

History of Allied Healthcare Products

Throughout our company's history we've challenged ourselves to develop products which affect the quality of human life in positive and lasting ways. We're proud to say that during the past 50+ years we've introduced a great variety of products contributing to the health or standard of living of our customers.

Allied has strong Midwestern roots.

Our history dates back to the 1930's as the medical department of National Cylinder Gas (NCG) in Chicago. NCG produced gases in cylinders and sold them to hospitals in the 1930's and early 1940's. These cylinders had to be carted around from floor to floor when and where needed.

In order to eliminate the use of the heavy cylinders, the cost of moving them around, and the explosive hazards of handling them, the idea was developed to pipe medical gases from an outside source to the point of use, either at bedside or in the operating room. Thus the innovative Chemetron® medical gas piping system was developed and the Chemetron Medical Products Division of National Cylinder Gas was formed in 1947.

The Chemetron Medical Products Division became the pioneer of piped medical gases and vacuums to hospitals and dental clinics, and soon had piped more facilities than all other companies combined. It also created new healthcare equipment that became the standard that other companies strove for, no longer restricted to the respiratory field.

Nearly all of the current product line evolved from this system. After developing the piping system, contact was made with the Schrader Company, which made tire valves and had a coupler that was used industrially for plugging hoses together. Using this Schrader coupler, an outlet station was developed in the mid 40's. In 1954 an outlet was developed that would be flush with the wall, like an electrical outlet.

Meanwhile, in the Italian neighborhood of St. Louis, five entrepreneurial brothers decided to go into business together. With a knowledge of machining and manufacturing, the Sciuto brothers -- Carl, Joe, Sam, Charlie and Jim -- began making electric pencil sharpeners, kitchen sink/dishwasher couplers, and Venetian window blinds from wood, which homemakers found easier to maintain and more effective at light control than traditional draperies.

The Sciuto's window blinds became popular and soon their company, Stile-Craft, was producing them for Sears Roebuck and other companies. In 1946 they opened a manufacturing plant not far from home at 1825 Macklind Avenue. In addition to Venetian blinds, they also machined parts for the defense industry and manufactured a line of OEM parts made with screw machines. Gradually Stile-Craft began placing more resources into its screw machine business. The company's 40-plus employees machined a host of consumer product parts, including those for automobiles. Stile-Craft soon diversified, producing industrial

pneumatic controls, gas cylinders, magnesium-coated photo engraving plates for Dow Chemical Company, and corrosion-resistant magnesium anode rods for water heaters.

"Our president, Carl Sciuto, was a brilliant machinist, although he never went to school to learn the trade," remembers one of our long-time employees. "Carl was constantly thinking up plans for better ways to do our jobs. And he loved nothing more than getting out into the machine shop to do some work himself."

Because NCG was heavily involved in welding and cutting torches, the medical department made contact with Stile-Craft to develop the flush outlet station, which made Chemetron number one in the marketplace.

The line was expanded to include products that plugged into the outlet station: flowmeters, suction regulating equipment, and anesthesia machines. Because gas anesthesia was highly flammable, liquid anesthetic agents became popular, leading to equipment ceiling columns in operating rooms that contain all the piping and electrical equipment needed. The product line was also integrated backward toward the engineering room of the hospital to the gas cylinder and included pumps and compressors, valves, and manifolds.

In 1961 the medical department was still basically a sales and marketing organization with limited manufacturing capability operating out of the NCG plant in Cicero, Illinois. When NCG chose to get out of the hardgoods business, the remaining business was transferred to Stile-Craft in St. Louis, which was already making much of the product line and providing the type of service required by the medical division's customers.

In 1965 the federal government notified Stile-Craft that it wished to purchase the company's plant to make way for Interstate Highway 44. Stile-Craft used the opportunity to build a new, larger plant at our present location, 1720 Sublette Avenue, where it continued to produce for Chemetron the outlet stations and gas flowmeters that are a necessity in medical respiratory care settings.

Soon the company was growing and strengthening its product lines by acquisition. In 1965 the Medical Gas Division of McGraw-Edison was purchased, joined in 1966 by the Hammon Precision Equipment of Oakland, California, a manufacturer of pressure and medical regulators.

Coastal Dynamics was acquired in 1973 and Medical's dental analgesic units were transferred to it. Coastal, a manufacturer of dental handpieces and chairs, was operated as a separate unit of Chemetron until 1978, when it was folded into Medical Products. Scientific Research Instruments Corporation, a former subsidiary of G. D. Searle, was bought in 1976. SRI manufactured mass spectrometers and respiratory intensive care monitoring systems, both the result of highly sophisticated medical technology. This operation was moved from Baltimore to St. Louis in late 1977.

Chemetron had purchased Stile-Craft in 1971 and, with Carl Sciuto at the helm, the Medical Products Division was formed. A leading steel manufacturer, Allegheny International, Inc., noticed Chemetron's profitability, especially that of

its new medical products division, which was producing gas outlet stations, medical air compressors and vacuum systems for hospital settings. Overnight Chemetron was catapulted into a global market after a 1977 merger with Allegheny.

That year the Chemetron Medical Division, a subsidiary of Allegheny International, quickly implemented an aggressive growth plan. Vista Lighting, a Santa Ana, California producer of walls, patient service consoles and hospital bed lighting, was acquired in March 1977 (Vista was sold in 1982.)

In June 1977 Chemetron acquired Gomco®, a well-recognized and leading manufacturer of portable aspirators and surgical, post-operative and homecare portable drainage pumps. The acquisition enabled Chemetron to fulfill its promise of becoming a leader in the US for portable suction equipment, typically used when in-wall suction is not available or not indicated. Our new stance in the healthcare products field signified an alliance of some of the most well-established products and trade names in the healthcare field and prompted us to adopt an appropriate name in 1980: Allied Healthcare Products, Inc.

In 1985 Allegheny sold Allied Healthcare to the Harbour Group, a move which brought our now internationally-known company full circle to its St. Louis roots.

We grow by acquisition.

We sought to purchase companies which would complement our strategy of becoming a world-class provider of medical gas delivery systems, which serve a crucial role in patient care by regulating and monitoring the flow of medical gases.

In 1986 Allied acquired Oxequip Health Industries, a major manufacturer of gas control panels, outlets, valves, pumps, compressors and alarms. Oxequip® products are used in all facets of patient health care -- from emergency rooms to surgical and intensive care areas and on to engineering departments. Today, Allied's in-wall medical gas delivery systems are installed in more than half of all acute care hospitals in the US Allied next purchased the Architectural Medical Products Division of Square D Company, a maker of medical headwalls (prefabricated wall units which conveniently house medical gas piping and outlets, suction equipment, electrical outlets, lighting, and nurse call systems). Architectural Medical Products was a natural complement to Oxequip and the March 1988 acquisition enabled us to capture a position as the second largest US manufacturer of medical headwalls.

In July 1988 Allied purchased Timeter Instrument Corp., a maker of precision portable instruments used in the regulating and monitoring of medical gases. This strategic move allowed Allied to attain even greater stature in the growing home respiratory care market.

We become a publicly traded company ... and continue to grow.

Our initial acquisition strategy a success, we next sought to reduce the debt created by these purchases. Allied's management decided to take the company public with an initial stock offering in 1992. Investors enthusiastically accepted the

initial offering, which Allied followed with another in 1995.

In December 1993 the Allied family of companies grew again, this time diversifying into the emergency medical equipment market by acquiring Life Support Products, Inc. LSP produces a full line of both oxygen resuscitation and trauma care products, offering injury victims and emergency personnel durable and effective means for immobilization and resuscitation. The operation was moved from Irvine, California to Allied headquarters in St. Louis.

In April 1994 Allied acquired Hospital Systems, Inc., manufacturer of a full line of headwall products used in the renovation of hospitals and subacute care facilities. Subsequently the St. Louis headwall operation was transferred to the HSI plant in Oakland, California.

In September 1994 we entered the market again, acquiring B&F Medical Products, Inc., a prominent manufacturer of a broad line of home health care respiratory therapy products. The manufacturing operation of B&F Medical and its Schuco® Division was moved to St. Louis in November 1998.

In February 1995 Allied acquired Bear Medical Systems, Inc. and monitoring systems in 1995. Both were sold in 1997

Another example of our strategy to integrate related businesses is our 1995 acquisition of Design Principles, Inc., a company whose products complement our line of trauma and patient handling devices. Design Principles produces technologically superior backboards of extremely durable yet x-ray translucent plastic. Their exceptional strength and unique properties -- including buoyancy -- make them ideal for specialized emergency situations, such as water rescues. The Huntsville, Alabama operation was moved to Allied headquarters in St. Louis.

In December 1995 Allied acquired Topeka, Kansas-based Omni-Tech Medical, Inc., reinforcing our commitment to the ventilator market and enhancing the company's expanding line of respiratory therapy equipment. The Omni-Vent ventilator is utilized in demanding health care environments and procedures, including magnetic resonance imaging, hyperbaric chambers, airmobile transportation, emergency medicine, in-house transport, anesthesiology, and veterinary medicine.

We concentrate on core products, quality, and customer service.

Allied's efforts to raise the caliber of its manufacturing and customer service operations to world-class standards were rewarded when in July 1998 the company's St. Louis facility earned the ISO 9001 certification, as well as the CE certification for certain products shipped to Europe.

Allied currently maintains its corporate headquarters and manufacturing plant in St. Louis, Missouri.

We look to the future.

Allied has sought to strengthen its leadership position in medical gas,

respiratory therapy, and emergency medical products here and throughout the world, and to develop strong partnerships with major research universities, both for new product development and for improving existing products. We live in an age when the world has become a global village. To meet the ongoing challenge to improve quality of life, we at Allied Healthcare Products continually renew our commitment to the Global Support of Life.