was filed with the SEC on February 14, 2012. In addition, on March 7, 2012, Mr. Craig s original Form 3 was amended to include indirect ownership of shares of our common stock that were not initially reported.

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PART TWO: PROPOSALS TO BE VOTED ON AT THE 2012 ANNUAL MEETING

PROPOSAL 1 ELECTION OF DIRECTORS

The Board has nominated each of Michael C. Arnold, Barry L. Pennypacker, and Richard L. Thompson as directors to serve for a three-year term expiring in 2015. Our Board believes Messrs. Arnold, Pennypacker and Thompson are experienced, well-qualified incumbent directors who have the expertise to direct and oversee our business and will continue to represent the long-term interests of our shareholders. Biographical information on each of these nominees is set forth above.

Each of the nominees has agreed to be named in this proxy statement and serve as a director of the Company, if elected. If any one of the nominees becomes unavailable or unwilling to stand for election or serve as a director before the annual meeting, the accompanying proxy will be voted for the election of such other person, if any, as shall be nominated by the Board, unless the Board resolves to reduce the number of directors to serve on the Board and thereby reduce the number of directors to be elected at the annual meeting. The Company has no reason to believe that any nominee will be unavailable or unwilling to stand for election or serve as a director.

*The Board believes that the election of these director nominees is in the best interests of our shareholders and, accordingly, recommends a vote **FOR** the election of these nominees.*

PROPOSAL 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed E&Y as our independent registered public accounting firm for the 2012 fiscal year. Although the Company is not required to seek ratification of the Audit Committee's appointment of E&Y as our independent registered public accounting firm for the 2012 fiscal year, the Board seeks ratification from our shareholders for the appointment of E&Y as a matter of good corporate governance.

No relationship between the Company and E&Y exists other than the usual relationship between independent auditor and client. A representative of E&Y is expected to be present at the annual meeting to respond to appropriate questions and will have the opportunity to make a statement if the representative desires to do so.

If E&Y's appointment is not ratified by our shareholders, the Audit Committee will consider whether it is appropriate to select another independent registered public accounting firm for the 2013 fiscal year. Additionally, even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the 2012 fiscal year if it determines that such a change would be in the best interests of the Company and our shareholders.

*The Board believes that the ratification of E&Y as our independent registered public accounting firm is in the best interests of our shareholders and, accordingly, recommends a vote **FOR** this proposal.*

PROPOSAL 3 AMENDMENT AND RESTATEMENT OF THE LONG-TERM INCENTIVE PLAN

We are asking shareholders to approve the Incentive Plan, as amended and restated. The Incentive Plan was originally adopted in 1993, and subsequently approved and amended by our shareholders in May 1996, May 1999, May 2001, May 2004, and May 2007. The Board approved the Incentive Plan, as amended and restated, in February 2012, subject to the approval of our shareholders. The following summary of the Incentive Plan and the amendments to the Incentive Plan should be read in conjunction with, and is qualified by reference to, the full text of the Incentive Plan, as amended and restated, which is included in this proxy statement as Appendix A.

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Awards authorized under the Incentive Plan for our employees consist of stock options, stock appreciation rights (SARs), restricted stock units (RSUs), performance shares, and long-term cash bonuses. Nonemployee directors are eligible for stock options, SARs, restricted stock and RSUs. As described in the Compensation Discussion and Analysis section of this proxy statement, the Incentive Plan currently provides our primary form of long-term compensation, in the form of stock options, RSUs and long-term cash bonuses, to our executive officers.

Description of the Amendments

As described below in more detail, among other things, the Incentive Plan would be amended to:

Add 2,250,000 shares of common stock available for issuance under the Incentive Plan;

Extend the termination date from December 31, 2012 to December 31, 2017;

Eliminate tandem SARs and limit free-standing SARs to 10 years;

Clarify that dividend equivalents may not be paid or accrue on unearned performance share