GARDNER DENVER INC
Form DEFM14A
June 13, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934 (Amendment No. 3)

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

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14a-12

GARDNER DENVER, INC.

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

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June 13, 2013

Dear Shareholder:

You are cordially invited to attend a special meeting of shareholders of Gardner Denver, Inc. to be held on July 16, 2013 at the Embassy Suites Philadelphia-Valley Forge, 888 Chesterbrook Boulevard, Wayne, PA 19087, at 1:30 p.m., Eastern time.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated March 7, 2013, by and among Gardner Denver, Inc., Renaissance Parent Corp., or Parent, and Renaissance Acquisition Corp., or Acquisition Sub, a wholly owned subsidiary of Parent. Parent and Acquisition Sub are entities that are affiliated with Kohlberg Kravis Roberts & Co. L.P. Pursuant to the terms of the merger agreement, Acquisition Sub will merge with and into Gardner Denver, and Gardner Denver will become a wholly owned subsidiary of Parent. You will also be asked to consider and vote on a non-binding, advisory proposal to approve compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger.

If the merger contemplated by the merger agreement is completed, you will be entitled to receive $76.00 in cash, without interest, for each share of our common stock owned by you (unless you have properly exercised your appraisal rights with respect to such shares), which represents a premium of (i) approximately 39% to Gardner Denver s closing stock price on October 24, 2012, the last trading day prior to Gardner Denver s announcement that it would evaluate strategic alternatives, (ii) approximately 46% over the closing price of the common stock on July 26, 2012, the last trading day prior to the date on which a shareholder with a stake in excess of 5% of Gardner Denver s common stock called for Gardner Denver to sell itself in an all cash transaction, and (iii) approximately 1% to the closing price of the common stock on March 7, 2013, the last completed trading day prior to the execution of the merger agreement.

Gardner Denver s Board of Directors, after considering factors more fully described in this proxy statement has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and in the best interests of Gardner Denver and our shareholders, has declared advisable the merger agreement and has adopted and approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. The Board of Directors recommends that you vote FOR the adoption of the merger agreement, FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting and FOR the non-binding, advisory proposal to approve compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger.

The enclosed proxy statement provides detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to the proxy statement. The proxy statement also describes the actions and determinations of our Board of Directors in connection with its evaluation of the merger agreement and the merger. We encourage you to read the proxy statement and its annexes, including the merger agreement, carefully and in their entirety. You may also obtain more information about Gardner Denver from documents we file with the Securities and Exchange Commission from time to time.

Whether or not you plan to attend the special meeting in person, please complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy

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electronically over the Internet or by telephone. If you attend the special meeting and vote in person by ballot, your vote will revoke any proxy that you have previously submitted. If you hold your shares in street name, you should instruct your broker how to vote in accordance with the voting instruction form you will receive from your bank, broker or other nominee.

Your vote is very important, regardless of the number of shares that you own. We cannot consummate the merger unless the proposal to adopt the merger agreement is approved by the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock. The failure of any shareholder to vote in person by ballot at the special meeting, to submit a signed proxy card or to grant a proxy electronically over the Internet or by telephone will have the same effect as a vote AGAINST the proposal to adopt the merger agreement. If you hold your shares in street name, the failure to instruct your bank, broker or other nominee how to vote your shares will have the same effect as a vote AGAINST the proposal to adopt the merger agreement.

If you have any questions or need assistance voting your shares of our common stock, please contact Georgeson Inc., our proxy solicitor, by calling 800-314-4549 (toll-free).

On behalf of our Board of Directors, I thank you for your support and appreciate your consideration of this matter.

Sincerely,

Diane K. Schumacher

Chairperson of the Board

Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved of the transactions described in this document, including the merger, or determined if the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The accompanying proxy statement is dated June 13, 2013 and, together with the enclosed form of proxy card, is first being mailed to shareholders of Gardner Denver on or about June 14, 2013.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

YOUR VOTE IS VERY IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY.

Notice is hereby given that a special meeting of shareholders of Gardner Denver, Inc., a Delaware corporation, will be held on July 16, 2013 at the Embassy Suites Philadelphia-Valley Forge, 888 Chesterbrook Boulevard, Wayne, PA 19087, at 1:30 p.m., Eastern time, for the following purposes:

1. To consider and vote on the proposal to adopt the Agreement and Plan of Merger, dated March 7, 2013 (referred to as the merger agreement), by and among Gardner Denver, Inc., Renaissance Parent Corp., or Parent, and Renaissance Acquisition Corp., or Acquisition Sub, a wholly owned subsidiary of Parent, as it may be amended from time to time (a copy of the merger agreement is attached as Annex A to the proxy statement accompanying this notice);

2. To consider and vote on any proposal to adjourn the special meeting to a later date or dates if necessary or appropriate to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting;

3. To consider and vote on a non-binding, advisory proposal to approve compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger; and

4. To transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

The affirmative vote of the holders of a majority of the outstanding shares of our common stock is required to adopt the merger agreement. Approval of the proposal to adjourn the special meeting, whether or not a quorum is present, requires the affirmative vote of the majority of the voting power of the shares of common stock represented either in person or by proxy. Approval, by non-binding, advisory vote, of compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger requires the affirmative vote of a majority of those shares of common stock represented in person or by proxy and voting on the proposal. The failure of any shareholder of record to submit a signed proxy card, grant a proxy electronically over the Internet or by telephone or to vote in person by ballot at the special meeting will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, but will not have any effect on the adjournment proposal and the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger. If you hold your shares in street name, the failure to instruct your bank, broker or other nominee how to vote your shares will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement but will not have any effect on the adjournment proposal and the proposal to approve, by non-binding, advisory vote, compensation that will or may be paid to Gardner Denver s named executive officers that is based on or otherwise relates to the merger. Abstentions will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, the adjournment proposal and the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger.

Only shareholders of record as of the close of business on June 6, 2013 are entitled to notice of the special meeting and to vote at the special meeting or at any adjournment or postponement thereof. A list of shareholders entitled to vote at the special meeting will be available in our principal executive offices located at 1500 Liberty Ridge Drive, Suite 3000, Wayne, Pennsylvania 19087, during regular business hours for a period of no less than ten days before the special meeting and at the place of the special meeting during the meeting.

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Shareholders who do not vote in favor of the proposal to adopt the merger agreement will have the right to seek appraisal of the fair value of their shares of Gardner Denver common stock if they deliver a demand for appraisal before the vote is taken on the merger agreement and comply with all the requirements of Delaware law, which are summarized herein and reproduced in their entirety in Annex C to the accompanying proxy statement.

The Board of Directors recommends that you vote FOR the adoption of the merger agreement, FOR the adjournment of the special meeting (if necessary or appropriate) and FOR the non-binding, advisory proposal regarding compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger. In considering the recommendation of the Board of Directors, shareholders of Gardner Denver should be aware that members of the Board of Directors and its executive officers have agreements and arrangements that provide them with interests in the merger that may be different from, or in addition to, those of Gardner Denver shareholders. See The Merger Interests of the Directors and Executive Officers of Gardner Denver in the Merger.

For the Board of Directors,

Brent A. Walters

Vice President, General Counsel, Chief Compliance Officer and Secretary

Dated: June 13, 2013

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YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, WE ENCOURAGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) BY TELEPHONE (2) THROUGH THE INTERNET OR (3) BY MARKING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. You may revoke your proxy or change your vote at any time before the special meeting. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished to you by such bank, broker or other nominee, which is considered the shareholder of record, in order to vote. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. Your broker or other agent cannot vote on any of the proposals, including the proposal to adopt the merger agreement, without your instructions.

If you fail to return your proxy card, grant your proxy electronically over the Internet or by telephone or vote by ballot in person at the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting. If you are a shareholder of record, voting in person by ballot at the special meeting will revoke any proxy that you previously submitted. If you hold your shares through a bank, broker or other nominee, you must obtain from the record holder a valid proxy issued in your name in order to vote in person at the special meeting.

We encourage you to read the accompanying proxy statement, including all documents incorporated by reference into the accompanying proxy statement, and its annexes carefully and in their entirety. If you have any questions concerning the merger, the special meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our proxy solicitor:

Georgeson Inc.

480 Washington Blvd., 26th Floor

Jersey City, NJ 07310

Shareholders, call toll-free: 800-314-4549

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SUMMARY

This summary highlights selected information from this proxy statement related to the merger of Renaissance Acquisition Corp. with and into Gardner Denver, Inc., which we refer to as the merger, and may not contain all of the information that is important to you. To understand the merger more fully and for a more complete description of the legal terms of the merger, you should read carefully this entire proxy statement, the annexes to this proxy statement and the documents we refer to in this proxy statement. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under Where You Can Find More Information beginning on page 108. The merger agreement is attached as Annex A to this proxy statement. We encourage you to read the merger agreement, which is the legal document that governs the merger.

Except as otherwise specifically noted in this proxy statement, Gardner Denver, we, our, us and similar words in this proxy statement refer to Gardner Denver, Inc. including, in certain cases, our subsidiaries. Throughout this proxy statement we refer to Renaissance Parent Corp. as Parent and Renaissance Acquisition Corp. as Acquisition Sub. In addition, throughout this proxy statement we refer to the Agreement and Plan of Merger, dated March 7, 2013, as it may be amended from time to time, by and among Gardner Denver, Parent and Acquisition Sub as the merger agreement.

Parties Involved in the Merger (page 29)

Gardner Denver, Inc.

Gardner Denver is a leading worldwide manufacturer of highly engineered products, including compressors, liquid ring pumps and blowers for various industrial, medical, environmental, transportation and process applications, pumps used in the petroleum and industrial market segments and other fluid transfer equipment, such as loading arms and dry break couplers, serving chemical, petroleum and food industries.

Gardner Denver s common stock is currently listed on the New York Stock Exchange under the symbol GDI.

Renaissance Parent Corp.

Parent is a Delaware corporation that is currently owned by an investment fund affiliated with Kohlberg Kravis Roberts & Co. L.P., which we refer to as KKR or the sponsor. Parent was formed solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement and the related financing transactions. Parent has not conducted any business operations except in furtherance of this purpose and activities incident to its formation. Upon completion of the merger, Gardner Denver will be a direct wholly owned subsidiary of Parent.

Renaissance Acquisition Corp.

Acquisition Sub is a Delaware corporation and a wholly owned subsidiary of Parent, formed solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement and the related financing transactions. Acquisition Sub has not conducted any business operations except in furtherance of this purpose and activities incident to its formation. Upon completion of the merger, Acquisition Sub will cease to exist.

Effect of the Merger (page 30)

Upon the terms and subject to the conditions of the merger agreement, Acquisition Sub will merge with and into Gardner Denver, with Gardner Denver continuing as the surviving corporation and a wholly owned subsidiary of Parent. Throughout this proxy statement we use the term surviving corporation to refer to Gardner

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Denver as the surviving corporation following the merger. As a result of the merger, Gardner Denver will cease to be a publicly traded company. If the merger is completed, you will not own any shares of the capital stock of the surviving corporation.

The time at which the merger will become effective, which we refer to as the effective time of the merger, will occur upon the filing of a certificate of merger with the Secretary of State of the State of Delaware (or at such later time as we, Parent and Acquisition Sub may agree and specify in the certificate of merger).

Effect on Gardner Denver if the Merger is Not Completed (page 30)

If the merger agreement is not adopted by Gardner Denver shareholders or if the merger is not completed for any other reason, Gardner Denver shareholders will not receive any payment for their shares of common stock. Instead, Gardner Denver will remain an independent public company, the common stock will continue to be listed and traded on the New York Stock Exchange and registered under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and we will continue to file periodic reports with the Securities and Exchange Commission, which we refer to as the SEC, on account of Gardner Denver s common stock. Under specified circumstances, Gardner Denver may be required to reimburse Parent s expenses or pay Parent a termination fee, or may be entitled to receive a reverse termination fee from Parent, upon the termination of the merger agreement, as described under The Merger Agreement Termination Fees beginning on page 98.

Merger Consideration (page 30)

In the merger, each outstanding share of our common stock (other than (i) shares owned by Gardner Denver in treasury, (ii) any shares owned, directly or indirectly, by Parent or Acquisition Sub and (iii) shares owned by shareholders who are entitled to and who properly exercise appraisal rights under Delaware law) will be converted into the right to receive $76.00 in cash, without interest and less any applicable withholding taxes, which amount we refer to as the per share merger consideration, and, without any action by the holders of such shares, will cease to be outstanding, be canceled and cease to exist, and each certificate formerly representing any of the shares of Gardner Denver common stock will thereafter represent only the right to receive the per share merger consideration. At or immediately prior to the effective time of the merger, Parent will deposit sufficient funds to pay the aggregate per share merger consideration with a designated paying agent. Once a shareholder has provided the paying agent with his or her stock certificates and the other items specified by the paying agent, the paying agent will promptly pay the shareholder the per share merger consideration.

After the merger is completed, under the terms of the merger agreement, you will have the right to receive the per share merger consideration, but you will no longer have any rights as a Gardner Denver shareholder as a result of the merger (except that shareholders who properly exercise their right of appraisal will have the right to receive a payment for the fair value of their shares as determined pursuant to an appraisal proceeding as contemplated by Delaware law), as described below under The Merger Appraisal Rights beginning on page 73).

The Special Meeting (page 24)

Date, Time and Place

A special meeting of our shareholders will be held on July 16, 2013 at the Embassy Suites Philadelphia-Valley Forge, 888 Chesterbrook Boulevard, Wayne, PA 19087, at 1:30 p.m., Eastern time.

Record Date; Shares Entitled to Vote

You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on June 6, 2013, the record date for the special meeting. You will have one vote at the special meeting for each share of our common stock you owned at the close of business on the record date.

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Purpose

At the special meeting, we will ask our shareholders of record as of the record date to vote on proposals to adopt the merger agreement, to adjourn the special meeting to a later date to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting, and to approve, by non-binding, advisory vote, compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger.

Quorum

As of the record date, there were approximately 49,237,819 shares of our common stock outstanding and entitled to be voted at the special meeting. The holders of a majority in voting power of the outstanding shares of our common stock entitled to vote thereat, present either in person or represented by proxy, will constitute a quorum at the special meeting. As a result, 24,618,910 shares must be represented by proxy or by shareholders present and entitled to vote at the special meeting to have a quorum.

Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of our common stock is required to adopt the merger agreement. Approval of the proposal to adjourn the special meeting, whether or not a quorum is present, requires the affirmative vote of the majority of the voting power of the shares of common stock represented either in person or by proxy. Approval, by non-binding, advisory vote, of compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger requires the affirmative vote of a majority of those shares of common stock represented in person or by proxy and voting upon on the proposal.

Share Ownership of Our Directors and Executive Officers

As of June 6, 2013, the record date, our directors and executive officers beneficially owned and were entitled to vote, in the aggregate, 318,168 shares of our common stock, representing approximately 0.65% of the outstanding shares of our common stock. Our directors and executive officers have informed us that they currently intend to vote all of their shares of Gardner Denver common stock **FOR** the adoption of the merger agreement, **FOR** the adjournment of the special meeting (if necessary or appropriate) and **FOR** the non-binding, advisory proposal regarding compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger.

Voting and Proxies

Any Gardner Denver shareholder of record entitled to vote may submit a proxy by returning a signed proxy card by mail or voting electronically over the Internet or by telephone, or may vote in person by appearing at the special meeting. If you are a beneficial owner and hold your shares of Gardner Denver common stock in street name through a broker, bank or other nominee, you should instruct your broker, bank or other nominee on how you wish to vote your shares of Gardner Denver common stock using the instructions provided by your broker, bank or other nominee. Under applicable rules, brokers, banks or other nominees have the discretion to vote on routine matters. The proposals in this proxy statement are non-routine matters, and brokers, banks and other nominees cannot vote on these proposals without your instructions. Therefore, it is important that you cast your vote or instruct your broker, bank or nominee on how you wish to vote your shares.

If you are a shareholder of record, you may change your vote or revoke your proxy at any time before it is voted at the special meeting by submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy, signing another proxy card with a later date and returning it to us prior to the

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special meeting or attending the special meeting and voting in person. If you hold your shares of common stock in street name, you should contact your bank, broker or other nominee for instructions regarding how to change your vote. You may also vote in person at the special meeting if you obtain a valid proxy from your bank, broker or other nominee.

Recommendation of Our Board of Directors and Reasons for the Merger (page 41)

Our Board of Directors, after considering various factors described in the section entitled The Merger Recommendation of Our Board of Directors and Reasons for the Merger, has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and in the best interests of Gardner Denver and our shareholders and has adopted and approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. The Board of Directors recommends that you vote **FOR** the adoption of the merger agreement, **FOR** the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting and **FOR** the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by Gardner Denver to its named executive officers in connection with the merger.

Opinion of Goldman, Sachs & Co. (page 47)

On March 7, 2013, Goldman, Sachs & Co., which we refer to as Goldman Sachs, delivered its opinion to the Board of Directors that, as of March 7, 2013 and based upon and subject to the factors and assumptions set forth therein, the $76.00 per share in cash to be paid to the holders of shares of Gardner Denver common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated March 7, 2013, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement. Goldman Sachs provided its opinion for the information and assistance of the Board of Directors of Gardner Denver in connection with its consideration of the transaction. The Goldman Sachs opinion does not constitute a recommendation as to how any holder of Company common stock should vote with respect to the transaction or any other matter. Pursuant to an engagement letter between Gardner Denver and Goldman Sachs, Gardner Denver has agreed to pay Goldman Sachs a transaction fee of approximately $33 million, $4 million of which became payable upon announcement of the merger agreement and the remainder of which is contingent upon the consummation of the transaction contemplated thereby.

Financing of the Merger (page 70)

We anticipate that the total amount of funds necessary to complete the merger and the related transactions, including the funds needed to:

- Pay our shareholders the amounts due under the merger agreement;
- Make payments in respect of Gardner Denver s outstanding equity-based awards and long-term cash bonuses pursuant to the merger agreement;
- Repay and discharge all amounts outstanding pursuant to the Credit Agreement, dated September 19, 2008, between Gardner Denver, Inc., the other borrowers named therein, JPMorgan Chase Bank, N.A., Bank of America, N.A., Mizuho Corporate Bank, Ltd., U.S. Bank, National Association, J.P. Morgan Securities Inc. and the other lenders named therein, as amended; and
- Pay all fees and expenses payable by Parent and Acquisition Sub under the merger agreement and Acquisition Sub s agreements with its lenders (and related transactions),

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will be approximately $4,117 million. This amount will be funded through a combination of:

- Equity financing of up to $1,160 million (which represents approximately 22% of the total financing required for the merger) to be provided to Parent immediately prior to the closing of the merger by KKR North America Fund XI L.P., a private equity fund affiliated with KKR, which we refer to as the KKR Fund, or other parties to which the KKR Fund assigns all or a portion of its commitment;

- Borrowings under a $2,725 million senior secured credit facility, comprised of a $1,800 million senior secured term loan facility, a $525 million senior secured term loan facility available to be drawn in Euros and a $400 million senior secured revolving credit facility;

- The issuance and sale of up to $675 million in aggregate principal amount of senior unsecured notes (or, to the extent those notes are not issued at or prior to the closing of the merger, a $675 million senior unsecured bridge loan facility); and

- Gardner Denver s freely available cash at closing, if any.

In connection with the financing of the merger, Parent has entered into an equity commitment letter, dated as of March 7, 2013, with the KKR Fund and entered into an amended and restated debt commitment letter, dated as of March 15, 2013, with Barclays Bank PLC, Citibank, N.A. (or one of its affiliates), Deutsche Bank AG New York Branch, Deutsche Bank AG Cayman Islands Branch, HSBC Bank USA, N.A., KKR Corporate Lending LLC, MIHI LLC, Mizuho Corporate Bank, Ltd., Royal Bank of Canada, Sumitomo Mitsui Banking Corporation and UBS Securities LLC, which we refer to as the debt commitment letter. We refer to the equity and debt commitment letters collectively as the financing commitments. See The Merger Financing of the Merger beginning on page 70. We believe the amounts committed under the financing commitments will be sufficient to complete the merger, but we cannot assure you of that. Those amounts might be insufficient if, among other things, one or more of the parties to the financing commitments fails to fund the committed amounts in breach of such financing commitments or if the conditions to such commitments are not met. Although obtaining the proceeds of any financing, including the financing under the financing commitments is not a condition to the completion of the merger, the failure of Parent and Acquisition Sub to obtain any portion of the committed financing (or alternative financing) is likely to result in the failure of the merger to be completed. In that case, Parent may be obligated to pay Gardner Denver a fee of $263.1 million, as described under The Merger Agreement Termination Fees beginning on page 98.

The funding under the financing commitments is subject to conditions, including conditions that do not relate directly to the conditions to closing in the merger agreement. See The Merger Financing of the Merger beginning on page 70.

While the obligation of Parent and Acquisition Sub to consummate the merger is not subject to any financing condition, the merger agreement provides that, without Parent s agreement, the closing of the merger will not occur earlier than the final day of the marketing period, which is the first 20 consecutive business days throughout which (i) Parent will have received information regarding Gardner Denver required in connection with Parent s obtaining the debt financing (ii) specified conditions to the obligations of Parent and Acquisition Sub to consummate the merger have been satisfied throughout such 20 business day period with others required to be satisfied on the closing date of the merger and (iii) nothing has occurred and no other condition exists that would prevent any of the conditions to the obligations of Parent and Acquisition Sub to consummate the merger from being satisfied if the closing of the merger were to be scheduled on the last day of such 20 business day period. See The Merger Agreement Marketing Period beginning on page 84.

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Limited Guaranty (page 72)

Pursuant to a limited guaranty delivered by the KKR Fund in favor of Gardner Denver, dated as of March 7, 2013, which we refer to as the limited guaranty, the KKR Fund has agreed to guarantee the due, punctual and complete payment of:

- The obligation of Parent under the merger agreement to pay a reverse termination fee of $263.1 million plus costs and expenses related thereto to Gardner Denver if the merger agreement is terminated by Gardner Denver because Parent has (i) breached its representations, warranties, covenants or agreements in the merger agreement or (ii) failed to consummate the merger when required;

- The indemnification obligations of Parent and Acquisition Sub in connection with any costs and expenses incurred by Gardner Denver and its affiliates in the arrangement of the debt financing; and

- The obligations of Parent and Acquisition Sub to pay their own expenses under the merger agreement.

For more information about the limited guaranty, see The Merger Agreement Limited Guaranty beginning on page 72.

Treatment of Options, Restricted Stock Units and Long-Term Cash Bonus Awards (page 62)

The merger agreement provides that Gardner Denver s equity awards and long-term cash bonus awards that are outstanding immediately prior to the effective time of the merger will be subject to the following treatment at the effective time of the merger:

Options

Each outstanding stock option to purchase shares of Gardner Denver common stock, whether or not vested, will be canceled and converted into the right to receive an amount in cash (subject to any applicable withholding or other taxes, or other amounts as required by law) equal to the product of (i) the total number of shares of Gardner Denver common stock subject to the option as of the effective time of the merger and (ii) the amount, if any, by which $76.00 exceeds the exercise price per share of Gardner Denver common stock underlying the stock option. At the request of Parent, Gardner Denver will reasonably cooperate with Parent to obtain option cancellation agreements from all option holders.

Restricted Stock Units

The vesting conditions or restrictions applicable to each restricted stock unit, which we refer to as a RSU, will lapse and each such RSU will be converted into the right to receive an amount in cash (subject to any applicable withholding or other taxes, or other amounts as required by law) equal to the product of (i) the total number of shares of Gardner Denver common stock subject to such RSU as of the effective time of the merger and (ii) $76.00.

Long-Term Cash Bonus Awards

Long-term cash bonus awards granted for the three year performance period beginning January 1, 2011 and ending December 31, 2013, which we refer to as the 2011-2013 performance period, will be deemed to be earned at the end of the 2011-2013 performance period at the greater of (i) the payout opportunity that corresponds to the actual performance level achieved by Gardner Denver or the surviving corporation, as applicable, for such performance period and (ii) the payout opportunity that corresponds to the target performance level for such performance period relative to the performance targets applicable to such performance period, provided that any employee entitled to an award in respect of the 2011-2013 performance period whose employment is terminated at or after the effective time of the merger and prior to the end of the 2011-2013 performance period will instead

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be paid a pro-rata portion of his or her award. Long-term cash bonus awards granted for the three year performance period beginning January 1, 2013 and ending December 31, 2015, will be deemed to be earned at the greater of (i) the payout opportunity that corresponds to the actual performance level achieved for such partial performance period relative to the applicable performance targets for such award and (ii) the payout opportunity that corresponds to the target performance level for such performance period. Long-term cash bonus awards granted for the three year performance period beginning January 1, 2012 and ending December 31, 2014 will be deemed to be earned at the payout opportunity that corresponds to the target performance level originally established for such performance period.

Employee Benefits (page 94)

Parent has agreed to cause the surviving corporation to honor the terms of Gardner Denver s benefit plans. Until December 31, 2014, all employees of Gardner Denver who remain employed following the merger, who we refer to as continuing employees, will be provided (i) annual base salaries or wages, (ii) annual cash-based incentive compensation target amount opportunity (excluding any long-term cash and equity-based incentive compensation) and (iii) benefits (other than benefits that are, or will be, frozen or discontinued at the effective time) that, in each case, are no less favorable in the aggregate than the employee benefits provided to the continuing employees immediately prior to the effective time of the merger. Parent will provide severance payments and benefits that are in the aggregate no less favorable than those that would have been provided by Gardner Denver before the merger (other than executives who otherwise have rights under any change in control agreement) whose employment is terminated on or before the second anniversary of the merger. Parent has agreed to assume and honor Gardner Denver s obligations under each executive change in control agreement following the merger. For more information about the employee benefits covenants affecting continuing employees, see The Merger Agreement Employee Benefits beginning on page 94.

Interests of the Directors and Executive Officers of Gardner Denver in the Merger (page 60)

When considering the recommendation of the Board of Directors that you vote to approve the proposal to adopt the merger agreement, you should be aware that our directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as a shareholder. The Board of Directors was aware of and considered these interests to the extent such interests existed at the time, among other matters, in evaluating and negotiating the merger agreement, in approving the merger agreement and the merger and in recommending that the merger agreement be adopted by the shareholders of Gardner Denver. These interests include the following:

- Accelerated vesting of equity-based awards simultaneously with the effective time of the merger, and the settlement of such awards in exchange for cash;

- Accelerated payments of cash in respect of phantom stock units credited to nonemployee directors under our phantom stock plan in connection with the consummation of the merger;

- The entitlement of each executive officer to receive payments and benefits under his or her change in control agreement in connection with an involuntary termination of employment other than for cause, as such term is defined in his or her change in control agreements, or if the executive officer voluntarily terminates his or her employment for good reason, as such term is defined in the change in control agreements, during the 24-month period following the effective time of the merger;

- Payment of retention awards under our key management retention program, one half of which are paid upon the effective time of the merger and the other half of which are paid six months following the effective time of the merger; and

- Continued indemnification and directors and officers liability insurance to be provided by the su