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GARDNER DENVER INC
Form 10-K405
March 28, 2002

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: For the fiscal year ended December 31, 2001

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: For the transition period from

to _____

Commission file number 1-13215

GARDNER DENVER, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

76-0419383

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

1800 Gardner Expressway, Quincy, IL

62301

(Address of Principal Executive Offices)

(Zip Code)

(217) 222-5400

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$0.01 par value

(Title of Class)

Rights to Purchase Preferred Stock

(Title of Class)

Securities registered pursuant to Section 12(g) of the Act: None

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

Yes X No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the registrant's voting stock held by non-affiliates as of March 22, 2002 was \$385,940,481.

The number of shares outstanding of the registrant's Common Stock, as of March 22, 2002 was 15,810,753.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Gardner Denver, Inc. Proxy Statement, dated March 22, 2002 (incorporated into Part III of this Annual Report on Form 10-K).

Portions of the 2001 Annual Report to Stockholders (incorporated into Parts I and II of this Annual Report on Form 10-K).

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PART I

ITEM 1. BUSINESS

GENERAL

Gardner Denver, Inc. ("Gardner Denver" or the "Company") believes, based on total sales in the United States, it is one of the leading manufacturers of stationary air compressors and blowers for industrial applications. Stationary air compressors are used in manufacturing, process applications and materials handling, and to power air tools and equipment. Blowers are used primarily in pneumatic conveying, wastewater aeration and engineered vacuum systems. Gardner Denver also believes that it is one of the leading manufacturers of pumps used in oil and natural gas production, well-servicing and drilling and water jetting systems.

In 2001, Gardner Denver had revenues of \$419.8 million, of which approximately 73 percent were derived from sales of compressed air products while approximately 27 percent were from sales of pump products. Approximately 70 percent of the total revenues in 2001 were derived from sales in the United States and approximately 30 percent were from sales to customers in various countries outside the United States. Of the total non-U.S. sales, 51 percent were to Europe, 19 percent to Canada, 14 percent to Latin America, 11 percent to Asia and the remainder to Africa, the Middle East and Australia.

HISTORY

The Company's business of manufacturing industrial and petroleum equipment began in 1859 when Robert W. Gardner redesigned the fly-ball governor to provide speed control for steam engines. By 1900, the then Gardner Company had expanded its product line to include steam pumps and vertical high-speed air compressors. In 1927, the Gardner Company merged with Denver Rock Drill,

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a manufacturer of equipment for oil wells and mining and construction, and became the Gardner-Denver Company. In 1979, the Gardner-Denver Company was acquired by Cooper Industries, Inc. ("Cooper") and operated as 10 unincorporated divisions. Two of these divisions, the Gardner-Denver Air Compressor Division and the Petroleum Equipment Division, were combined in 1985 to form the Gardner-Denver Industrial Machinery Division (the "Division"). The OPI(R) pump product line was purchased in 1985 and added to the Division. In 1987, Cooper acquired the Sutorbilt(R) and DuroFlow(R) blower product lines and the Joy(R) industrial compressor product line, which were also consolidated into the Division. Effective December 31, 1993, the assets and liabilities of the Division were transferred by Cooper to the Company, which had been formed as a wholly-owned subsidiary of Cooper. On April 15, 1994, the Company was spun-off as an independent company to the shareholders of Cooper.

Gardner Denver has completed fourteen acquisitions since becoming an independent company. In 1996, Gardner Denver acquired NORAMPTCO, Inc., renamed Gardner Denver Holdings Inc., and its primary operating subsidiary Lamson Corporation ("Lamson"). Lamson designs, manufactures and sells multistage centrifugal blowers and exhausters used in various industrial and wastewater applications. Lamson's products complemented the Company's product offering by enabling it to expand its participation in environmental and industrial segments requiring air and gas management.

Also in 1996, the Company acquired TCM Investments, Inc., an oilfield pump manufacturer based in Tulsa, Oklahoma. This acquisition extended the Company's well stimulation pump

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product line, provided a physical presence in the oilfield market and allowed Gardner Denver to become a major supplier of repair parts and remanufacturing services to some of the Company's customers.

In 1997, the Company acquired Oy Tamrotor Ab ("Tamrotor"), located in Tampere, Finland. Tamrotor designs and manufactures lubricated rotary screw compressor air ends and packages. The addition of Tamrotor provided the Company with a manufacturing base in Europe and growth opportunities through complementary product lines and international market penetration. In 1999, the Company liquidated Tamrotor and now conducts business in Finland as Gardner Denver OY.

In January 1998, the Company purchased Champion Pneumatic Machinery Company, Inc. ("Champion"). Champion, located in Princeton, Illinois, is a leading manufacturer of low horsepower reciprocating compressors. Champion opened new market opportunities for Gardner Denver products and expanded the range of reciprocating compressors available to existing distributors.

In January 1998, the Company also acquired Geological Equipment Corporation ("Geoquip"), a leading manufacturer of pumps, ranging from 350 to 2,400 horsepower, in Fort Worth, Texas. The operation also remanufactures pumps and provides repair services. The addition of Geoquip enhanced the Gardner Denver well servicing product line, expanded the Company's presence in remanufacturing and repair services and introduced the Company to the water jetting market.

The Company purchased the Wittig Division of Mannesmann Demag AG ("Wittig")

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in March 1998. Wittig, located in Schopfheim, Germany, is a leading manufacturer of rotary sliding vane compressors and vacuum pumps. Wittig's products primarily serve the truck blower market for liquid and dry bulk conveyance, as well as other industrial applications. The acquisition of Wittig expanded the Company's manufacturing presence in Europe and provided distribution channels for its blower products, which are produced in the United States.

In April 1999, the Company acquired Allen-Stuart Equipment Company, Inc. ("Allen-Stuart"), located in Houston, Texas. Allen-Stuart, which also conducts business as the Gardner Denver Engineered Packaging Center, designs, fabricates and services custom-engineered packages for blower and compressor equipment in air and gas applications. The addition of Allen-Stuart enhanced the Company's ability to supply engineered packages, incorporating the wide range of compressor and blower products manufactured by Gardner Denver.

In April 1999, the Company also purchased Butterworth Jetting Systems, Inc., a manufacturer of water jet pumps and systems serving the industrial cleaning and maintenance market, located in Houston, Texas. This operation, which was renamed Gardner Denver Water Jetting Systems, Inc., expanded the Company's position in the rapidly growing water jet market.

In October 1999, the Company acquired Air Relief, Inc. ("Air Relief"), located in Mayfield, Kentucky. Air Relief is an independent provider of replacement parts and service for centrifugal compressors. This operation enhanced the Company's ability to penetrate the centrifugal compressor market by adding key engineering, assembly, sales and service capabilities.

In January 2000, the Company acquired Invincible Airflow Systems, Co. ("Invincible"). Invincible, located in Baltic, Ohio, manufactures single and fabricated multistage centrifugal

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blowers and engineered vacuum systems. Invincible extends Gardner Denver's product offering for the industrial cleaning market and introduces the Company's centrifugal blowers to new markets.

The Company acquired Jetting Systems & Accessories, Inc. ("JSA") in April 2000 and CRS Power Flow, Inc. ("CRS") in July 2000. JSA and CRS are located in Houston, Texas, and both manufacture aftermarket products for the water jetting industry. These two acquisitions complement the Company's product offering for the water jetting market and further leverage Gardner Denver's commitment to being a full service provider in the water jetting industry.

In September 2001, the Company acquired Hamworthy Belliss & Morcom ("Belliss & Morcom"), headquartered in Gloucester, England. Belliss & Morcom manufactures and distributes reciprocating air compressors used for a variety of niche applications, such as polyethylene terephthalate ("PET") bottle blowing, breathing air equipment and compressed natural gas. The acquisition of Belliss & Morcom broadens the Company's range of product offerings, strengthens its distribution and service networks and increases its participation in sales of products with applications that have the potential to grow faster than the overall industrial economy.

In September 2001, the Company also acquired Hoffman Air and Filtration

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Systems ("Hoffman"). Hoffman, headquartered in Syracuse, New York, manufactures and distributes multistage centrifugal blowers and vacuum systems, primarily for wastewater treatment and industrial applications. The acquisition of Hoffman expands Gardner Denver's product offering and distribution capabilities and enhances its position as a leading international supplier of centrifugal products to the air and gas handling industry.

MARKETS AND PRODUCTS

Gardner Denver designs, manufactures and markets compressed air products and pump products. A description of the particular products manufactured and sold by Gardner Denver in its two reportable segments is set forth below.

Compressed Air Products Segment

In the Compressed Air Products segment, Gardner Denver designs, manufactures, markets and services the following products and related aftermarket parts for industrial and commercial applications: rotary screw, reciprocating, sliding vane and centrifugal compressors, positive displacement and centrifugal blowers. Sales of compressed air products by Gardner Denver in 2001 were \$308.0 million, of which approximately 65 percent were to customers in the United States.

Reciprocating compressors range from 0.5 to 1,500 horsepower and are sold under the Gardner Denver(R), Champion(R), Commandair(R) and Belliss & Morcom(R) trademarks. Rotary screw compressors range from 5 to 680 horsepower and are sold under the Gardner Denver(R), Electra-Screw(R), Electra-Saver(R), Enduro(R), RotorChamp(R), Twistair(R), Tamrotor(R), and Tempest(R) trademarks. Centrifugal compressors range from 400 to 1,500 horsepower and are sold under the GD Turbo name.

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Blowers are used to produce a high volume of air at low pressures and vacuums. Centrifugal blowers produce a constant level of pressure and varying volumes of airflow. Positive displacement blowers provide a constant volume of airflow at varying levels of pressure. The Company's positive displacement blowers range from 0 to 36 pounds per square inch gauge (PSIG) pressure and 0-28 inches of mercury ("Hg) vacuum and 0 to 43,000 cubic feet per minute (CFM) and are sold under the trademarks Sutorbilt(R), DuroFlow(R), CycloBlower(R) and TurboTron(R). The Company's multistage centrifugal blowers are sold under the tradenames Lamson(R) and Hoffman(R) and range from 0.5 to 25 PSIG pressure and 0-18 "Hg vacuum and 100 to 50,000 CFM. The Company's rotary sliding vane compressors and vacuum pumps range from 0 to 150 PSIG and 0 to 3,000 CFM and are sold under the trademark Wittig(R).

The Company's engineered vacuum systems are used in industrial cleaning and maintenance and are sold under the Invincible(R) and Cat Vac(R) tradenames.

Almost all domestic manufacturing plants and industrial facilities, as well as many service industries, utilize air compressors and/or blowers. The largest customers for Gardner Denver's compressor products are durable and non-durable goods manufacturers; process industries (petroleum, primary metals, pharmaceutical, food and paper); original equipment manufacturers ("OEMs"); manufacturers of carpet cleaning equipment, pneumatic conveying

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equipment, and dry and liquid bulk transports; wastewater treatment facilities; and automotive service centers and niche applications such as polyethylene terephthalate ("PET") bottle blowing, breathing air equipment and compressed natural gas.

Manufacturers of machinery and related equipment use stationary compressors for automated systems, controls, materials handling and special machinery requirements. The petroleum, primary metals, pharmaceutical, food and paper industries require compressed air for process, instrumentation and control, packaging and pneumatic conveying.

Blowers are instrumental to local utilities for aeration in treating industrial and municipal waste. Blowers are also used in service industries, for example, residential carpet cleaning to vacuum moisture from carpets during the shampooing and cleaning process. Blowers and rotary vane compressors are used on trucks to vacuum leaves and debris from street sewers and to unload liquid and dry bulk and powder materials such as cement, grain and plastic pellets. Additionally, blowers are used in numerous chemical process applications.

Pump Products Segment

Gardner Denver designs, manufactures, markets and services a diverse group of pumps, water jetting systems and related aftermarket parts used in oil and natural gas production, well servicing and drilling and industrial cleaning and maintenance. Sales of pump products in 2001 were \$111.7 million, of which approximately 82 percent were to customers in the United States.

Positive displacement reciprocating pumps are marketed under the Gardner Denver(R), Geoquip(R), Ajax(R) and OPI(R) trademarks. Typical applications of Gardner Denver(R) pumps in oil and natural gas production include oil transfer, water flooding, salt water disposal, pipeline testing, ammine pumping for gas processing, re-pressurizing, enhanced oil recovery, hydraulic

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power and other liquid transfer applications. Gardner Denver's production pumps range from 16 to 600 horsepower and consist of horizontal and vertical designed pumps.

Gardner Denver markets one of the most complete product lines of well servicing pumps. Well servicing operations include general workover service, completions (bringing wells into production after drilling), and plugging and abandonment of wells. Gardner Denver's well servicing products consist of high pressure plunger pumps ranging from 165 to 400 horsepower.

Gardner Denver also manufactures intermittent duty triplex and quintuplex plunger pumps ranging from 250 to 3,000 horsepower for well cementing and stimulation, including reservoir fracturing or acidizing. Duplex pumps, ranging from 16 to 135 horsepower, are produced for shallow drilling, which includes water well drilling, seismic drilling and mineral exploration. Continuous duty triplex mud pumps for oil and natural gas drilling rigs range from 275 to 2,000 horsepower. A small portion of Gardner Denver(R) and Ajax(R) pumps are sold for use in industrial applications.

The Company's water jetting systems are used in industrial cleaning and

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maintenance and are sold under the Liqua-Blaster(R) and American Water Blaster(R) trademarks. Applications in this market include runway and shiphull cleaning, concrete demolition and metal surface preparation.

For financial information over the past three years on the Company's performance by industry segment and the Company's international sales, refer to Note 14 of the Notes to Consolidated Financial Statements included in Gardner Denver's 2001 Annual Report to Stockholders and incorporated herein by reference.

CUSTOMERS AND CUSTOMER SERVICE

Gardner Denver sells its products through independent distributors and sales representatives and directly to OEMs, engineering firms and end users. Gardner Denver uses a direct sales force to service OEM and engineering firm accounts because these typically require more technical assistance, shipment scheduling and product service.

As a majority of Gardner Denver's products are marketed through independent distribution, Gardner Denver is committed to developing and supporting its distribution network of over 1,500 distributors and representatives. Gardner Denver has a Master Distribution Center in Memphis, Tennessee that stocks parts, accessories, blowers and small compressor products in order to provide adequate and timely availability. Gardner Denver also provides its distributors with sales and product literature, technical assistance and training programs, advertising and sales promotions, order-entry and tracking systems and an annual restocking program. Gardner Denver participates in major trade shows and has a telemarketing department to generate sales leads and support the distributors' sales staffs.

The Company's distributors maintain an inventory of complete units and parts and provide aftermarket service to end users. There are several hundred field service representatives for Gardner Denver products in the distributor network. Gardner Denver's service personnel and product engineers provide the distributors' service representatives with technical assistance and

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field training, particularly with respect to installation and repair of equipment.

Gardner Denver also provides aftermarket support through its remanufacturing facilities in Indianapolis, Indiana; Tulsa, Oklahoma; and Mayfield, Kentucky. The Indianapolis operation remanufactures and repairs air ends for rotary screw compressors, blowers and reciprocating compressors. The Tulsa facility repairs and remanufactures well servicing pumps. The Mayfield operation provides aftermarket parts and repairs for centrifugal compressors.

Outside the United States, Gardner Denver markets its products through a network of sales representatives, as well as distributors and direct sales persons. As a result of the Lamson, Wittig and Hoffman acquisitions, the Company operates blower packaging operations in Canada, France, Germany and the United Kingdom. As a result of the Tamrotor and Bellis & Morcom acquisitions, the Company operates compressor manufacturing and packaging facilities in Canada, Finland and the United Kingdom.

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COMPETITION

Gardner Denver's principal competitors in sales of compressed air products include Ingersoll-Rand, Sullair (owned by United Technologies Corporation), Atlas Copco, Quincy Compressor (owned by En Pro Industries, a subsidiary of Goodrich Corporation), CompAir (owned by Invensys P.L.C.) and Roots (owned by Dresser Inc.). The principal competitors in sales of petroleum pump products include National-Oilwell and SPM Flow Control, Inc. The principal competitors in sales of water jetting systems include NLB Corp., WOMA Apparatebau GmbH and Hammelmann Maschinenfabrik GmbH. Each of the Company's business segments has a strong reputation and the Company's trademarks are recognized both domestically and internationally.

Demand for compressed air products is dependent upon capital spending by manufacturing and process industries, and general economic conditions. Demand for pump products is primarily tied to the number of working and available drilling rigs and oil and natural gas prices. The principal competitive factors in both segments are quality, performance, price and availability. The relative importance of each of these factors varies depending on the specific type of product.

Compressed air and pump products are best characterized as mature, with steady and slow technological advances. Technological trends in compressed air products include, among others, development of oil-free air compressors, increased product efficiency, reduction of noise levels, and advanced control systems to upgrade the flexibility and precision of regulating pressure and capacity. Emerging compressed air products market niches result from new technologies in plastics extrusion, oil and natural gas well drilling, field gas gathering, mobile and stationary vacuum applications, utility and fiber optic installation, environmental impact minimization, as well as other factors. Trends in pump products include, among others, development of larger horsepower and lighter weight pumps.

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RESEARCH AND DEVELOPMENT

The Company actively engages in a continuing research and development program. The Gardner Denver research and development centers are dedicated to various activities, including new product development, product performance improvement and new product applications.

Gardner Denver's products are designed to satisfy the safety and performance standards set by various industry groups and testing laboratories. Care is exercised throughout the manufacturing and final testing process to ensure that products conform to industry, government and customer specifications.

Gardner Denver has representatives on the American Petroleum Institute's working committee and the Company has relationships with standard enforcement organizations such as Underwriters Laboratories (U.L.), Det Norske Veritas (DNV) and the Canadian Standard Association (C.S.A.). The Company maintains ISO 9001 certification on the quality systems at a majority of its manufacturing and design locations.

Expenditures for research and development sponsored by the Company were \$2.5 million in 2001, \$3.0 million in 2000 and \$2.8 million in 1999.

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MANUFACTURING

Gardner Denver has twenty manufacturing facilities that utilize a broad variety of processes. At its manufacturing locations, the Company maintains advanced manufacturing, quality assurance and testing equipment geared to the specific products that it manufactures, and uses extensive process automation in its manufacturing operations. Most of the manufacturing facilities utilize computer aided numerical control tools and manufacturing techniques that concentrate the equipment necessary to produce similar products in one area of the plant (cell manufacturing). One operator using cell manufacturing can monitor and operate several machines, as well as assemble and test products made by such machines, thereby improving operating efficiency and product quality while reducing the amount of work-in-process and finished product inventories.

RAW MATERIALS

The primary raw materials used by Gardner Denver are cast iron and steel. Such materials are generally available from a number of suppliers. The Company does not currently have long-term contracts with its suppliers of raw materials, but believes that its sources of raw materials are reliable and adequate for its needs. The Company utilizes single sources of supply for certain iron castings and other selected components. A disruption in deliveries from a given supplier could therefore have an adverse effect on the Company's ability to meet its commitments to customers. Nevertheless, the Company believes that it has appropriately balanced this risk against the cost of sustaining a greater number of suppliers. Moreover, the Company has sought, and will continue to seek, cost reductions in its purchases of materials and supplies by consolidating its purchases, pursuing alternate sources of supply and using online bidding competitions among potential suppliers. Historically, the Company has not experienced any significant supply problems in its operations; however, there can be no assurance that this will be the case in the future.

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BACKLOG

The Company's backlog was approximately \$79.2 million at December 31, 2001 as compared to approximately \$60.3 million at December 31, 2000. This increase was due to acquisitions and increased demand of petroleum pump products partially offset by a decline in demand for compressed air products. Backlog consists of orders believed to be firm for which a customer purchase order has been received or communicated and which are scheduled for shipment within twelve months. Since orders may be rescheduled or canceled, backlog does not necessarily reflect future sales levels.

PATENTS, TRADEMARKS AND OTHER INTELLECTUAL PROPERTY

The Company believes that the success of its business depends more on the technical competence, creativity and marketing abilities of its employees than on any individual patent, trademark or copyright. Nevertheless, as part of its ongoing research, development and manufacturing activities, the Company has a policy of seeking appropriate patents concerning new products and product improvements.

In the aggregate, patents and trademarks are of considerable importance to

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the manufacturing and marketing of many of the Company's products. However, the Company does not consider any single patent or trademark, or group of patents or trademarks, to be material to its business as a whole, except for the Gardner Denver(R) trademark. Other important trademarks used by Gardner Denver include DuroFlow(R), Sutorbilt(R), CycloBlower(R), Wittig(R), Lamson(R), Tamrotor(R), OPI(R), Champion(R), Geoquip(R), Bellis & Morcom(R) and Hoffman(R). Joy(R) is a registered trademark of Joy Technologies, Inc. Gardner Denver has the right to use the Joy(R) trademark on aftermarket parts until November 2027. The Company's right to use this trademark on air compressors expired in November 1995. Pursuant to trademark license agreements, Cooper has rights to use the Gardner Denver(R) trademark for certain power tools and Gardner Denver has rights to use the Ajax(R) trademark for petroleum pump products. Gardner Denver has registered its trademarks in the countries where it is deemed necessary.

The Company also relies upon trade secret protection for its confidential and proprietary information. The Company routinely enters into confidentiality agreements with its employees. There can be no assurance, however, that others will not independently obtain similar information and techniques or otherwise gain access to the Company's trade secrets or that the Company can effectively protect its trade secrets.

EMPLOYEES

As of February 2002, the Company had approximately 2,000 full-time employees, of which approximately 700, including most of the employees in Finland, Germany and the United Kingdom, were represented by labor unions. The Company believes its current relations with employees are satisfactory. The Company's five-year labor contract with the union at the Quincy, Illinois plant expires in May 2002. Management has no reason to believe that a new agreement will not be finalized prior to the expiration date.

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ENVIRONMENTAL MATTERS

The Company is subject to numerous federal, state, local and foreign laws and regulations relating to the storage, handling, emission, disposal and discharge of materials into the environment. The Company believes that its existing environmental control procedures are adequate and it has no current plans for substantial capital expenditures in this area. Gardner Denver has an environmental policy that confirms its commitment to a clean environment and to compliance with environmental laws. Gardner Denver has an active environmental management program aimed at compliance with existing environmental regulations and developing methods to eliminate or significantly reduce the generation of pollutants in the manufacturing processes.

The Company has been identified as a potentially responsible party ("PRP") with respect to eight sites designated for cleanup under federal "Superfund" or similar state laws, which impose liability for cleanup of certain waste sites and for related natural resource damages. Persons potentially liable for such costs and damages generally include the site owner or operator and persons that disposed or arranged for the disposal of hazardous substances found at those sites. Although these laws impose joint and several liability, in application, the PRPs typically allocate the investigation and cleanup costs based upon the volume of waste contributed by each PRP. Based

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on currently available information, Gardner Denver was only a small contributor to six of these waste sites and has reached, or is attempting to negotiate, de minimus settlements for their cleanup. The clean-up of the remaining two sites is substantially complete and the Company's future obligations entail a share of the sites' ongoing operating and maintenance expense.

The Company has an accrued liability on its balance sheet to the extent costs are known or can be estimated for its remaining financial obligations. Based upon consideration of currently available information, the Company does not anticipate any materially adverse effect on its results of operations, financial condition, liquidity or competitive position as a result of compliance with federal, state, local or foreign environmental laws or regulations or cleanup costs relating to the sites discussed above.

ITEM 2. PROPERTIES

As of December 31, 2001, Gardner Denver has twenty manufacturing plants, three of which are remanufacturing operations, one distribution center, several warehouses, a packaging operation and numerous sales offices. The significant facilities are as follows:

Location -----	Facility Type -----	Sq. Feet -----
Quincy, Illinois	Executive, Administrative and Sales Offices; Manufacturing - pump and compressed air products	604,000
Sedalia, Missouri	Manufacturing - compressor products	325,000
Princeton, Illinois	Manufacturing - compressed air products	130,000
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Peachtree City, Georgia	Administrative and Sales Offices; Manufacturing - compressed air products	120,000
Syracuse, New York	Administrative and Sales Offices; Manufacturing - compressed air products	120,000
Memphis, Tennessee	Distribution Center and Warehouse	98,000
Houston, Texas	Manufacturing - pump products	61,000
Fishers, Indiana	Remanufacturing - compressed air products	60,000
Houston, Texas	Manufacturing - compressed air products	57,200
Baltic, Ohio	Manufacturing-compressed air products	48,000
Tulsa, Oklahoma	Manufacturing - pump products	46,000

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Fort Worth, Texas	Manufacturing - pump products	42,000
Mayfield, Kentucky	Remanufacturing - compressed air products	41,200
Tulsa, Oklahoma	Remanufacturing - pump products	24,000
Manteca, California	Manufacturing - compressed air products	19,200
Chicago, Illinois	Sales Office and Warehouse	10,000
Oklahoma City, Oklahoma	Sales Office and Warehouse	8,000
Schopfheim, Germany	Administrative and Sales Offices; Manufacturing - compressed air products	423,000
Gloucester, United Kingdom	Administrative and Sales Offices; Manufacturing - compressed air products	196,000
Tampere, Finland	Administrative and Sales Offices; Manufacturing - compressed air products	112,500
Ipswich, United Kingdom	Administrative and Sales Offices; Manufacturing - compressed air products	10,000
Toronto, Canada	Administrative and Sales Offices; Manufacturing - Compressed air products	10,000
Sao Paulo, Brazil	Administrative and Sales Offices	10,000

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Toronto, Canada	Administrative and Sales Offices; Manufacturing - compressed air products	9,000
Bezons, France	Packaging and Warehouse	6,300

The Peachtree City, Georgia facility is currently leased from the Fayette County Development Authority in connection with industrial revenue bond financing. The Company has an option to purchase the property at a nominal price when the bonds are repaid in 2018.

The Company leases sales office space in various U.S. locations and foreign countries, and warehouse space in Singapore and Finland.

ITEM 3. LEGAL PROCEEDINGS

The Company is a party to various legal proceedings and administrative actions, all of which are of an ordinary or routine nature, incidental to the operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fourth quarter of the fiscal year covered by this report, no matters were submitted to a vote of the stockholders.

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EXECUTIVE OFFICERS OF REGISTRANT

The executive officers of the Company, their positions with the Company, business history and certain other information, as of March 10, 2002, are set forth below. These officers serve at the pleasure of the Board of Directors.

Name ----	Office -----	Age ---
Ross J. Centanni	Chairman, President and Chief Executive Officer	56
Michael Carney	Vice President and General Manager, Blower Division	44
Helen W. Cornell	Vice President, Strategic Planning and Operations Support	43
Steven M. Krivacek	Vice President, Human Resources	53
Tracy D. Pagliara	Vice President, General Counsel and Secretary	39
Philip R. Roth	Vice President, Finance and Chief Financial Officer	51
J. Dennis Shull	Vice President and General Manager, Compressor Division	53
Richard C. Steber	Vice President and General Manager, Pump Division	51

Ross J. Centanni, age 56, has been President and Chief Executive Officer and a director of Gardner Denver since its incorporation in November 1993. He has been Chairman of Gardner Denver's Board of Directors since November 1998. Prior to Gardner Denver's spin-off from Cooper, he was Vice President and General Manager of Gardner Denver's predecessor, the Gardner-Denver Industrial Machinery Division, where he also served as Director of Marketing

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from August 1985 to June 1990. He has a B.S. degree in industrial technology and an M.B.A. degree from Louisiana State University. Mr. Centanni is a director of Esterline Technologies, a publicly held manufacturer of components for avionics, propulsion and guidance systems, and Denman Services, Inc., a privately held supplier of medical products. He is also a member of the Petroleum Equipment Suppliers Association Board of Directors and the Quincy University Board of Trustees.

Michael S. Carney, age 44, joined the Company as Vice President and General Manager, Gardner Denver Blower Division in November 2001. Prior to joining Gardner Denver, Mr. Carney worked for Woods Equipment Company from 1995 to May 2001. The last position he held with Woods was Vice President, Construction Business. From 1979 to 1995, Mr. Carney worked for General Electric Company in various management positions. Mr. Carney has a B.S.M.E. from the University of Notre Dame, a M.S.E.E. from the University of Cincinnati, and an M.S.I.A. from Purdue University.

Helen W. Cornell, age 43, has been Vice President, Strategic Planning and Operations Support of the Company since August 2001. She served as Vice President, Compressor Operations for the Compressor and Pump Division from April 2000 until being appointed to her present position. From November 1993 until accepting her operations role, Ms. Cornell held positions of increasing responsibility as the Corporate Secretary and Treasurer of the

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Company, serving in the role of Vice President, Corporate Secretary and Treasurer from April 1996 until April 2000. She holds a B.S. degree in accounting from the University of Kentucky and an M.B.A. from Vanderbilt University. She is a Certified Public Accountant and a Certified Management Accountant.

Steven M. Krivacek, age 53, has been Vice President, Human Resources for Gardner Denver since March 1995. He previously served the Company as Director of Human Resources from 1986 until his promotion. Mr. Krivacek has a B.A. in economics from California University of Pennsylvania and an M.A. in industrial relations from St. Francis University.

Tracy D. Pagliara, age 39, has been Vice President, General Counsel and Secretary of Gardner Denver since August 2000. Prior to joining Gardner Denver, Mr. Pagliara held positions of increasing responsibility in the legal departments of Verizon Communications/GTE Corporation from August 1996 to August 2000 and Kellwood Company from May 1993 to August 1996, ultimately serving in the role of Assistant General Counsel for each company. Mr. Pagliara, a Certified Public Accountant, has a B.S. degree in accounting and Juris Doctorate degree from the University of Illinois.

Philip R. Roth, age 51, joined the Company as Vice President, Finance and Chief Financial Officer in May 1996. Prior to joining Gardner Denver, Mr. Roth was employed by Emerson Electric Co. for fifteen years, most recently as the Vice President, Finance and Chief Financial Officer of the Wiegand Industrial Division. Mr. Roth, a Certified Public Accountant, received his B.S. degree in Business Administration from the University of Missouri and an M.B.A. from the Olin School of Business at Washington University.

J. Dennis Shull, age 53, has been Vice President and General Manager, Gardner Denver Compressor and Pump Division since its organization in August 1997. He previously served the

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Company as Vice President, Sales and Marketing since the Company's incorporation in November 1993. From August 1990 until November 1993, Mr. Shull was the Director of Marketing for the Division. Mr. Shull has a B.S. degree in business from Northeast Missouri State University and an M.A. in business from Webster University.

Richard C. Steber, age 51, joined the Company as Vice President and General Manager of the Gardner Denver Pump Division in January 2002. Prior to his appointment at Gardner Denver, he was employed by Goulds Pumps, a division of ITT Industries. Since 1998, Mr. Steber has held the position of President and General Manager for Goulds Pumps, headquartered in London. Joining Goulds in 1977, he has previously held positions of Vice President for both the sales and marketing organizations, with domestic and international responsibility. Mr. Steber has a B.S. degree in engineering from S.U.N.Y. College of Environmental Science and Forestry.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information under "Stock Information" and "Dividends," contained on page 36 of Gardner Denver's 2001 Annual Report to Stockholders, is hereby

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incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information under "Financial History," contained on page 12 of Gardner Denver's 2001 Annual Report to Stockholders, is hereby incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information under "Management's Discussion and Analysis," contained on pages 13 through 18 of Gardner Denver's 2001 Annual Report to Stockholders, is hereby incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information under "Management's Discussion and Analysis - Market Risk," contained on page 17 of Gardner Denver's 2001 Annual Report to Stockholders, is hereby incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information under "Report of Independent Public Accountants" and "Consolidated Financial Statements and Notes," contained on pages 19 through 35 of Gardner Denver's 2001 Annual Report to Stockholders, is hereby incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning the Company's directors contained under "Election of Directors," "Nominees for Election," and "Directors Whose Terms of Office Will Continue After the Meeting" contained on pages 5 through 7 of the Gardner Denver Proxy Statement, dated March 22, 2002, is hereby incorporated herein by reference. Information concerning the Company's executive officers is contained in Part I of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information related to executive compensation contained under "Committees, Compensation and Governance of the Board of Directors" on pages 7 through 9, "Executive Management Compensation" on pages 12 through 14 and "Employee and Executive Benefit Plans" contained on pages 19 through 20 of the Gardner Denver Proxy Statement, dated March 22, 2002, is hereby incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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The information under "Security Ownership of Management and Certain Beneficial Owners" contained on pages 10 through 12 of the Gardner Denver Proxy Statement, dated March 22, 2002, is hereby incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this Annual Report

1. Financial Statements and the related report of independent public accountants are incorporated by reference to the pages shown below in Gardner Denver's 2001 Annual Report to Stockholders.

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	Page No.

Report of Independent Public Accountants	19
Consolidated Statement of Operations for Each of the Three Years in the Period Ended December 31, 2001	20
Consolidated Balance Sheet as of December 31, 2001 and December 31, 2000	21
Consolidated Statement of Stockholders' Equity for Each of the Three Years in the Period Ended December 31, 2001	22
Consolidated Statement of Cash Flows for Each of the Three Years in the Period Ended December 31, 2001	23
Notes to Consolidated Financial Statements	24-35

The financial statement schedules listed below should be read in conjunction with the financial statements listed above. Financial statement schedules not included in this Annual Report on Form 10-K have been omitted because they are not applicable or the required information is shown in the financial statements or notes hereto.

2. Schedules

Report of Arthur Andersen LLP	S-1
Schedule II - Valuation and Qualifying Accounts	S-2

3. Exhibits

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- 3.1 Certificate of Incorporation of Gardner Denver, Inc., as amended on May 5, 1998, filed as Exhibit 3.1 to Gardner Denver, Inc.'s Quarterly Report on Form 10-Q, dated August 13, 1998, and incorporated herein by reference.
- 3.2 ByLaws of Gardner Denver, Inc., as amended on July 31, 2001, filed as Exhibit 3.2 to Gardner Denver, Inc.'s Quarterly Report on Form 10-Q, dated August 13, 2001, and incorporated herein by reference.
- 4.1 Rights Agreement dated as of January 18, 1995, between Gardner Denver Machinery Inc. and First Chicago Trust Company of New York as Rights Agent, filed as Exhibit 4.0 to Gardner Denver Machinery Inc.'s Current Report on Form 8-K, dated January 18, 1995, (File No. 001-12215) and incorporated herein by reference.
- 4.2 Note Purchase Agreement, dated as of September 26, 1996, filed as Exhibit 4.0

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to Gardner Denver Machinery Inc.'s Quarterly Report on Form 10-Q, dated November 14, 1996, and incorporated herein by reference.

- 4.2.1 Second Amendment dated August 31, 2001, to the Note Purchase Agreement dated as of September 26, 1996 filed as Exhibit 4.2.1 on Form 10-Q, dated November 13, 2001, and incorporated herein by reference.
- 10.0+ Amended and Restated Credit Agreement dated March 6, 2002, among Bank One, NA (formerly known as The First National Bank of Chicago) and the lenders named therein.
- 10.1* Gardner Denver, Inc. Long-Term Stock Incentive Plan, as amended and filed as Exhibit 10.1 on Gardner Denver, Inc.'s Form 10-K, dated March 22, 2001, and incorporated herein by reference.
- 10.2* Gardner Denver Machinery Inc. Supplemental Excess Defined Benefit Plan filed as Exhibit 10.9 to Gardner Denver Machinery Inc.'s Registration Statement on Form 10, effective on March 31, 1994, and incorporated herein by reference.
- 10.3* Gardner Denver Machinery Inc. Supplemental Excess Defined Contribution Plan, filed as Exhibit 10.10 to Gardner Denver Machinery Inc.'s Registration Statement on Form 10, effective on March 31, 1994, and incorporated herein by reference.
- 10.4* Amended and Restated Form of Indemnification Agreement entered into between Gardner Denver, Inc. and its directors, officers or representatives.

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- 10.5* Form of Management Continuity Agreement between Gardner Denver Machinery Inc. and each of its executive officers, filed as Exhibit 10.12 to Gardner Denver Machinery Inc.'s Registration Statement on Form 10, effective on March 31, 1994, and incorporated herein by reference.
- 10.6* Gardner Denver, Inc. Phantom Stock Plan for Outside Directors, as amended May 4, 1998 and March 7, 2000, with an effective date of April 1, 2000, and incorporated herein by reference.
- 10.7* Gardner Denver, Inc. Executive Stock Repurchase Program, as filed as Exhibit

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- 10.7 to Gardner Denver, Inc.'s Form 10-K dated March 22, 2001, and incorporated herein by reference.
- 10.8* Gardner Denver, Inc. Incentive Stock Option Agreement, as filed as Exhibit 10.8 to Gardner Denver, Inc.'s Form 10-K dated March 22, 2001, and incorporated herein by reference.
- 10.9* Gardner Denver, Inc. Nonstatutory Stock Option Agreement, as filed as Exhibit 10.9 to Gardner Denver, Inc.'s Form 10-K dated March 22, 2001, and incorporated herein by reference.
- 10.10* Gardner Denver, Inc. Nonemployee Director Stock Option Agreement, as filed as Exhibit 10.10 to Gardner Denver, Inc.'s Form 10-K dated March 22, 2001, and incorporated herein by reference.
- 10.11* Gardner Denver, Inc. Management Annual Incentive Plan dated January 2, 2001, filed as Exhibit 10.11 to Gardner Denver, Inc.'s Quarterly Report on Form 10-Q, dated May 14, 2001, and incorporated herein by reference.
- 10.12* Form of Gardner Denver Inc. Long-Term Cash Bonus Agreement between Gardner Denver, Inc. and executive bonus award participants.
- 13.0 The following portions of the Gardner Denver, Inc. 2001 Annual Report to Stockholders.

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21.0	Subsidiaries of Gardner Denver, Inc.
23.0	Consent of Arthur Andersen LLP.
24.0	Powers of Attorney from members of the Gardner Denver Inc. Board of Directors.
99.0	Letter from Gardner Denver, Inc. to the Securities and Exchange Commission in accordance with Temporary Note 3T.