FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year June 30, 2000

OR

[ ] 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 0-19266

_____

ALLIED HEALTHCARE PRODUCTS, INC.
[EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER]

DELAWARE	25-1370721
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
1720 SUBLETTE AVENUE ST. LOUIS, MISSOURI	63110
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (314) 771-2400

_____

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
None	

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Common Stock
Preferred Stock
Preferred Stock Purchase Rights
(Title of class)

_____

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.

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.

As of September 22, 2000, the aggregate market value of the voting stock held by non-affiliates (4,216,641 shares) of the Registrant was $12,122,843 (based on the closing price, on such date, of $2.875 per share).

As of September 22, 2000, there were 7,806,682 shares of common stock, $0.01 par value (the "Common Stock"), outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement dated October 2, 2000 (portion) (Part III)

ALLIED HEALTHCARE PRODUCTS, INC.

INDEX TO FORM 10-K

PART I

ITEM 1. BUSINESS

GENERAL

Allied Healthcare Products, Inc. ("Allied" or the "Company") manufactures a variety of respiratory products used in the health care industry in a wide range of hospital and alternate site settings, including sub-acute care facilities, home health care and emergency medical care. The Company's product lines include respiratory care products, medical gas equipment and emergency medical products. The Company believes that it maintains significant market shares in selected product lines.

The Company's products are marketed under well-recognized and respected brand names to hospitals, hospital equipment dealers, hospital construction contractors, home health care dealers, emergency medical products dealers and others. Allied's product lines include:

RESPIRATORY CARE PRODUCTS
- respiratory care/anesthesia products
- home respiratory care products

MEDICAL GAS EQUIPMENT
- medical gas system construction products
- medical gas system regulation devices
- disposable oxygen and specialty gas cylinders
- portable suction equipment

EMERGENCY MEDICAL PRODUCTS
- respiratory/resuscitation products
- trauma and patient handling products

SIGNIFICANT EVENTS

The following list includes significant events that are further discussed in the Management Discussion and Analysis (MDA) section and in the Consolidated Financial Statements in this Form 10-K:

- July 1999 resignation of President, Chief Executive Officer and Director, Uma Nandan Aggarwal and subsequent announcement of his successor in August 1999, Earl R. Refsland as President, Chief Executive Officer and Director of the Company.

- A work stoppage initiated by District No. 9 of the International Association of Machinists and Aerospace Workers at the Company's St. Louis manufacturing location coincident with the expiration of the labor contract at midnight on May 31, 2000.

- On June 2, 2000 the Company announced that it expected to be able to ship products during a work stoppage initiated by District No. 9 of the International Association of Machinists and Aerospace Workers.

- On July 31, 2000 the Company announced that it reached a new three year agreement with District No. 9 of the International Association of Machinists and Aerospace Workers.

- On August 23, 2000 the Company announced the appointment of Gregory C. Kowert as Vice President Finance, Chief Financial Officer and Secretary. The Company also announced that Thomas A. Jenuleson had resigned as Vice President Finance, Chief Financial Officer and Secretary.

The Company's principal executive offices are located at 1720 Sublette Avenue, St. Louis, Missouri 63110, and its telephone number is (314) 771-2400.

MARKETS AND PRODUCTS

In fiscal 2000, respiratory care products, medical gas equipment and emergency medical products represented approximately 29%, 54% and 17%, respectively, of the Company's net sales. The Company operates in a single industry segment and its principal products are described in the following table:

PRODUCT	DESCRIPTION	PRINCIPAL BRAND NAMES	PRIMARY USERS
RESPIRATORY CARE PRODUCTS			
Respiratory Care/Anesthesia Products	Large volume compressors; ventilator calibrators; humidifiers and mist tents	Timeter	Hospitals and sub-acute facilities
Home Respiratory Care Products	O2 cylinders; pressure regulators; nebulizers; portable large volume compressors; portable suction equipment and disposable respiratory products	Timeter; B&F; Schuco	Patients at home
MEDICAL GAS EQUIPMENT			
Construction Products	In-wall medical gas system components; central suction pumps and compressors and headwalls	Chemetron; Oxequip	Hospitals and sub-acute facilities
Regulation Devices	Flowmeters; vacuum regulators; pressure regulators and related products	Chemetron; Oxequip; Timeter	Hospitals and sub-acute facilities
Disposable Cylinders	Disposable oxygen and gas cylinders	Lif-O-Gen	First aid providers and specialty gas distributors
Suction Equipment	Portable suction equipment and disposable suction canisters	Gomco; Allied; Schuco	Hospitals; sub-acute facilities and home care products
EMERGENCY MEDICAL PRODUCTS			
Respiratory/Resuscitation	Demand resuscitation valves; bag mask resuscitators; emergency transport ventilators and oxygen regulators	LSP; Omni-Tech	Emergency service providers
Trauma and Patient Handling Products	Spine immobilization products; pneumatic anti-shock garments and trauma burn kits	LSP	Emergency service providers

RESPIRATORY CARE PRODUCTS

MARKET. Respiratory care products are used in the treatment of acute and chronic respiratory disorders such as asthma, emphysema, bronchitis and pneumonia. Respiratory care products are used in both hospitals and alternate care settings. Sales of respiratory care products are made through distribution channels focusing on hospitals and other sub-acute facilities. Sales of home respiratory care products are made through durable medical equipment dealers through telemarketing, independent sales representatives, and by contract sales with national chains.

RESPIRATORY CARE/ANESTHESIA PRODUCTS. The Company manufactures and sells a broad range of products for use in respiratory care and anesthesia delivery. These products include large volume air compressors, calibration equipment, humidifiers, croup tents, equipment dryers, CO2 absorbent and a complete line of respiratory disposable products such as oxygen tubing, face masks, cannulas and ventilator circuits.

HOME RESPIRATORY CARE PRODUCTS. Home respiratory care products represent one of Allied's potential growth areas. Allied's broad line of home respiratory care products include aluminum oxygen cylinders, oxygen regulators, pneumatic nebulizers, portable suction equipment and the full line of respiratory disposable products.

MEDICAL GAS EQUIPMENT

MARKET. The market for the medical gas equipment consists of hospitals, alternate care settings and surgery centers. The medical gas equipment group is broken down into three separate categories: construction products, regulation devices and suction equipment, and disposable cylinders.

CONSTRUCTION PRODUCTS. Allied's medical gas system construction products consist of in-wall medical system components, central station pumps and compressors, and headwalls. These products are typically installed during construction or renovation of a health care facility and are built in as an integral part of the facility's physical plant. Typically, the contractor for the facility's construction or renovation purchases medical gas system components from manufacturers and ensures that the design specifications of the health care facility are met.

Allied's in-wall components, including outlets, manifolds, alarms, ceiling columns and zone valves, serve a fundamental role in medical gas delivery systems.

Central station pumps and compressors are individually engineered systems consisting of compressors, reservoirs, valves and controls designed to drive a hospital's medical gas and suction systems. Each system is designed specifically for a given hospital or facility, which purchases pumps and compressors from suppliers. The Company's sales of pumps and compressors are driven, in large part, by its share of the in-wall components market.

The Company's construction products are sold primarily to hospitals, alternate care settings and hospital construction contractors. The Company believes that it holds a major share of the U.S. market for its construction products, that these products are installed in more than three thousand hospitals in the United States and that its installed base of equipment in this market will continue to generate follow-on sales. The Company believes that most hospitals and sub-acute care facility construction spending is for expansion or renovation of existing facilities. Many hospital systems and individual hospitals undertake major renovations to upgrade their operations to improve the quality of care they provide, reduce costs and attract patients and personnel.

REGULATION DEVICES AND SUCTION EQUIPMENT. The Company's medical gas system regulation products include flowmeters, vacuum regulators and pressure regulators, as well as related adapters, fittings and hoses which measure, regulate, monitor and help transfer medical gases from walled piping or equipment to patients in hospital rooms, operating theaters or intensive care areas. The Company's leadership position in the in-wall components market provides a competitive advantage in marketing medical gas system regulation devices that are compatible with those components.

Portable suction equipment is typically used when in-wall suction is not available or when medical protocol specifically requires portable suction. The Company also manufactures disposable suction canisters, which are clear containers used to collect the fluids suctioned by in-wall or portable suction systems. The containers have volume calibrations which allow the medical practitioner to measure the volume of fluids suctioned.

The market for regulation devices and suction equipment is hospital and sub-acute care facilities. Sales of these products are made through the same distribution channel as our respiratory care products. The Company believes that it holds a significant share of the U.S. market in both regulation devices and suction equipment.

DISPOSABLE CYLINDERS. Disposable oxygen cylinders are designed to provide oxygen for short periods of time in emergency situations. Since they are not subjected to the same pressurization as standard containers, they are much lighter and less expensive than standard gas cylinders. The Company markets filled disposable oxygen cylinders through industrial safety distributors and similar customers, principally to first aid providers, restaurants, industrial plants and other customers that require oxygen for infrequent emergencies.

EMERGENCY MEDICAL PRODUCTS

MARKET. Emergency medical products are used in the treatment of trauma-induced injuries. The Company's emergency medical products provide patients resuscitation or ventilation during cardiopulmonary resuscitation or respiratory distress as well as immobilization and treatment for burns. The Company believes that the trauma care venue for health care services is positioned for growth in light of the continuing trend towards providing health care outside the traditional hospital setting. The Company also expects that other countries will develop trauma care systems in the future, although no assurance can be given that such systems will develop or that they will have a favorable impact on the Company. Sales of emergency medical products are made through specialized emergency medical products distributors to ambulance companies, fire departments and emergency medical systems volunteer organizations.

The emergency medical products are broken down into two account groups: respiratory/resuscitator products and trauma patient handling products.

RESPIRATORY/RESUSCITATION PRODUCTS. The Company's respiratory/resuscitation products include demand resuscitation valves, portable resuscitation systems, bag masks and related products, emergency transport ventilators, precision oxygen regulators, minilators, multilators and humidifiers.

Demand resuscitation valves are designed to provide 100% oxygen to breathing or non-breathing patients. In an emergency situation, they can be used with a mask or tracheotomy tubes and operate from a standard regulated oxygen system. The Company's portable resuscitation systems provide fast, simple and effective means of ventilating a non-breathing patient during cardiopulmonary resuscitation and 100% oxygen to breathing patients on demand with minimal inspiratory effort. The Company also markets a full line of disposable and reusable bag mask resuscitators, which are available in a variety of adult and child-size configurations. Disposable mouth-to-mask resuscitation systems have the added advantage of reducing the risk of transmission of communicable diseases.

The Company's autovent transport ventilator can meet a variety of needs in different applications ranging from typical emergency medical situations to more sophisticated air and ground transport. Each autovent is accompanied by a patient valve which provides effective ventilation during cardiopulmonary resuscitation or respiratory distress. When administration of oxygen is required at the scene of a disaster, in military field hospitals or in a multiple-victim incident, Allied's minilators and multilators are capable of providing oxygen to one or a large number of patients.

To complement the family of respiratory/resuscitation products, the Company offers a full line of oxygen products accessories. This line of accessory products includes reusable aspirators, tru-fit masks, disposable cuffed masks and related accessories.

TRAUMA AND PATIENT HANDLING PRODUCTS. The Company's trauma and patient handling products include spine immobilization products, pneumatic anti-shock garments and trauma burn kits. Spine immobilization products include a backboard that is designed for safe immobilization of injury victims and provides a durable and cost effective means of emergency patient transportation and extrication. The infant/pediatric immobilization board is durable and scaled for children. The half back extractor/rescue vest is useful for both suspected cervical/spinal injuries and for mountain and air rescues. The Company's pneumatic anti-shock garments are used to treat victims experiencing hypovolemic shock. Allied's trauma burn kits contain a comprehensive line of products for the treatment of trauma and burns.

SALES AND MARKETING

Allied sells its products primarily to respiratory care/anesthesia product distributors, hospital construction contractors, emergency medical equipment dealers and directly to hospitals. The Company maintains a sales force of 37 sales professionals, all of whom are full-time employees of the Company.

The sales force includes 25 medical gas specialists, 5 emergency specialists and 7 international sales representatives. In addition, a director of corporate and national accounts is responsible for pursuing business with large national group purchasing organizations, large homecare national chains and OEM sales. Five product managers are responsible for the marketing activities of these product lines.

The 25 medical gas specialists are responsible for sales of all Allied products with the exception of emergency products within their territory. Sales of products are accomplished through respiratory care/anesthesia distributors for the regulation devices, suction equipment, respiratory care/anesthesia products and disposable cylinders. The homecare products are sold primarily through our own in house telemarketing and manufacturers representative groups across the country. Construction products are sold direct to hospital construction contractors and through distributors.

Emergency medical specialists are responsible for sales of respiratory/resuscitation products, trauma and patient handling products. These products are principally sold to ambulance companies, fire departments and emergency medical systems volunteer organizations through specialized emergency medical products distributors.

The Company's director of national accounts is responsible for marketing Allied's products to national hospital groups, managed care organizations and other health care providers, and to national chains of durable medical equipment suppliers through sales efforts at the executive level. Generally, the national account representatives secure a commitment from the purchaser to buy a specified quantity of Allied's products over a defined time period at a discounted price based on volume.

INTERNATIONAL

Allied's international business represents a potential growth area that the Company has been pursuing. Allied's net sales to foreign markets totaled 19% of the Company's net sales in fiscal 2000. International sales are made through a network of doctors, agents and U.S. exporters who distribute the Company's products throughout the world. Allied has market presence in Canada, Mexico, Central and South America, Europe, the Middle East and the Far East.

MANUFACTURING

Allied's manufacturing processes include fabrication, electro-mechanical assembly operations and plastics manufacturing. A significant part of Allied's manufacturing operations involves electro-mechanical assembly of proprietary products and the Company is vertically integrated in most elements of metal machining and fabrication. Most of Allied's hourly employees are involved in machining, metal fabrication, plastics manufacturing and product assembly.

Allied manufactures small metal components from bar stock in a machine shop which includes automatic screw machines, horizontal lathes and drill presses and five computer controlled machining centers. The Company makes larger metal components from sheet metal using computerized punch presses, brake presses and shears. In its plastics manufacturing processes, the Company utilizes both extrusion and injection molding. The Company believes that its production facilities and equipment are in good condition and sufficient to meet planned increases in volume over the next few years and that conditions in local labor markets should permit the implementation of additional shifts and days operated.

In August 1998, Allied announced the closing of its Toledo, Ohio facility and subsequent consolidation of the production of its B&F disposable product line into the St. Louis facility. This move was completed during the second quarter of fiscal 1999. See further discussion of the closure of the Toledo operation in the following MDA section of this Form 10-K.

RESEARCH AND DEVELOPMENT

Allied's research and development group is responsible for the development of new products. This group is staffed with mechanical and electrical engineers. During the 2000 fiscal year this group was split off from the product support group to allow the group to focus on the introduction of new products.

During fiscal 2000 the Company released several new products as a result of research and development programs. These products include a new portable Gomco suction pump that utilizes a rotary vacuum pump to provide high vacuum and flow levels. A cost reduced Oxygen timer was released which will allow Allied to compete more effectively in the marketplace. A smaller version of the Vacutron suction regulator was also released for sale. The group also engaged in several research projects, which have led to patent applications.

GOVERNMENT REGULATION

The Company's products and its manufacturing activities are subject to extensive and rigorous government regulation by federal and state authorities in the United States and other countries. In the United States, medical devices for human use are subject to comprehensive review by the United States Food and Drug Administration (the "FDA"). The Federal Food, Drug, and Cosmetic Act ("FDC Act"), and other federal statutes and regulations, govern or influence the research, testing, manufacture, safety, labeling, storage, record keeping, approval, advertising and promotion of such products. Noncompliance with applicable requirements can result in warning letters, fines, recall or seizure of products, injunction, refusal to permit products to be imported into or exported out of the United States, refusal of the government to clear or approve marketing applications or to allow the Company to enter into government supply contracts, or withdrawal of previously approved marketing applications and criminal prosecution.

The Company is required to file a premarket notification in the form of a premarket approval ("PMA") with the FDA before it begins marketing a new medical device that offers new technology that is currently not on the market. The Company also must file a premarket notification in the form of a 510(k) with the FDA before it begins marketing a new medical device that utilizes existing technology for devices that are currently on the market. The 510(k)-submission process is also required when the Company makes a change or modifies an existing device in a manner that could significantly affect the device's safety or effectiveness.

Compliance with the regulatory approval process in order to market a new or modified medical device can be uncertain, lengthy and, in some cases, expensive. There can be no assurance that necessary regulatory approvals will be obtained on a timely basis, or at all. Delays in receipt or failure to receive such approvals, the loss of previously received approvals, or failure to comply with existing or future regulatory requirements could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company manufactures and distributes a broad spectrum of respiratory therapy equipment, emergency medical equipment and medical gas equipment. To date, all of the Company's FDA clearances have been obtained through the 510(k)-clearance process. These determinations are very fact specific and the FDA has stated that, initially, the manufacturer is best qualified to make these determinations, which should be based on adequate supporting data and documentation. The FDA however, may disagree with a manufacturer's determination not to file a 510(k) and require the submission of a new 510(k) notification for the changed or modified device. Where the FDA believes that the change or modification raises significant new questions of safety or effectiveness, the agency may require a manufacturer to cease distribution of the device pending clearance of a new 510(k) notification. Certain of the Company's medical devices have been changed or modified subsequent to 510(k) marketing clearance of the original device by the FDA. Certain of the Company's medical devices, which were first marketed prior to May 28, 1976, and therefore, grandfathered and exempt from the 510(k) notification process, also have been subsequently changed or modified. The Company believes that these changes or modifications do not significantly affect the device's safety or effectiveness or make a major change or modification in the device's intended uses and, accordingly, that submission of new 510(k) notification to FDA is not required. There can be no assurance, however, that FDA would agree with the Company's determinations.

In addition, commercial distribution in certain foreign countries is subject to additional regulatory requirements and receipt of approvals that vary widely from country to country. The Company believes it is in compliance with regulatory requirements of the countries in which it sells its products.

The Medical Device Reporting regulation requires that the Company provide information to FDA on deaths or serious injuries alleged to have been associated with the use of its devices, as well as product malfunctions that would likely cause or contribute to death or serious injury if the malfunction were to recur. The Medical Device Tracking regulation requires the Company to adopt a method of device tracking of certain devices, such as ventilators, which are life-supporting or life-sustaining devices used outside of a device user facility of which are permanently implantable devices. The regulation requires that the method adopted by the Company ensures that the tracked device can be traced from the device manufacturer to the person for whom the device is indicated (i.e., the patient). In addition, FDA prohibits a company from promoting an approved device for unapproved applications and reviews a company's labeling for accuracy. Labeling and promotional activities also are in certain instances, subject to scrutiny by the Federal Trade Commission.

The Company's medical device manufacturing facilities are registered with the FDA, and have received ISO 9001 Certification for the St. Louis facility and certification per the Medical Device Directive (MDD - European) for certain products in 1998. As such, the Company will be audited by FDA, ISO, and European auditors for compliance with the Good Manufacturing Practices ("GMP"), ISO and MDD regulations for medical devices. These regulations require the Company to manufacture its products and maintain its products and documentation in a prescribed manner with respect to design, manufacturing, testing and control activities. The Company also is subject to the registration and inspection requirements of state regulatory agencies.

In March through June 2000, the FDA conducted an inspection of the Company's St. Louis facility and provided a written report, known as an "FDA Form 483" or simply a "483," citing FDA observations concerning GMP compliance and quality control issues [applicable to Demand Valves, Emergency Ventilators, Circumcision Clamps, and Regulators]. The Company provided a written response to the FDA and in August 2000, the FDA issued a warning letter and requested that the Company clarify and supplement its responses to the 483 observations. The Company has submitted to the FDA a written supplemental response and is in the process of implementing actions to address the FDA concerns. The Company believes that its responses to date and its continuing attention to the matters raised by the FDA will avert any FDA action seeking to interrupt or suspend manufacturing or to require any recall or modification of products.

There can be no assurance that any required FDA or other governmental approval will be granted, or, if granted, will not be withdrawn. Governmental regulation may prevent or substantially delay the marketing of the Company's proposed products and cause the Company to undertake costly procedures. In addition, the extent of potentially adverse government regulation that might arise from future administrative action or legislation cannot be predicted. Any failure to obtain, or delay in obtaining, such approvals could adversely affect the Company's ability to market its proposed products.

Sales of medical devices outside the United States are subject to foreign regulatory requirements that vary widely from country to country. Medical products shipped to the European Community require CE certification. Whether or not FDA approval has been obtained, approval of a device by a comparable regulatory authority of a foreign country generally must be obtained prior to the commencement of marketing in those countries. The time required to obtain such approvals may be longer or shorter than that required for FDA approval. In addition, FDA approval may be required under certain circumstances to export certain medical devices.

The Company is also subject to numerous federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protections, fire hazard control and disposal of hazardous or potentially hazardous substances.

THIRD PARTY REIMBURSEMENT

The cost of a majority of medical care in the United States is funded by the U.S. Government through the Medicare and Medicaid programs and by private insurance programs, such as corporate health insurance plans. Although the Company does not receive payments for its products directly from these programs, home respiratory care providers and durable medical equipment suppliers, who are the primary customers for several of the Company's products, depend heavily on payments from Medicare, Medicaid and private insurers as a major source of revenues. In addition, sales of certain of the Company's products are affected by the extent of hospital and health care facility construction and renovation at any given time. The federal government indirectly funds a significant percentage of such construction and renovations costs through Medicare and Medicaid reimbursements. In recent years, governmentally imposed limits on reimbursement of hospitals and other health care providers have impacted spending for services, consumables and capital goods. In addition the Balanced Budget Act of 1997 reduced reimbursements by 25% for oxygen and oxygen equipment. A material decrease from current reimbursement levels or a material change in the method or basis of reimbursing health care providers is likely to adversely affect future sales of the Company's products.

PATENTS, TRADEMARKS AND PROPRIETARY TECHNOLOGY

The Company owns and maintains patents on several products that it believes are useful to the business and provides the Company with an advantage over its competitors. During fiscal 2000 the Company was granted one patent and applied for two new patents.

The Company owns and maintains U.S. trademark registrations for Chemetron, Gomco, Oxequip, Lif-O-Gen, Life Support Products, Timeter, Vacutron and Schuco, its principal trademarks. Registrations for these trademarks are also owned and maintained in countries where such products are sold and such registrations are considered necessary to preserve the Company's proprietary rights therein.

COMPETITION

The Company has different competitors within each of its product lines. Many of the Company's principal competitors are larger than Allied and the Company believes that most of these competitors have greater financial and other resources than the Company. The Company competes primarily on the basis of price, quality and service. The Company believes that it is well positioned with respect to product cost, brand recognition, product reliability, and customer service to compete effectively in each of its markets.

EMPLOYEES

At June 30, 2000, the Company had 411 full-time employees and 111 temporary full-time employees. Approximately 251 employees in the Company's principal manufacturing facility located in St. Louis, Missouri, were covered by a collective bargaining agreement that expired on May 31, 2000, and were participating in a strike that was settled on July 31, 2000. The new agreement expires May 31, 2003. Approximately 12 employees at the Company's facility in Stuyvesant Falls, New York are also covered by a collective bargaining agreement that will expire in 2001.

ENVIRONMENTAL AND SAFETY REGULATION

The Company is subject to federal, state and local environmental laws and regulations that impose limitations on the discharge of pollutants into the environment and establish standards for the treatment, storage and disposal of toxic and hazardous wastes. The Company is also subject to the federal Occupational Safety and Health Act and similar state statutes. From time to time the Company has been involved in environmental proceedings involving clean up of hazardous waste. There are no such material proceedings currently pending. Costs of compliance with environmental, health and safety requirements have not been material to the Company. The Company believes it is in material compliance with all applicable environmental laws and regulations.

ITEM 2. PROPERTIES

The Company's headquarters are located in St. Louis, Missouri and the Company maintains manufacturing facilities in Missouri and New York. Set forth below is certain information with respect to the Company's manufacturing facilities.

LOCATION	SQUARE FOOTAGE (APPROXIMATE)	OWNED/ LEASED	ACTIVITIES/PRODUCTS
St. Louis, Missouri	270,000	Owned	Headquarters; medical gas equipment; respiratory care products; emergency medical products
Stuyvesant Falls, New York	30,000	Owned	CO2 absorbent

In addition, the Company owns a 16.8-acre parcel of undeveloped land in Stuyvesant Falls, New York. As indicated elsewhere in this Form 10-K, Allied's facility in Toledo was shut down and the operations consolidated into St. Louis during the second quarter of fiscal 1999. Also as indicated in this Form 10-K, the Company's headwall division in Oakland, California was sold in May 1999.

ITEM 3. LEGAL PROCEEDINGS

Product liability lawsuits are filed against the Company from time to time for various injuries alleged to have resulted from defects in the manufacture and/or design of the Company's products. Several such proceedings are currently pending, which are not expected to have a material adverse effect on the Company. The Company maintains comprehensive general liability insurance coverage which it believes to be adequate for the continued operation of its business, including coverage of product liability claims.

In addition, from time to time the Company's products may be subject to product recalls in order to correct design or manufacturing flaws in such products. The Company has voluntarily effectuated the recall of its aluminum body regulators manufactured under the Life Supports Products, Inc. brand name in cooperation with the U.S. Food and Drug Administration ("FDA") under Product Recall No. Z-693/698-9 to conform with the industry wide recommendation to cease use of aluminum parts in oxygen regulators. The recall is complete and final review of the results thereof is presently being conducted by the FDA.

In March through June 2000, the FDA conducted an inspection of the Company's St. Louis facility and provided a written report, know as an "FDA Form 483" or simply a "483," citing FDA observations concerning Good Manufacturing Practices compliance ("GMP") and quality control issues [applicable to Demand Valves, Emergency Ventilators, Circumcision Clamps, and Regulators]. The Company provided a written response to the FDA and in August 2000, the FDA issued a warning letter and requested that the Company clarify and supplement its responses to the 483 observations. The Company has submitted to the FDA a written supplemental response and is in the process of implementing actions to address the FDA concerns. The Company believes that its responses to date and its continuing attention to the matters raised by the FDA will avert any FDA action seeking to interrupt or suspend manufacturing or to require any recall or modification of products.

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

None

PART II

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

Allied Healthcare Products, Inc. began trading on the NASDAQ National market under the symbol AHPI on January 14, 1992, following its initial public offering. As of September 22, 2000, there were 247 record owners of the Company's Common Stock. The following tables summarize information with respect to the high and low closing prices for the Company's Common Stock as listed on the NASDAQ National market for each quarter of fiscal 2000 and 1999, respectively. The Company currently does not pay any dividend on its Common Stock.

COMMON STOCK INFORMATION

2000	HIGH	LOW	1999	HIGH	LOW
September quarter	$2-15/16	$1-21/32	September quarter	$4-13/16	$ 1-3/4
December quarter	2-15/16	2-1/8	December quarter	3	1-1/4
March quarter	3-5/8	2-1/2	March quarter	2	1-1/4
June quarter	3-49/64	3-1/16	June quarter	2-3/8	1-9/16

ITEM 6. SELECTED FINANCIAL DATA

(In thousands, except per share data) Year ended June 30,	2000	1999	1998	1997	1996
STATEMENT OF OPERATIONS DATA					
Net sales	$64,277	$72,799	$ 96,467	$118,118	$120,123
Cost of sales	48,055	55,864	69,110	82,365	80,550
Gross profit	16,222	16,935	27,357	35,753	39,573
Selling, general and administrative expenses	16,835	18,733	23,889	33,910	31,449
Provision for restructuring and consolidation (1)	--	758	--	--	--
Provision for product recall (2)	(18)	1,500	--	--	--
Gain on sale of business (3)	--	(27)	(12,813)	--	--
Non-recurring impairment losses (4)	--	--	9,778	--	--
Income (loss) from operations	(595)	(4,029)	6,503	1,843	8,124
Interest expense	1,664	1,926	4,152	7,606	4,474
Other, net	149	36	198	186	350
Income (loss) before provision (benefit) for income taxes and extraordinary loss	(2,408)	(5,991)	2,153	(5,949)	3,300
Provision (benefit) for income taxes (5)	(695)	(1,873)	9,019	(1,428)	1,473
Income (loss) before extraordinary loss	(1,713)	(4,118)	(6,866)	(4,521)	1,827
Extraordinary loss on early extinguishment of debt, Net of income tax benefit	--	--	530	--	--
Net income (loss)	$(1,713)	$(4,118)	$ (7,396)	$ (4,521)	$ 1,827
Basic and diluted earnings (loss) per share (6)	$ (0.22)	$ (0.53)	$ (0.95)	$ (0.58)	$ 0.25
Weighted average common shares outstanding	7,807	7,807	7,805	7,797	7,378

(In thousands) June 30,	2000	1999	1998	1997	1996
BALANCE SHEET DATA					
Working capital	$20,261	$22,619	$ 21,308	$ 18,743	$ 38,030
Total assets	67,212	74,275	80,180	126,343	136,760
Short-term debt	1,017	908	3,443	12,891	3,849
Long-term debt (net of current portion)	13,056	16,330	14,972	34,041	49,033
Stockholders' equity	46,206	47,919	52,037	59,365	63,886

(1) See Note 5 to the June 30, 2000 Consolidated Financial Statements for further discussion.
(2) See Note 3 to the June 30, 2000 Consolidated Financial Statements for further discussion.
(3) See Notes 4 & 6 to the June 30, 2000 Consolidated Financial Statements for further discussion.
(4) See Note 7 to the June 30, 2000 Consolidated Financial Statements for further discussion.
(5) See Note 10 to the June 30, 2000 Consolidated Financial Statements for further discussion of the Company's effective tax rate.
(6) See Note 2 to the June 30, 2000 Consolidated Financial Statements for adoption of FAS 128.

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

OVERVIEW

The following discussion summarizes the significant factors affecting the consolidated operating results and financial condition of the Company for the three fiscal years ended June 30, 2000. This discussion should be read in conjunction with the consolidated financial statements, notes to the consolidated financial statements and selected consolidated financial data included elsewhere herein.

Certain statements contained herein are forward-looking statements. Actual results could differ materially from those anticipated as a result of various factors, including cyclical and other industry downturns, the effects of federal and state legislation on health care reform, including Medicare and Medicaid financing, the inability to realize the full benefit of recent capital expenditures or consolidation and rationalization activities, difficulties or delays in the introduction of new products or disruptions in selling, manufacturing and/or shipping efforts.

The results of operations for fiscal 2000 were affected by several unusual items, which are discussed further below. In the first quarter of fiscal 2000 the Company recorded a $0.4 million charge for legal costs associated with defending product liability litigation. In addition, due to the resignation of the Company's President, Chief Executive Officer and Director, Uma Nandan Aggarwal on July 28, 1999, the Company recorded a $0.2 million charge for severance costs. In the second quarter the Company recorded a $0.2 million charge to operations for severance and related expenses to cover the cost of the previously announced 15% work force reduction estimated to yield $2.6 million annualized savings in payroll and benefit costs. In the fourth quarter the Company was affected by a labor strike at the Company's St. Louis facility that was initiated on June 1, 2000 and settled on July 31, 2000. The strike adversely affected shipments, revenue and income in the quarter. Past due backlog increased and order shipments were missed. Additionally, in the fourth quarter the Company took a $0.9 million charge to write off excess slow moving inventory purchased in prior years, recorded a $0.2 million charge related to the resolution of a vendor contract entered into in a prior year, and recorded an additional $.1 million charge related to product liability legal expenses.

The results of operations for fiscal 1999 were affected by several non-recurring or unusual items, which are discussed further below. During the second quarter of fiscal 1999 the Company closed the Toledo, Ohio facility of its disposable products division and consolidated production of the B&F line of home care products into its manufacturing facility in St. Louis, Missouri. As a result of this shutdown the Company recorded a $.8 million net provision, $.5 million after tax, for restructuring and consolidation. The Company also recorded a $1.5 million provision, $.9 million after tax, in connection with a product recall of aluminum oxygen regulators during the third quarter of fiscal 1999. Also, on May 28, 1999 the Company sold the assets of its headwall products division for a gain of $.03 million before tax, with the proceeds being used to pay down debt.

The results of operations for fiscal 1998 were also affected by several non-recurring or unusual items. On October 31, 1997, the Company sold the assets of its ventilation products division for a gain. The proceeds from this sale were used to significantly pay down debt and to provide additional liquidity. The Company also recorded several non-recurring or unusual charges to operations in the second quarter of fiscal 1998. Such non-recurring items reflect changes in business conditions resulting from the sale of the ventilation products division and other changes in market conditions. In addition, reserves for inventories and bad debts were increased throughout the fiscal year. For further discussion of these non-recurring items please refer to the "Notes to Consolidated Financial Statements" section of this Form 10-K.

The review of and comparability of year to year operating results is complicated by the described sale of businesses during the yearly reporting periods.

The specific transactions and events impacting 2000 and 1999 operating results, which make meaningful comparisons to prior years more difficult, are summarized as follows:

SENIOR MANAGEMENT CHANGE

On July 28, 1999 the Company's President, Chief Executive Officer and Director Uma Nandan Aggarwal resigned. On August 24, 1999 the Company announced Earl R. Refsland as President, Chief Executive Officer and Director of the Company. As a result of Mr. Aggarwal's resignation, the Company recorded a $0.2 million charge to operations in the first quarter of fiscal year 2000 per terms of a mutually accepted departure agreement.

LSP OXYGEN REGULATOR RECALL

On February 4, 1999, Allied announced a voluntary recall of aluminum oxygen regulators marketed under its Life Support Products label. These products are used to regulate pressure of bottled oxygen for administration to patients under emergency situations. Following reports of regulator fires, the Company instituted the voluntary recall in May 1997, under which it provided retrofit kits to prevent contaminants from entering the regulators. The Company has also been testing regulator design with the help of the National Aeronautical and Space Administration's White Sands National Laboratories. While findings led the Company to believe the Company's products did not cause those fires, there is enough concern among the users that the Company, in cooperation with the U. S. Food and Drug Administration ("FDA"), agreed to institute the voluntary recall to replace aluminum components in the high pressure chamber of the regulators with brass components. The FDA has recommended that all regulator manufacturers cease use of aluminum in regulators. Accordingly, the Company has introduced new brass regulators. As a result of the recall, the Company recorded a charge of $1.5 million pre-tax, $0.9 million after tax, or $0.12 per share in the second quarter of fiscal 1999. As of June 30, 2000 the Company has incurred $1.3 million for costs associated with the recall and has a remaining accrual balance of $0.2 million for future expected costs which management estimates to be appropriate.

LITIGATION AND CONTINGENCIES

The Company becomes, from time to time, a party to personal injury litigation arising out of incidents involving the use of its products. More specifically there have been a number of lawsuits filed against the Company alleging that its aluminum oxygen pressure regulator, marketed under its Life Support Products label, has caused fires that have led to personal injury. The Company believes, based on preliminary findings, that its products did not cause the fires. However, the Company intends to defend these claims in cooperation with its insurers. Based on the progression of certain cases the Company recorded a $0.5 million charge to operations during fiscal 2000 for amounts estimated to be payable by the Company under its self-insurance retention for legal costs associated with defending these claims. The Company believes that any potential judgments resulting from these claims over its self-insured retention will be covered by the Company's product liability insurance.

The Company is subject to various investigations, claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. In fiscal 2000, the FDA conducted an inspection of the Company's St. Louis facility and provided a written report citing FDA observations concerning Good Manufacturing Practices ("GMP") compliance and quality control issues. The Company has provided written responses to the FDA and is taking corrective action to mitigate any further FDA inquiry or action. The Company believes that its responses to date and its continuing attention to the matters raised by the FDA will avert any FDA action seeking to interrupt or suspend manufacturing, or to require any recall or modification of products. Based upon currently available information, the Company does not believe that the FDA investigation will have a material impact on the Company's results of operations or financial position.

SALE OF HEADWALL PRODUCTS DIVISION

On May 28, 1999, the Company sold the assets of Hospital Systems, Inc. ("HSI") to David Miller (former General Manager-Hospital Systems, Inc.) for $0.5 million. The net proceeds of $0.5 million were utilized to repay a portion of its revolving credit facility. The sale of HSI, located in Oakland, California, resulted in a gain before taxes for financial reporting purposes of $0.03 million.

B&F CONSOLIDATION PROVISION

On August 5, 1998 the Company's Board of Directors voted to close the Toledo facility of its disposable products division and consolidate production of the B&F line of home care products into its manufacturing facility in St. Louis, Missouri. This move was announced on August 10, 1998. The move was substantially completed during the second quarter of fiscal 1999. In connection with the shutdown of the facility, Allied recorded a provision of approximately $1.0 million pre-tax, $0.6 million after tax, or $0.07 per share, in the first quarter of fiscal 1999 to cover the cost of closing the facility. The provision reflects costs of certain fixed asset impairments, employee severance benefits and other related exit costs. Subsequently, during the second quarter of fiscal 1999, the company negotiated and received a $0.2 million cash payment from the City of Toledo as partial reimbursement for closure costs. Accordingly, Allied recorded this cash payment, in the second quarter of fiscal 1999, as a reduction to the aforementioned provision resulting in a net charge of $0.8 million pre-tax, $0.5 million after tax, or $0.06 per share for the fiscal year ended June 30, 1999.

SUBSEQUENT EVENTS

On July 31, 2000 the Company announced that it reached a new three year agreement with District No. 9 of the International Association of Machinists and Aerospace Workers.

On August 23, 2000 the Company announced the appointment of Gregory C. Kowert as Vice President Finance, Chief Financial Officer and Secretary and the Company also announced that Thomas A. Jenuleson had resigned as Vice President Finance, Chief Financial Officer and Secretary.

FISCAL 2000 FOURTH QUARTER RESULTS OF OPERATIONS

Net sales for the three months ended June 30, 2000 were $14.7 million compared to sales of $18.6 million for the three months ended June 30, 1999. The net loss for the fourth quarter of fiscal 2000 was $0.9 million or $0.11 per share compared to $0.7 million or $0.10 per share loss in fiscal 1999. The Company continued to ship products during the strike initiated on June 1, 2000 by union workers at the Company's St. Louis facility. However, the strike had an adverse affect on shipments, revenues and income in the fourth quarter of fiscal 2000. See also the following "Fiscal 2000 Compared to Fiscal 1999" section for a discussion of various other internal and external factors affecting operations.

Sales of respiratory care products for the fourth quarter of fiscal 2000 were $4.3 million, a decrease of $1.2 million, compared to sales of $5.5 million in the prior year same period. This decrease is primarily due to the strike and continued weak sales to the home care market, which declined $0.7 million, or 19.4%, during the fourth quarter of fiscal 2000 versus the same period of fiscal 1999. Sales of home care products, mainly the company's B&F line, continue to be lower due to sales lost in 1999 due to customer shipment disruptions caused by the relocation of the Company's Toledo operations. The Company continues efforts to improve efficiency and increase stocking levels of the B&F disposable products and has the goal of increasing the sale of these products.

Sales of medical gas equipment for the fourth quarter of fiscal 2000 of $7.8 million were $2.3 million lower than fiscal 1999 sales in the same period of $10.1 million. This was primarily due to reduced hospital construction and market share decline due to late product introductions. The strike in the fourth quarter of fiscal 2000 was also a contributing factor. Additionally, the now divested headwall products division had sales of $0.5 million in fiscal 1999 and no comparable sales in fiscal 2000.

Sales of emergency medical products decreased $0.4 million to $2.6 million in the fourth quarter of fiscal 2000 compared to the fourth quarter of fiscal 1999. This decrease was primarily due to the strike and higher than normal sales of brass oxygen regulators in the fourth quarter of fiscal 1999 due to the trade-in program instituted as a result of the aluminum oxygen regulator recall of fiscal 1999.

Gross profit for the fourth quarter of fiscal 2000 was $2.9 million, or 20.0% of sales, compared to $4.2 million or 22.4% of net sales in the fourth quarter of fiscal 1999. The decrease was primarily due to the strike and unusual issues addressed during the fourth quarter that negatively impacted gross profit. These included a $.9 million charge to write off excess slow moving inventory purchased in prior years and a $.2 million charge related to the settlement of a vendor contract entered into in a prior year.

Selling, General and Administrative ("SG&A") expenses were $4.1 million in the fourth quarter of fiscal 2000, a decrease of $0.4 million from the fourth quarter of fiscal 1999. Various cost containment initiatives over the past fiscal year, including the 15% salary staff reduction implemented in the second quarter of fiscal 2000 favorably impacted SG&A expense in the fourth quarter of fiscal 2000.

The loss from operations for the fourth quarter of fiscal 2000 increased to $1.0 million compared to $0.3 million in the prior year same period reflecting the factors discussed above.

The Company incurred a loss before income taxes of $1.4 million in the fourth quarter of fiscal 2000 compared to a loss of $0.8 million in the same period for the prior year. The Company recorded a tax benefit of $0.6 million in the fourth quarter of fiscal 2000 compared to a tax benefit of less than $0.1 million in the fourth quarter of fiscal 1999. For a further discussion of the Company's income taxes see the "Notes to Consolidated Financial Statements" section of this Form 10-K. Results of operations in the fourth quarter of fiscal 2000 was a net loss of $0.9 million, or $0.11 per share, compared to a net loss of $0.7 million, or $0.10 per share, in the fourth quarter of fiscal 1999.

RESULTS OF OPERATIONS

Allied manufactures and markets respiratory products, including respiratory care products, medical gas equipment and emergency medical products. Set forth below is certain information with respect to amounts and percentages of net sales attributable to respiratory care products, medical gas equipment and emergency medical products for the fiscal years ended June 30, 2000, 1999, and 1998.

Dollars in thousands Year ended June 30,	2000	
	Net Sales	% of Total Net Sales
Respiratory care products	$ 19,042	29.6%
Medical gas equipment	34,485	53.7%
Emergency medical products	10,750	16.7%
Total	$ 64,277	100.0%

Year ended June 30,	1999	
	Net Sales	% of Total Net Sales
Respiratory care products	$ 23,273	32.0%
Medical gas equipment	39,194	53.8%
Emergency medical products	10,332	14.2%
Total	$ 72,799	100.0%

Year ended June 30,	1998	
	Net Sales	% of Total Net Sales
Respiratory care products	$ 40,105	41.6%
Medical gas equipment	45,033	46.7%
Emergency medical products	11,329	11.7%
Total	$ 96,467	100.0%

The following table sets forth, for the fiscal periods indicated, the percentage of net sales represented by certain items reflected in the Company's consolidated statement of operations.

Year ended June 30,	2000	1999	1998
Net sales	100.0%	100.0%	100.0%
Cost of sales	74.8	76.7	71.6
Gross profit	25.2	23.3	28.4
Selling, general and administrative expenses	26.1	25.7	24.8
Provision for restructuring and consolidation	--	1.0	--
Provision for product recall	--	2.1	--
Gain on sale of business	--	--	(13.3)
Non-recurring impairment losses	--	--	10.2
Income (loss) from operations	(0.9)	(5.5)	6.7
Interest expense	2.6	2.6	4.3
Other, net	0.2	0.1	0.2
Income (loss) before provision (benefit) for income taxes and extraordinary loss	(3.7)	(8.2)	2.2
Provision (benefit) for income taxes	(1.0)	(2.5)	9.3
Loss before extraordinary loss	(2.7)	(5.7)	(7.1)
Extraordinary loss on early extinguishment of debt, net of income tax benefit	--	--	0.6
Net loss	(2.7)%	(5.7)%	(7.7)%

FISCAL 2000 COMPARED TO FISCAL 1999

Net sales for fiscal 2000 of $64.3 million were $8.5 million, or 11.7% less than net sales of $72.8 million in fiscal 1999. Of the $8.5 million decline, $3.2 million is related to the divested headwall products division. The remaining $5.3 million decline in product sales was due to various internal and external factors including:

- - There was a strike initiated on June 1, 2000 by union workers at the Company's St. Louis facility. Although the Company continued to ship product, shipments were at a reduced rated and the strike had an adverse affect on shipments, revenues and income in the fourth quarter of fiscal 2000. The strike was settled on July 31, 2000.

- - Home care product sales, mainly the B&F line, continue to be lower due to customer shipment disruptions caused by the relocation of the Company's Toledo operations in 1999. The Company continues efforts to improve efficiency and increase stocking levels of the B&F disposable products and has the goal of increasing the sale of these products.

- - The hospital construction market showed a decline in fiscal 2000 due primarily to reduced construction.

- - Certain external issues have continued to impact the Company's operations in fiscal 2000. The emphasis on cost containment by health care providers has resulted in significant consolidation in the health care environment and pricing pressures for the past several years. Home care sales have also been adversely affected by reductions in Medicare reimbursements.

While the Company is unable to predict when these issues will be resolved, management believes that over a long-term horizon, Allied is well positioned to capitalize on the demands for its products caused by an aging population, an increase in the occurrence of lung disease, advances in treatment of other respiratory illnesses in the home, hospital, and sub-acute care facilities and upgrading of medical treatment around the world.

Respiratory care product sales in fiscal 2000 of $19.0 million were $4.3 million, or 18.5%, less than sales of $23.3 million in the prior year. This was primarily due to lower home care product sales, mainly the B&F line, due to customer shipment disruptions caused by the relocation of the Company's Toledo operations in 1999. The Company continues efforts to improve efficiency and increase stocking levels of the B&F disposable products and has the goal of increasing the sale of these products. Other causes included the fourth quarter fiscal 2000 strike by union workers at the Company's St. Louis plant and continued pricing pressures caused by the consolidation of home health care dealers.

Medical gas equipment sales of $34.5 million in fiscal 2000 were $4.7 million, or 12.0%, below prior year sales of $39.2 million. Of the decline, $3.2 million is related to the divested headwall products division. Medical gas construction product sales are affected by large bid orders on new hospital construction and renovation of medical facilities. Hospital consolidation and budget constraints have resulted in decreased orders for these products. The strike in the fourth quarter of fiscal 2000 and late product introductions were also contributing factors.

Emergency medical product sales in fiscal 2000 of $10.8 million were $.5 million, or 4.9%, more than fiscal 1999 sales of $10.3 million.

International sales, which are included in the product lines discussed above decreased $.8 million, or 6.1%, to $12.3 million in fiscal 2000 compared to sales of $13.1 million in fiscal 1999. Export sales are affected by international economic conditions and the relative value of foreign currencies.

Gross profit in fiscal 2000 was $16.2 million, or 25.2% of net sales, compared to a gross profit of $16.9 million, or 23.3% of net sales in fiscal 1999. The increased percentage was due to the Company's successful steps to reduce manufacturing overhead, focusing on selling higher margin products, and modest price increases during fiscal 2000. Although the gross margin percentage improved in fiscal 2000, the Company is continuing its efforts for further improvements in manufacturing efficiency. The improvements in fiscal 2000 were achieved despite the fourth quarter fiscal 2000 strike and continued pricing pressures brought on by the consolidations and cost containment initiatives of health care providers.

Selling, General and Administrative ("SG&A") expenses for fiscal 2000 were $16.8 million, a decrease of $1.9 million over SG&A expenses of $18.7 million in fiscal 1999. The decrease in fiscal 2000 SG&A costs can be attributed to cost reduction efforts initiated during the second quarter, primarily the 15% salary staff reduction. As a percentage of net sales, fiscal 2000 SG&A expenses were 26.1% compared to 25.7% in fiscal 1999. This increase was attributable to lower sales in fiscal 2000, as discussed above.

As discussed in the preceding Overview section, financial results for fiscal 2000 were impacted by certain unusual transactions and events which make meaningful comparisons to prior years more difficult. These specific transactions and events include the following items:

In the first quarter of fiscal 2000 the Company recorded a $0.4 million charge for legal costs associated with defending product liability litigation. In addition, due to the resignation of the Company's President, Chief Executive Officer and Director, Uma Nandan Aggarwal on July 28, 1999, the Company recorded a $0.2 million charge for severance related costs.

In the second quarter of fiscal 2000 the Company recorded a $0.2 million charge to operations for severance and related expenses to cover the cost of the previously announced 15% work force reduction estimated to yield $2.6 million annualized savings in payroll and benefit costs.

In the fourth quarter of fiscal 2000 the Company was affected by a labor strike at the Company's St. Louis facility that was initiated on June 1, 2000 and settled July 31, 2000. The strike adversely affected shipments, revenue and income in the quarter. Also, in the fourth quarter, the Company took a $0.9 million charge to write off excess slow moving inventory purchased in prior years, recorded a $0.2 million charge related to the settlement of a vendor contract entered into in a prior year, and recorded an additional $.1 million charge related to product liability legal expenses. .

Loss from operations in fiscal 2000 was $0.6 million compared to a loss from operations of $4.0 million in fiscal 1999. Fiscal 2000 loss from operations includes charges for the unusual items discussed above which have an unfavorable impact of $1.9 million.

Interest expense decreased $0.2 million, or 10.5%, to $1.7 million in fiscal 2000 from $1.9 million in fiscal 1999. Interest expense has been reduced due to the reduction in debt.

The Company had a loss before taxes of $2.4 million in fiscal 2000, compared to loss before taxes of $6.0 million in fiscal 1999. The Company recorded an income tax benefit of $0.7 million in fiscal 2000 compared to a benefit for income taxes of $1.9 million in fiscal 1999. For further discussion of the Company's income tax calculation please refer to the "Notes to Consolidated Financial Statements" section included in this Form 10-K.

Net loss in fiscal 2000 was $1.7 million, or $0.22 per diluted share, a decrease of $2.4 million from the net loss of $4.1 million, or $0.53 per diluted share, in fiscal 1999. Earnings per share amounts are diluted earnings per share, which are substantially the same as basic earnings per share. The weighted number of shares used in the calculation of the diluted per share loss was 7,806,682 in both fiscal 2000 and fiscal 1999.

FISCAL 1999 COMPARED TO FISCAL 1998

Net sales for fiscal 1999 of $72.8 million were $23.7 million, or 24.5% less than net sales of $96.5 million in fiscal 1998. Of the $23.7 million decline, $10.4 million is attributable to fiscal 1998 sales generated by the ventilation products division prior to its sale in October 1997, $2.7 million is related to the headwall products division divested in May 1999, and $10.6 million relates to a decline in sales of core products. The decline in sales of core products reflected various internal and external factors.

Home care product sales, mainly the B&F line, were negatively impacted due to shipping delays caused by the closure and consolidation of the Company's Toledo facility into St. Louis. As previously discussed, this facility was closed during the second quarter of fiscal 1999 and consolidated into St. Louis. The Company also experienced certain production and supply chain problems at its St. Louis facility that caused delays in delivery times on various products.

Certain external issues have continued to impact the Company's operations in fiscal 1999. The emphasis on cost containment by health care providers has resulted in significant consolidation in the health care environment and pricing pressures for the past several years. Home care sales have also been adversely affected by reductions in Medicare reimbursements.

Medical gas equipment sales of $39.2 million in fiscal 1999 were $5.8 million, or 12.9%, below prior year sales of $45.0 million. Of the decline, $2.7 million is related to the now divested headwall products division. Medical gas system construction sales and medical gas suction and regulation device sales experienced decreases of 7.7% and 8.2%, respectively, in fiscal 1999 compared to fiscal 1998. A $0.8 million decrease in aluminum oxygen cylinder sales contributed to the $3.1 million decrease in base business medical gas equipment sales. Medical gas construction product sales are affected by large bid orders on new hospital construction and renovation of medical facilities. Hospital consolidation has caused a decrease in large bid orders for these products.

Respiratory care product sales in fiscal 1999 of $23.3 million were $16.8 million, or 41.9%, less than sales of $40.1 million in the prior year. Of the decline, $10.4 million was attributable to revenues generated by the ventilation products division prior to its sale in October 1997 and $6.4 million relates to the Company's base respiratory product lines. Sales to the home health care market declined by 26.5%, primarily in the B&F disposable line, due to the factors discussed above. In addition, pricing pressures caused by the consolidation of home health care dealers and continued concern over potential reductions in Medicare and Medicaid reimbursement rates continued to impact sales of home health care products. Also contributing to the decrease in respiratory care products is the loss of air compressor OEM business to Bear Medical following its divestiture.

Emergency medical product sales in fiscal 1999 of $10.3 million were $1.0 million, or 8.7%, less than fiscal 1998 sales of $11.3 million. A decrease in OEM sales of certain emergency products contributed to most of the decrease. Business in this market is largely replacement driven and is expected to reflect the demand for replacement orders in the short term.

International sales, which are included in the product lines discussed above decreased $10.9 million, or 45.4%, to $13.1 million in fiscal 1999 compared to sales of $24.0 million in fiscal 1998. International sales declined $6.9 million due to the sale of the ventilation products division, headwall products sales decreased $1.0 million, while international sales of the base business decreased by $3.0 million. Export sales to the European Community were adversely affected by a delay in obtaining CE mark certification on certain products.

Gross profit in fiscal 1999 was $16.9 million, or 23.3% of net sales, compared to a gross profit of $27.4 million, or 28.4% of net sales, in fiscal 1998. Manufacturing inefficiencies and the inability to recognize cost savings, in a timely manner, from the consolidation of the Toledo operations into St. Louis impacted gross margins in fiscal 1999. The sale of the ventilation products division adversely impacted gross profit as a percent of sales in fiscal 1999, as ventilation products typically have a higher gross profit margin than the Company's base business products. Continued pricing pressures brought on by the consolidations and cost containment initiatives of health care providers further served to reduce margins as a percent to net sales.

Selling, General and Administrative ("SG&A") expenses for fiscal 1999 were $18.7 million, a decrease of $5.2 million over SG&A expenses of $23.9 million in fiscal 1998. $2.4 million of the decease in SG&A expenses in fiscal 1999 is attributable to direct expenses associated with the sale of the ventilation products division. Another $0.6 million decrease is due to administrative cost savings from the closing of the Toledo facility. The remainder of the decrease in 1999 SG&A costs can be attributed to cost reduction efforts initiated during fiscal 1999. As a percentage of net sales, fiscal 1999 SG&A expenses were 25.7% compared to 24.8% in fiscal 1998. This increase was attributable to lower sales in fiscal 1999, as discussed above.

As discussed in the preceding Overview section, financial results for fiscal 1999 were impacted by certain non-recurring or unusual items and events which make meaningful comparisons to prior years more difficult. These specific transactions and events include the following items:

On August 5, 1998 the Company's Board of Directors voted to close its Toledo, Ohio facility and consolidate production of the B&F line of home care products into its manufacturing facility in St. Louis, Missouri. In connection with the shutdown of the facility, Allied recorded a provision of approximately $1.0 million pre-tax, $0.6 million after tax, or $0.07 per share, in the first quarter of fiscal 1999 to cover the cost of closing the facility. The provision reflects costs of certain fixed asset impairments, employee severance benefits and other related exit costs. Subsequently, during the second quarter of fiscal 1999, the Company negotiated and received a $0.2 million cash payment from the City of Toledo as partial reimbursement for closure costs. Accordingly, Allied recorded this cash payment, in the second quarter of fiscal 1999, as a reduction to the aforementioned provision resulting in a net charge of $0.8 million pre-tax, $0.5 million after tax, or $0.06 per share for the fiscal year ended June 30, 1999.

On February 4, 1999, Allied announced a voluntary recall of aluminum oxygen regulators marketed under its Life Support Products label. Following reports of regulator fires, the Company instituted a recall in May 1997, under which it provided retrofit kits to prevent contaminants from entering the regulators. While preliminary findings led the Company to believe the Company's products did not cause those fires, there is enough concern among the users that the Company, in cooperation with the U. S. Food and Drug Administration ("FDA"), agreed to institute a voluntary recall to replace aluminum components in the high pressure chamber of the regulators with brass components. The FDA has recommended that all regulator manufacturers cease use of aluminum in regulators. Accordingly, the Company has now introduced new brass regulators and is also offering a trade in program to the existing users. As a result of the recall, the Company recorded a charge of $1.5 million pre-tax, $0.9 million after tax, or $0.12 per share, in the second quarter of fiscal 1999. As of June 30, 1999, the Company had incurred $0.9 million for costs associated with the recall and had a reserve balance of $0.6 million for future expected costs which management estimates to be appropriate.

On May 28, 1999, the Company sold the assets of Hospital Systems, Inc. ("HSI") to David Miller (former General Manager-Hospital Systems, Inc.) for $0.5 million. The net proceeds of $0.5 million were utilized to repay a portion of its revolving credit facility. The sale of HSI, located in Oakland, California, resulted in a gain before taxes for financial reporting purposes of $0.03 million.

Loss from operations in fiscal 1999 was $4.0 million compared to income from operations of $6.5 million in fiscal 1998. Fiscal 1999 loss from operations includes charges for the unusual items discussed above which have an unfavorable impact of $2.2 million. Fiscal 1998 income from operations included a $12.8 million gain on the sale of Bear Medical and $9.8 million of non-recurring charges mainly for goodwill write-downs attributable to the revaluation of the carrying value of various businesses. These fiscal 1998 non-recurring items had a favorable impact on operating income of $3.0 million. Without the impact of the various unusual items for both fiscal 1999 and fiscal 1998, income from operations decreased $5.3 million. Fiscal 1998 operating income also includes results from the operations of the ventilation products division for four months prior to its sale in October 1997.

Interest expense decreased $2.3 million, or 53.6%, to $1.9 million in fiscal 1999 from $4.2 million in fiscal 1998. Interest expense has been significantly reduced due to the reduction in debt, which primarily reflected application of the proceeds from the sale of the ventilation products division in fiscal 1998.

The Company had a loss before taxes of $6.0 million, compared to income before taxes and extraordinary loss of $2.2 million in fiscal 1998. The Company recorded an income tax benefit of $1.9 million in fiscal 1999 compared to a provision for income taxes of $9.0 million in fiscal 1998. As previously discussed, the gain on the sale of the ventilation products division resulted in a tax provision of $9.3 million in fiscal 1998. In addition, the non-recurring charge of $9.8 million was principally goodwill, and therefore non-deductible for income tax purposes. For further discussion of the Company's income tax calculation please refer to the "Notes to Consolidated Financial Statements" section included in this Form 10-K.

Net loss in fiscal 1999 was $4.1 million, or $0.53 per diluted share, a decrease of $3.3 million from the net loss of $7.4 million, or $0.95 per diluted share, in fiscal 1998. Net loss in fiscal 1998 included a $0.5 million extraordinary loss on early extinguishment of debt. Earnings per share amounts are diluted earnings per share, which are substantially the same as basic earnings per share. The weighted number of shares used in the calculation of the diluted per share loss was 7,806,682 in fiscal 1999 compared to 7,805,021 in fiscal 1998.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth selected information concerning Allied's financial condition:

Dollars in thousands	2000	1999	1998
Cash	$ 568	$ 587	$ 1,195
Working Capital	$20,261	$22,619	$21,308
Total Debt	$14,073	$17,238	$18,415
Current Ratio	3.55:1	3.30:1	2.67:1

The Company's working capital was $20.3 million at June 30, 2000 compared to $22.6 million at June 30, 1999. The decrease in working capital is attributable to the factors discussed below. Accounts receivable declined to $10.5 million at June 30, 2000, down $2.1 million from $12.6 million at June 30, 1999. Accounts receivable as measured in days sales outstanding ("DSO") increased to 68 DSO at June 30, 2000 from 62 DSO at June 30, 1999. Collection efforts at the end of fiscal 2000 were hampered by the temporary reassignment of the collection staff to production and shipping assignments during the work stoppage by the union work force at the St. Louis production facility. Inventories declined to $16.7 million at June 30, 2000 from $17.5 million at June 30, 1999. The majority of this $.8 million decline is attributable to an increase in the reserve for obsolete and slow moving inventory as previously discussed. Income taxes receivable decreased $1.6 million from June 30, 1999 to June 30, 2000. Accounts payable decreased to $4.1 million at June 30, 2000, down $1.3 million from $5.4 million at June 30, 1999.

The Company's working capital was $22.6 million at June 30, 1999 compared to $21.3 million at June 30, 1998. The increase in working capital was primarily due to the decrease in the current portion of long term debt attributable to debt refinancing discussed further below. Accounts receivable declined to $12.6 million at June 30, 1999 down $1.6 million from $14.2 million at June 30, 1998. Accounts receivable as measured in days sales outstanding ("DSO") decreased to 62 DSO from 69 DSO during fiscal 1999 as collection efforts have improved the average time that is needed to collect from a customer. Inventories declined to $17.5 million at June 30, 1999, or $0.8 million, from $18.3 million at June 30, 1998. Of this decline, $0.4 million is related to the core business while $0.4 million of decrease is due to the sale of the headwall products division.

The net increase/(decrease) in cash for the fiscal years ended June 30, 2000, 1999, and 1998 was $0.0 million, $(0.6) million, and $0.2 million, respectively. Net cash provided by (used by) operations was $3.4 million, $(0.2) million, and $(5.2) million for the same periods.

Cash provided by operations for the fiscal year ended June 30, 2000 consisted of a net loss of $1.7 million, which was offset by $3.3 million in non-cash charges to operations for amortization and depreciation. The provision for product recall was reduced and used $0.4 million. Changes in working capital and deferred tax accounts favorably impacted cash flow from operations by $2.2 million. Cash flow was used to reduce debt by $3.2 million and make capital expenditures of $0.3 million.

Cash used by operations for the fiscal year ended June 30, 1999 consisted of a net loss of $4.1 million, which was offset by $3.8 million in non-cash charges to operations for amortization and depreciation, restructuring and consolidation of $0.2 million and product recall of $0.6 million. Changes in working capital and deferred tax accounts unfavorably impacted cash flow from operations by $0.7 million. Cash provided by investing activities, consisting of $1.4 million from the proceeds on the sale of the Toledo, Ohio facilities and $0.5 million of proceeds from the sale of the headwall products division, was used to fund capital expenditures of $1.1 million and reduce debt.

At June 30, 2000 the Company had aggregate indebtedness of $14.1 million, including $1.0 million of short-term debt and $13.1 million of long-term debt. At June 30, 1999 the Company had aggregate indebtedness of $17.2 million, including $0.9 million of short-term debt and $16.3 million of long-term debt.

On August 7, 1998, the Company obtained a $5.0 million mortgage loan on its principal facility in St. Louis, Missouri with LaSalle National Bank. Under terms of this agreement the Company makes monthly principal and interest payments, with a balloon payment in 2003. Proceeds of the loan were used to reduce the obligation under the revolving credit agreement with Foothill Capital Corporation. The mortgage loan carries a fixed rate of interest of 7.75%, compared to the then current rate of 9.0% under the revolving credit agreement. The LaSalle credit facility was amended in the second quarter of fiscal 1999 and the first quarter of fiscal 2000 resulting in changes to certain debt covenants.

On September 8, 1998, the Company's credit facilities with Foothill Capital Corporation were amended. The Company's existing term loan was eliminated and replaced with an amended revolving credit facility. As amended, the revolving credit facility remained at $25.0 million. The interest rate on the facility was reduced from the floating reference rate (9.25% at June 30, 2000) plus 0.50% to the floating reference rate plus 0.25%. The reference rate as defined in the credit agreement, is the variable rate of interest, per annum, most recently announced by Wells Fargo Bank, National Association, or any successor thereto, as its "base rate". This amendment also provides the Company with a rate of LIBOR +2.5%. Amounts outstanding under this revolving credit facility, which expires on January 6, 2003, totaled $8.4 million at June 30, 2000. At June 30, 2000, $5.5 million was available under the revolving facility for additional borrowings based on working capital requirements under the terms of the agreement.

Capital expenditures, net of capital leases, were $0.3 million, $1.1 million and $0.6 million in fiscal 2000, 1999, and 1998, respectively. The Company believes that cash flow from operations and available borrowings under its credit facilities will be sufficient to finance fixed payments and planned capital expenditures in 2001.

Inflation has not had a material effect on the Company's business or results of operations. The Company makes its foreign sales in dollars and, accordingly, sales proceeds are not affected by exchange rate fluctuations, although the effect on its customers does impact the pace of incoming orders.

SEASONALITY AND QUARTERLY RESULTS

In past fiscal years, the Company has experienced seasonal increases in net sales during its second and third fiscal quarter (October 1 through March 31) which, in turn, affected net income. Such seasonal variations were likely attributable to an increase in hospital equipment purchases at the beginning of each calendar year (which coincides with many hospitals' fiscal years) and an increase in the severity of influenza during winter months.

The following table sets forth selected operating results for the eight quarters ended June 30, 2000. The information for each of these quarters is unaudited, but includes all normal recurring adjustments which the Company considers necessary for a fair presentation thereof. These operating results, however, are not necessarily indicative of results for any future period. Further, operating results may fluctuate as a result of the timing of orders, the Company's product and customer mix, the introduction of new products by the Company and its competitors, and overall trends in the health care industry and the economy. While these patterns have an impact on the Company's quarterly operations, the Company is unable to predict the extent of this impact in any particular period.

Three months ended,	June 30, 2000	March 31, 2000	Dec. 31, 1999	Sept. 30, 1999	June 30, 1999	March 31, 1999	Dec. 31, 1998	Sept. 30, 1998
Net sales	$ 14,722	$ 16,729	$ 16,758	$ 16,068	$ 18,621	$ 19,227	$ 17,092	$ 17,859
Gross profit	2,945	4,626	4,625	4,026	4,165	4,940	3,423	4,407
Income (loss) from operations	(956)	919	359	(917)	(323)	339	(2,601)	(1,444)
Net income (loss)	(894)	210	(126)	(903)	(738)	(189)	(1,912)	(1,279)
Basic and diluted earnings (loss) per share	(0.11)	.03	(0.02)	(0.12)	(0.10)	(0.02)	(0.25)	(0.16)

Dollars in thousands, except per share data

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Allied Healthcare Products, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of changes in stockholders' equity, and of cash flows present fairly, in all material respects, the financial position of Allied Healthcare Products, Inc. and its subsidiaries at June 30, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri
August 9, 2000

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended June 30,	2000	1999	1998
Net sales	$64,276,643	$72,799,372	$ 96,466,860
Cost of sales	48,054,458	55,864,554	69,110,274
Gross profit	16,222,185	16,934,818	27,356,586
Selling, general and administrative expenses	16,834,315	18,733,227	23,888,131
Provision for product recall	(17,600)	1,500,000	--
Gain on sale of business	--	(27,246)	(12,812,927)
Provision for restructuring and consolidation	--	758,467	--
Non-recurring impairment losses	--	--	9,778,259
Income (loss) from operations	(594,530)	(4,029,630)	6,503,123
Other expenses:			
Interest expense	1,664,477	1,925,757	4,151,986
Other, net	149,433	35,984	198,329
	1,813,910	1,961,741	4,350,315
Income (loss) before provision (benefit) for income taxes and extraordinary loss	(2,408,440)	(5,991,371)	2,152,808
Provision (benefit) for income taxes	(694,963)	(1,872,976)	9,018,488
Loss before extraordinary loss	(1,713,477)	(4,118,395)	(6,865,680)
Extraordinary loss on early extinguishment of debt, net of income tax benefit of $373,191	--	--	530,632
Net loss	$(1,713,477)	$(4,118,395)	$ (7,396,312)
Basic and diluted loss per share:			
Loss before extraordinary loss	$ (0.22)	$ (0.53)	$ (0.88)
Extraordinary loss	--	--	(0.07)
Loss per share	$ (0.22)	$ (0.53)	$ (0.95)

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

June 30,	2000	1999
ASSETS		
Current assets:		
Cash	$ 568,197	$ 587,457
Accounts receivable, net of allowance for doubtful accounts of $882,874 and $834,883, respectively	10,542,264	12,601,165
Inventories	16,742,178	17,499,822
Income taxes receivable	--	1,635,866
Other current assets	358,407	138,360
Total current assets	28,211,046	32,462,670
Property, plant and equipment, net	12,176,616	14,287,037
Deferred income taxes	218,671	--
Goodwill, net	26,395,241	27,210,653
Other assets, net	210,503	314,828
Total assets	$ 67,212,077	$ 74,275,188
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,055,739	$ 5,434,303
Current portion of long-term debt	1,016,611	907,649
Accrual for product recall	185,241	594,725
Other accrued liabilities	2,692,901	2,906,636
Total current liabilities	7,950,492	9,843,313
Long-term debt	13,055,980	16,330,185
Deferred income taxes	--	182,608
Commitments and contingencies (Notes 9 and 15)	--	--
Stockholders' equity:		
Preferred stock; $.01 par value; 1,500,000 shares authorized; no shares issued and outstanding	--	--
Series A preferred stock; $.01 par value; 200,000 shares authorized; no shares issued and outstanding	--	--
Common stock; $.01 par value; 30,000,000 shares authorized; 7,806,682 shares issued and outstanding at June 30, 2000 and 1999	101,102	101,102
Additional paid-in capital	47,014,621	47,014,621
Retained earnings	19,821,310	21,534,787
Common stock in treasury, at cost	(20,731,428)	(20,731,428)
Total stockholders' equity	46,205,605	47,919,082
Total liabilities and stockholders' equity	$ 67,212,077	$ 74,275,188

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Preferred Stock	Common stock	Additional paid-in capital	Retained Earnings	Treasury stock
Balance, June 30, 1997	$ --	$ 101,002	$46,945,971	$ 33,049,494	$(20,731,428)
Issuance of common stock	--	100	68,650	--	--
Net loss for the year ended June 30, 1998	--	--	--	(7,396,312)	--
Balance, June 30, 1998	--	101,102	47,014,621	25,653,182	(20,731,428)
Net loss for the year ended June 30, 1999	--	--	--	(4,118,395)	--
Balance, June 30, 1999	- -	101,102	47,014,621	21,534,787	(20,731,428)
Net loss for the year ended June 30, 2000	--	--	--	(1,713,477)	--
Balance, June 30, 2000	$ - -	$ 101,102	$47,014,621	$ 19,821,310	$(20,731,428)

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30,	2000	1999	1998
Cash flows from operating activities:			
Net loss	$ (1,713,477)	$ (4,118,395)	$ (7,396,312)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities, Excluding the effects of divestitures:			
Depreciation and amortization	3,332,350	3,781,063	4,881,890
Provision for restructuring and consolidation	--	217,926	--
Provision for product recall	(409,484)	594,725	--
Gain on sale of Hospital Systems, Inc.	--	(27,246)	--
Gain on sale of Bear Medical	--	--	(12,812,927)
Loss on refinancing of long-term debt	--	--	903,823
Noncash portion of non-recurring impairment losses	--	--	9,496,452
Decrease in accounts receivable, net	2,058,901	1,626,149	2,887,344
Decrease in inventories	757,644	407,134	2,412,551
Decrease (increase) in income taxes receivable	1,635,866	(1,635,866)	--
Decrease (increase) in other current assets	(220,047)	133,307	696,056
Decrease in accounts payable	(1,378,564)	(373,046)	(6,671,539)
Decrease in other accrued liabilities	(213,735)	(572,440)	(1,688,283)
Increase (decrease) in deferred income taxes - noncurrent	(401,279)	(258,981)	2,106,658
Net cash provided by (used in) operating activities	3,448,175	(225,670)	(5,184,287)
Cash flows from investing activities:			
Capital expenditures, net	(298,040)	(1,061,309)	(644,080)
Proceeds on sale of Toledo, Ohio facilities	--	1,393,287	--
Proceeds on sale of Hospital Systems, Inc. - Net of disposal costs	--	495,178	--
Proceeds on sale of Bear Medical - Net of disposal costs	--	--	35,362,286
Net cash provided by (used in) investing activities	(298,040)	827,156	34,718,206
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	--	5,000,000	26,000,000
Payment of long-term debt	(936,885)	(7,411,458)	(37,267,757)
Borrowings under revolving credit agreement	69,661,053	88,063,847	128,862,400
Payments under revolving credit agreement	(71,893,563)	(86,829,127)	(146,033,153)
Proceeds from issuance of common stock	--	--	68,750
Debt issuance costs	--	(32,104)	(957,782)
Net cash used in financing activities	(3,169,395)	(1,208,842)	(29,327,542)
Net increase (decrease) in cash and equivalents	(19,260)	(607,356)	206,377
Cash and equivalents at beginning of period	587,457	1,194,813	988,436
Cash and equivalents at end of period	$ 568,197	$ 587,457	$ 1,194,813
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$ 1,662,150	$ 2,046,103	$ 5,256,981
Income taxes	$ 252,869	$ 541,756	$ 5,380,817

See accompanying Notes to Consolidated Financial Statements

1. ORGANIZATION

Allied Healthcare Products, Inc. (the "Company" or "Allied") is a manufacturer of respiratory products used in the health care industry in a wide range of hospital and alternate site settings, including post-acute care facilities, home health care and trauma care. The Company's product lines include respiratory care products, medical gas equipment and emergency medical products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Allied are described below. The policies utilized by the Company in the preparation of the financial statements conform to generally accepted accounting principles in the United States, and require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and intercompany balances are eliminated.

REVENUE RECOGNITION

Revenue from the sale of the Company's products is recognized upon shipment to the customer. Costs and related expenses to manufacture the Company's products are recorded as cost of sales when the related revenue is recognized.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. Book cash overdrafts on the Company's disbursement accounts totaling $1,290,277 and $1,247,188 at June 30, 2000 and 1999, respectively, are included in accounts payable.

CONCENTRATIONS OF CREDIT RISK

The Company performs ongoing credit evaluations of its customers and generally does not require collateral. The Company maintains reserves for potential credit losses and historically such losses have been within management's expectations. The Company's customers can be grouped into three main categories: medical equipment distributors, construction contractors and health care institutions. At June 30, 2000 the Company believes that it has no significant concentration of credit risk.

INVENTORIES

Inventories are stated at the lower of cost, determined using the last-in, first-out ("LIFO") method, or market. If the first-in, first-out ("FIFO") method (which approximates replacement cost) had been used in determining cost, inventories would have been $2,517,103 and $2,411,909 higher at June 30, 2000 and 1999, respectively. Inventories include the cost of materials, direct labor and manufacturing overhead.

Inventory amounts are net of a reserve for obsolete and excess inventory of $2,894,610 and $1,936,402 at June 30, 2000 and 1999, respectively.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost and is depreciated using the straight-line method over the estimated useful lives of the assets which range from 3 to 36 years. Properties held under capital leases are recorded at the present value of the non-cancelable lease payments over the term of the lease and are amortized over the shorter of the lease term or the estimated useful lives of the assets. Expenditures for repairs, maintenance and renewals are charged to income as incurred. Expenditures which improve an asset or extend its estimated useful life are capitalized. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

GOODWILL

The excess of the purchase price over the fair value of net assets acquired in business combinations is capitalized and amortized on a straight-line basis over the estimated period benefited, not to exceed 40 years. The amortization period for all acquisitions to date ranges from 20 to 40 years. Amortization expense for the years ended June 30, 2000, 1999 and 1998 was $815,411, $816,411, and $1,077,959, respectively. Accumulated amortization at June 30, 2000 and 1999 was $7,131,098 and $6,315,687, respectively. The carrying value of goodwill is assessed for recoverability by management based on an analysis of future expected cash flows from the underlying operations of the Company. See Note 7 regarding goodwill impairment and related non-recurring charges recorded in the second quarter of the fiscal year ended June 30, 1998. Management believes that there has been no further impairment at June 30, 2000 to the remaining carrying value of goodwill.

OTHER ASSETS

Other assets are primarily comprised of debt issuance costs. Such costs are being amortized on an effective interest method basis over the life of the related obligations.

INCOME TAXES

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("FAS 109"). Under FAS 109, the deferred tax provision is determined using the liability method, whereby deferred tax assets and liabilities are recognized based upon temporary differences between the financial statement and income tax bases of assets and liabilities using presently enacted tax rates.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and are included in selling, general and administrative expenses. Research and development expense for the years ended June 30, 2000, 1999 and 1998 was $726,315, $1,315,593 and $1,688,071, respectively.

EARNINGS PER SHARE

Basic earnings per share are based on the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share are based on weighted averaged number of shares of common stock and common stock equivalents outstanding during the year. The number of basic and diluted shares outstanding for the years ended June 30, 2000, 1999 and 1998 was 7,806,682, 7,806,682, and 7,805,021 shares, respectively. Options under the Company's employee's and director's stock option plans are not included as common stock equivalents for earnings per share purposes since they did not have a material dilutive effect.

In March 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("FAS 128"), which requires public entities to present both basic and diluted earnings per share amounts on the face of their financial statements, replacing the former calculations of primary and fully diluted earnings per share. The Company adopted FAS 128 effective with its fiscal 1998 second quarter. All prior period earnings per share amounts have been restated. The adoption of FAS 128 did not have a material effect on current or previously reported earnings per common share.

EMPLOYEE STOCK-BASED COMPENSATION

The Company accounts for employee stock options and variable stock awards in accordance with Accounting Principles Board No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). Under APB 25, the Company applies the intrinsic value method of accounting. For employee stock options accounted for using the intrinsic value method, no compensation expense is recognized because the options are granted with an exercise price equal to the market value of the stock on the date of grant.

During fiscal 1996, Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("FAS 123"), became effective for the Company. FAS 123 prescribes the recognition of compensation expense based on the fair value of options or stock awards determined on the date of grant. However, FAS 123 allows companies to continue to apply the valuation methods set forth in APB 25. For companies that continue to apply the valuation methods set forth in APB 25, FAS 123 mandates certain pro forma disclosures as if the fair value method had been utilized. See Note 12 for additional discussion.

3. LSP OXYGEN REGULATOR RECALL

On February 4, 1999, Allied announced a voluntary recall of aluminum oxygen regulators marketed under its Life Support Products label. These products are used to regulate pressure of bottled oxygen for administration to patients under emergency situations. Following reports of regulator fires, the Company instituted a recall in May 1997, under which it provided retrofit kits to prevent contaminants from entering the regulators. The Company has also been testing regulator design with the help of the National Aeronautical and Space Administration's White Sands National Laboratories. While preliminary findings led the Company to believe the Company's products did not cause those fires, there is enough concern among the users that the Company, in cooperation with the U. S. Food and Drug Administration ("FDA"), agreed to institute a voluntary recall to replace aluminum components in the high pressure chamber of the regulators with brass components. The FDA has recommended that all regulator manufacturers cease use of aluminum in regulators. Accordingly, the Company has now introduced new brass regulators and is also offering a trade-in program to the existing users. As a result of the recall, the Company recorded a charge of $1.5 million pre-tax, $0.9 million after tax, or $0.12 per share in the second quarter of fiscal 1999.

A reconciliation of activity with respect to the Company's product recall is as follows:

	2000	1999
Balance, beginning of year	$594,725	$ --
Provision for recall	(17,600)	1,500,000
Costs incurred related to product retrofitting and replacement	391,885	905,275
Balance, end of year	$185,241	$ 594,725

The Company has incurred various legal expenses related to claims associated with the LSP regulators recall. Accordingly, the Company recorded a $0.5 million charge to operations during fiscal 2000 for amounts estimated to be payable by the company under its self-insurance retention for legal costs associated with defending these claims. These amounts are included along with other legal expenses of the Company as selling, general and administrative expenses. At June 30, 2000, the Company has a litigation cost accrual balance of $0.2 million for legal expense associated to the LSP regulator recall.

4. SALE OF HEADWALL PRODUCTS DIVISION

On May 28, 1999, the Company sold the assets of Hospital Systems, Inc. ("HSI") to David Miller (former General Manager-Hospital Systems, Inc.) for $0.5 million. The net proceeds of $0.5 million were utilized to repay a portion of its revolving credit facility. The sale of HSI, located in Oakland, California, resulted in a gain before taxes for financial reporting purposes of $0.03 million.

5. B&F CONSOLIDATION PROVISION

On August 5, 1998 the Company's Board of Directors voted to close the Toledo facility of its disposable products division and consolidate production of the B&F line of home care products into its manufacturing facility in St. Louis, Missouri. This move was announced on August 10, 1998. The move was substantially completed during the second quarter of fiscal 1999. In connection with the shutdown of the facility, Allied recorded a provision of approximately $1.0 million pre-tax, $0.6 million after tax, or $0.07 per share, in the first quarter of fiscal 1999 to cover the cost of closing the facility. The provision reflects costs of certain fixed asset impairments, employee severance benefits and other related exit costs. Subsequently, during the second quarter of fiscal 1999, the Company negotiated and received a $0.2 million cash payment from the City of Toledo as partial reimbursement for closure costs. Accordingly, Allied recorded this cash payment, in the second quarter of fiscal 1999, as a reduction to the aforementioned provision resulting in a net charge of $0.8 million pre-tax, $0.5 million after tax, or $0.06 per share for the fiscal year ended June 30, 1999.

6. SALE OF BEAR VENTILATION PRODUCTS DIVISION

On October 31, 1997, the Company sold the assets of Bear Medical Systems, Inc. ("Bear") and its subsidiary BiCore Monitoring Systems, Inc. ("BiCore"), collectively referred to as the ventilation products division, to Thermo-Electron Corporation for $36.6 million plus the assumption of certain liabilities. The net proceeds of $29.5 million, after expenses, including federal and state taxes paid, were utilized to repay a significant portion of its term notes and to repay all of its subordinated debt. The sale of the ventilation products division resulted in a gain, before taxes, for financial reporting purposes of $12.8 million. This gain, as a discrete item, resulted in a tax provision of $9.3 million. The relatively higher effective tax rate on this transaction resulted because approximately $12.7 million of goodwill associated with these businesses was not deductible for income tax purposes.

7. GOODWILL IMPAIRMENT

In the second quarter of fiscal 1998, the Company reevaluated the carrying value of its various businesses and recorded $9.8 million of non-recurring charges to reflect the changes in business conditions resulting from the sale of the ventilation product division and due to other changes in market conditions discussed below, which culminated during the second quarter of fiscal 1998.

Goodwill writedowns, which were determined pursuant to the Company's impairment policy as described in Note 2, approximating $8.9 million, were comprised of the following:

$4.4 million associated with the partial goodwill writedown related to the B&F disposable products business. Continuing weakness in financial results of the business due to various continuing operational issues, market condition changes in the home health care market including pressures on pricing, and overall weakness in financial results of the national home health care chains caused Allied to reevaluate and adjust the carrying value of this business.

$2.4 million associated with the writedown of goodwill for Allied's headwall business.

$1.6 million associated with the writedown of Omni-Tech Medical, Inc. goodwill. This transportation ventilator business is directly related to the divested Bear ventilation products division and is not anticipated to contribute to the ongoing operations of the Company.

$0.5 million associated with the write-down of goodwill for the Design Principles Inc. backboard business. Increased costs have significantly eroded the margins of this business necessitating a reevaluation of the carrying value of its goodwill.

Management believes that there has been no further impairment at June 30, 2000 to the remaining carrying value of goodwill.

In addition to the non-cash goodwill write-downs, the other non-recurring items include:

$0.5 million of consulting fees related to a cooperative purchasing study.

$0.4 million for the writedown of leasehold improvements and a reserve for the remaining lease payments for B&F's Mt. Vernon, Ohio facility which was closed as part of the Company's rationalization initiatives.

8. FINANCING

Long-term debt consisted of the following at June 30, 2000 and 1999:

	2000	1999
UNSUBORDINATED DEBT		
Notes payable to bank or other financial lending institution, collateralized by substantially all assets of the Company		
Term loan - principal due in varying monthly maturities ranging from $27,714 to $40,518 with remaining balance due August 1, 2003	$ 4,347,118	$ 4,714,669
Revolving credit facility - aggregate revolving commitment of $25,000,000; principal due at maturity on January 6, 2003	8,398,907	10,618,532
Other	16,244	32,819
	12,762,269	15,366,020
SUBORDINATED DEBT		
Capital lease obligations	1,310,322	1,871,814
	14,072,591	17,237,834
Less-Current portion of long-term debt, including $603,297 and 523,523 of capital lease obligations at June 30, 2000 and June 30, 1999, respectively	(1,016,611)	(907,649)
	$13,055,980	$16,330,185

On August 7, 1998, the Company borrowed approximately $5.0 million from LaSalle National Bank. The borrowing was collateralized by a first security interest in the Company's St. Louis facility. The loan requires monthly principal and interest payments of $0.06 million, with a final payment of all principal and interest remaining unpaid due at maturity on August 1, 2003. Interest is fixed at 7.75% annum. Proceeds from the borrowing were used to pay down existing debt, which bore a higher interest rate. The LaSalle credit facility was amended on March 24 and September 1, 1999 resulting in changes to certain debt covenants for which the Company was in compliance at June 30, 2000.

On September 8, 1998, the Company's credit facilities with Foothill Capital Corporation were amended. The Company's existing term loan was eliminated and replaced with an amended revolving credit facility. As amended, the revolving credit facility remains at $25.0 million. The interest rate on the facility was reduced from the floating reference rate (9.25% at June 30, 2000) plus 0.50% to the floating reference rate plus 0.25%. The reference rate, as defined in the credit agreement, is the variable rate of interest, per annum, most recently announced by Wells Fargo Bank, National Association, or any successor thereto,

as its "base rate". This amendment also provides the Company with a rate of LIBOR + 2.50%. In addition, the fees charged to the Company were reduced along with certain debt covenants. On June 28, 1999, the Company's credit facilities with Foothill Capital Corporation were amended. The amendment provides for favorable interest rate reduction, based upon annual profitability, for fiscal years 2001 and 2002. The amendment also extended the maturity date to January 6, 2003 along with a favorable change to certain debt covenants for which the Company was in compliance at June 30, 2000.

On March 3, 1999, the Company purchased the remaining $505,000 of its outstanding Missouri Industrial Revenue Bonds. The bonds, which bore a variable interest rate, had a final maturity date of April 1, 2001 and were repaid early using borrowings from the Company's revolving credit facility.

Aggregate maturities of long-term debt, excluding capital leases, for each of the five fiscal years subsequent to June 30, 2000 are as follows:

Fiscal Year	Revolving Credit Facility	Term	Other	Total
2001	$ --	$ 397,070	$ 16,244	$ 413,314
2002	--	428,959	--	428,959
2003	8,398,907	463,411	--	8,862,318
2004	--	3,057,678	--	3,057,678
2005	--	--	--	--
	8,398,907	$4,347,118	$ 16,244	$12,762,269

9. LEASE COMMITMENTS

The Company leases certain of its electronic data processing and manufacturing equipment under non-cancelable lease agreements. These agreements extend for a period of up to 60 months and contain purchase or renewal options on a month-to-month basis. The leases are reflected in the consolidated financial statements as capitalized leases in accordance with the requirements of Statement of Financial Accounting Standards No. 13 ("FAS 13"), "Accounting for Leases". In addition, the Company leases certain office equipment under noncancelable operating leases. These leases are reflected in the consolidated financial statements as operating leases in accordance with FAS 13.

Minimum lease payments under long-term capital leases and the operating Leases at June 30, 2000 are as follows:

	Capital Leases	Operating Leases
2001	$ 737,250	$ 53,340
2002	779,851	53,340
2003	--	53,340
2004	--	44,450
2005	--	--
Total minimum lease payments	1,517,101	$ 204,470
Less amount representing interest	(206,779)	
Present value of net minimum lease payments, including current portion of $603,297	$1,310,322	

Rental expense incurred on the operating leases in fiscal 2000, 1999, and 1998 totaled $333,505, $118,990 and $381,024, respectively.

10. INCOME TAXES

The provision (benefit) for income taxes consisted of the following:

	2000	1999	1998
Current Payable:			
Federal	$ (49,915)	$(1,497,541)	$4,249,382
State	--	--	1,957,403
Total Current	(49,915)	(1,497,541)	6,206,785
Deferred:			
Federal	(561,137)	(113,472)	$2,451,228
State	(83,911)	(261,963)	360,475
Total Deferred	(645,048)	(375,435)	2,811,703
	$(694,963)	$(1,872,976)	$9,018,488

Income taxes were 28.9%, 31.3%, and 418.9% of pre-tax earnings (losses) in 2000, 1999, and 1998, respectively. A reconciliation of income taxes, with the amounts computed at the statutory federal rate follows:

	2000	1999	1998
Computed tax at federal statutory rate	$(818,869)	$(2,037,066)	$ 731,955
State income taxes, net of federal tax benefit	(55,381)	(172,876)	1,611,155
Non deductible goodwill	277,240	277,240	7,925,827
Other, net	(97,953)	59,726	(1,250,449)
Total	$(694,963)	$(1,872,976)	$ 9,018,488

The increase in the dollar amount of reconciling items during fiscal year 1998 relates to the effect of the sale of the Bear ventilation products division. The increase in the income tax provision was primarily attributable to the non-deductible portion of goodwill associated with the sale, and the effect of state income taxes associated with the transaction.

The deferred tax assets and deferred tax liabilities recorded on the balance sheet as of June 30, 2000 and 1999 are as follows:

	2000		1999	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Current:				
Bad debts	$ 344,321	$ --	$ 325,604	$ --
Accrued liabilities	208,515	--	347,903	--
Inventory	--	561,714	--	926,154
	552,836	561,714	673,507	926,154
Non Current:				
Depreciation	--	(5,407)	--	52,629
Other property basis	--	(97,665)	--	10,857
Intangible assets	530,163	--	380,762	--
Net operating loss carryforward	264,274	--	264,274	--
Other	--	353,447	--	438,767
	794,437	250,375	645,036	502,253
Valuation allowance	(325,391)	--	(325,391)	--
Total deferred taxes	$ 1,021,882	$ 812,089	$ 993,152	$1,428,407

11. RETIREMENT PLAN

The Company offers a retirement savings plan under Section 401(k) of the Internal Revenue Code to certain eligible salaried employees. Each employee may elect to enter a written salary deferral agreement under which a portion of such employee's pre-tax earnings may be contributed to the plan.

During the fiscal years ended June 30, 2000, 1999 and 1998, the Company made contributions of $296,134, $359,087 and $464,227 respectively.

12. SHAREHOLDERS' EQUITY

The Company has established a 1991 Employee Non-Qualified Stock Option Plan, a 1994 Employee Stock Option Plan, and a 1999 Incentive Stock Plan ("Employee Plans"). The Employee Plans provide for the granting of options to the Company's executive officers and key employees to purchase shares of common stock at prices equal to the fair market value of the stock on the date of grant. Options to purchase up to 1,800,000 shares of common stock may be granted under the Employee Plans. Options currently outstanding entitle the holders to purchase common stock at prices ranging between $1.88 and $16.00, subject to adjustment. Options generally become exercisable ratably over a four year period or one-fourth of the shares covered thereby on each anniversary of the date of grant, commencing on the first or second anniversary of the date granted, except certain options granted under the 1994 Employee Stock Option Plan which become exercisable when the fair market value of common stock exceeds required levels. The right to exercise the options expires ten years from the date of grant, or earlier if an option holder ceases to be employed by the Company.

In addition, the Company has established a 1991 Directors Non-Qualified Stock Option Plan and a 1995 Directors Non-Qualified Stock Option Plan ("Directors Plans"). The Directors Plan provides for the granting of options to the Company's Directors who are not employees of the Company to purchase shares of common stock at prices equal to the fair market value of the stock on the date of grant. Options to purchase up to 250,000 shares of common stock may be granted under the Directors Plans. Options currently outstanding entitle the holders to purchase common stock at prices ranging between $1.88 and $18.25, subject to adjustment. Options shall become exercisable with respect to one-fourth of the shares covered thereby on each anniversary of the date of grant, commencing on the second anniversary of the date granted, except for certain options granted under the 1995 Directors Non-Qualified Stock Option Plan which become exercisable with respect to all of the shares covered thereby one year after the grant date. The right to exercise the options expires ten years from the date of grant, or earlier if an option holder ceases to be a Director of the Company.

A summary of stock option transactions in 2000, 1999 and 1998, respectively, pursuant to the Employee Plans and the Directors Plans follows:

Summary of Stock Options	Average Price	Shares Subject To Option
June 30, 1997	$ 9.22	594,500
Options Granted	7.63	173,500
Options Exercised	6.88	(10,000)
Options Canceled	11.23	(132,550)
June 30, 1998	$ 8.39	625,450
Exercisable at June 30, 1998		160,138
June 30, 1998	$ 8.39	625,450
Options Granted	1.97	54,000
Options Exercised	--	--
Options Canceled	10.54	(149,700)
June 30, 1999	$ 7.13	529,750
Exercisable at June 30, 1999		148,500
June 30, 1999	$ 7.13	529,750
Options Granted	2.00	567,500
Options Exercised		--
Options Canceled	7.89	(329,500)
June 30, 2000	$ 3.47	767,750
Exercisable at June 30, 2000		227,000

The following table provides additional information for options outstanding and exercisable at June 30, 2000:

OPTIONS OUTSTANDING

Range of Prices	Number	Wtd. Avg. Remaining Life	Wtd. Average Exercise Price
$ 1.00-1.99	55,500	8.8 years	$ 1.88
2.00	542,000	9.2 years	2.00
2.01-6.99	35,500	6.8 years	5.55
7.00-7.99	75,000	7.3 years	7.53
8.00-18.50	59,750	4.2 years	12.40
$ 1.00-18.50	767,750	8.5 years	$ 3.47

OPTIONS EXERCISABLE

Range of Prices	Number	Wtd. Avg. Exercise Price
$ 1.00-1.99	500	$ 1.88
2.00	135,500	2.00
2.01-6.99	17,000	5.11
7.00-7.99	21,750	7.51
8.00-18.50	52,250	10.17
$ 1.00-18.50	227,000	$ 4.63

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," requires companies to measure employee stock compensation plans based on the fair value method of accounting. However, the Statement allows the alternative of continued use of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," with pro-forma disclosure of net income and earnings per share determined as if the fair value based method had been applied in measuring compensation cost. The Company adopted the new standard in the fiscal year ended June 30, 1997, and elected the continued use of APB Opinion No. 25.

Had compensation expense for the Company's stock options been recognized based on the fair value of the options on the grant date under the methodology prescribed by FAS 123, the Company's net loss and loss per share for the years ended June 30, 2000 and 1999 would have been impacted as shown in the following table (in thousands, except per share):

	2000	1999
Reported net loss	$ 1,713	$ 4,118
Pro forma net loss	1,918	4,374
Reported earnings per share	(0.22)	(0.53)
Pro forma earnings per share	(0.25)	(0.56)

The fair value of options granted, which is amortized to expense over the option vesting period in determining the pro forma impact, has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2000	1999
Expected life of option	10 years	10 years
Risk-free interest rate	5.9%	5.2%
Expected volatility of Allied stock	50%	37%
Expected dividend yield On Allied stock	0%	0%

The weighted-average fair value of options granted during fiscal 2000 and 1999 determined using the Black-Scholes model is as follows:

	2000	1999
Fair value of options granted	$ 1.38	$ 1.27
Number of options granted	567,500	54,000
Total fair value of all Options granted (in thousands)	$ 780	$ 70

For FAS 123 disclosure purposes, the weighted average fair value of stock options granted is required to be based on a theoretical option pricing model. In actuality, because the Company's stock options are not traded on any exchange, employees can receive no benefit and derive no value from holding stock options under these plans without an increase in the market price of Allied stock. Such an increase would benefit all stockholders.

In conjunction with a refinancing, 62,500 warrants were issued to the holders of the subordinated notes payable and 50,000 warrants were issued to the commercial lender providing the revolving credit facilities and the term loan facilities. Each warrant entitles the holder to purchase one share of common stock at $7.025 per share through August 7, 2002.

STOCKHOLDER RIGHTS PLAN

The Board of Directors adopted a Stockholder Rights Plan in 1996, that would permit stockholders to purchase common stock at prices substantially below market value under certain change-in-control scenarios.

13. EXPORT SALES

Export sales for the years ended June 30, 2000, 1999, and 1998 are comprised as follows (in thousands):

	2000	1999	1998
Europe	$ 2,000	$ 2,500	$ 5,700
Canada	1,800	1,800	1,900
Latin America	3,800	3,400	5,900
Middle East	1,200	1,200	1,600
Far East	2,600	2,600	6,000
Other	900	1,600	2,900
	$12,300	$13,100	$24,000

14. SUPPLEMENTAL BALANCE SHEET INFORMATION

	June 30, 2000	June 30, 1999
INVENTORIES		
Work in progress	$ 1,237,534	$ 779,027
Component parts	11,209,463	13,848,272
Finished goods	4,295,181	2,872,523
	$ 16,742,178	$ 17,499,822
PROPERTY, PLANT AND EQUIPMENT		
Machinery and equipment	$ 15,096,250	$ 14,905,236
Buildings	11,751,455	11,644,429
Land and land improvements	934,216	934,216
Property held under capital leases	4,518,761	4,518,761
Total property, plant and equipment at cost	32,300,682	32,002,642
Less accumulated depreciation and amortization, including $3,526,799 and $2,741,859, respectively, related to property held under capital leases	(20,124,066)	(17,715,605)
	$ 12,176,616	$ 14,287,037
OTHER ACCRUED LIABILITIES		
Accrued compensation expense	$ 756,328	$ 1,211,251
Accrued interest expense	101,142	98,669
Accrued income tax	1,247,546	985,711
Other	587,885	611,005
	$ 2,692,901	$ 2,906,636

15. COMMITMENTS AND CONTINGENCIES

The Company is subject to various investigations, claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. In fiscal 2000, the FDA conducted an inspection of the Company's St. Louis facility and provided a written report citing FDA observations concerning Good Manufacturing Practices ("GMP") compliance and quality control issues. The Company has provided written responses to the FDA and is taking corrective action to mitigate any further FDA inquiry or action. The Company believes that its responses to date and its continuing attention to the matters raised by the FDA will avert any FDA action seeking to interrupt or suspend manufacturing, or to require any recall or modification of products. Based upon currently available information, the Company does not believe that the FDA investigation will have a material impact on the Company's results of operations or financial position.

The Company has recognized the costs and associated liabilities only for those investigations, claims and legal proceedings for which, in its view, it is probable that liabilities have been incurred and the related amounts are estimable. Based upon information currently available, management believes that existing accrued liabilities are sufficient and that it is not reasonably possible at this time that any additional liabilities will result from the resolution of these matters that would have a material adverse effect on the Company's consolidated results of operations or financial position.

16. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for fiscal 2000 and 1999 appears below (all amounts in thousands except per share data):

	Net Sales	
	2000	1999
First Quarter	$16,068	$17,859
Second Quarter	16,758	17,092
Third Quarter	16,729	19,227
Fourth Quarter	14,722	18,621
Total Year	$64,277	$72,799

	Gross Profit	
	2000	1999
First Quarter	$ 4,026	$ 4,407
Second Quarter	4,625	3,423
Third Quarter	4,626	4,940
Fourth Quarter	2,945	4,165
Total Year	$16,222	$16,935

	Net Income (Loss)	
	2000	1999
First Quarter	$ (903)	$(1,279)
Second Quarter	(126)	(1,912)
Third Quarter	210	(189)
Fourth Quarter	(894)	(738)
Total Year	$(1,713)	$(4,118)

	Earnings (Loss) Per Share	
	2000	1999
First Quarter	$ (.12)	$ (.16)
Second Quarter	(.02)	(.25)
Third Quarter	.03	(.02)
Fourth Quarter	(.11)	(.10)
Total Year	$ (.22)	$ (.53)

17. SEGMENT INFORMATION

The Company operates in one segment consisting of the manufacturing, marketing and distribution of a variety of respiratory products used in the health care industry to hospitals, hospital equipment dealers, hospital construction contractors, home health care dealers and emergency medical product dealers. The Company's product lines include respiratory care products, medical gas equipment and emergency medical products. The Company does not have any one single customer that represents more than 10 percent of total sales.

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

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

A definitive proxy statement is expected to be filed with the Securities and Exchange Commission on or about October 3, 2000. The information required by this item is set forth under the caption "Election of Directors" on pages 2 through 3, under the caption "Executive Officers" on page 11 and under the caption Section 16(a) Beneficial Ownership Reporting Compliance on page 21 of the definitive proxy statement, which information is incorporated herein by reference thereto.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is set forth under the caption "Executive Compensation" on pages 12 through 13 of the definitive proxy statement, which information is incorporated herein by reference thereto.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" on pages 7 through 8 of the definitive proxy statement, which information is incorporated herein by reference thereto.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None

PART IV

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

1. FINANCIAL STATEMENTS

The following consolidated financial statements of the Company and its subsidiaries are included in response to Item 8:

Consolidated Statement of Operations for the years ended June 30, 2000, 1999, and 1998

Consolidated Balance Sheet at June 30, 2000 and 1999

Consolidated Statement of Changes in Stockholders' Equity for the years ended June 30, 2000, 1999 and 1998

Consolidated Statement of Cash Flows for the years ended June 30, 2000, 1999 and 1998

Notes to Consolidated Financial Statements

Report of Independent Accountants

2. FINANCIAL STATEMENT SCHEDULE

Report of Independent Accountants on Financial Statement Schedule

Valuation and Qualifying Accounts and Reserves for the Years Ended June 30, 2000, 1999 and 1998

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. EXHIBITS

The exhibits listed on the accompanying Index to Exhibits are filed as part of this Report.

4. REPORTS ON FORM 8-K

Form 8-K dated as of August 24, 1999 (announcing the appointment of Earl R. Refsland as President, Chief Executive Officer and Director, and the Company also announced that Uma Nandan Aggarwal had resigned as President, Chief Executive Officer and Director)

Form 8-K dated as of June 5, 2000 (announcing a work stoppage by District No. 9 International Association of Machinists and Aerospace Workers effective midnight May 31, 2000. The work stoppage arose from a failure of the Union and the Company to consent to the terms of an Agreement between Allied Healthcare Products, Inc. Medical Products Division and District No. 9 International Association of Machinists and Aerospace Workers).

Form 8-K dated as of July 31, 2000 (announcing the Company has reached an agreement on a new three-year contract with its employees who are members of District No. 9 International Association of Machinists and Aerospace Workers. Allied continued to ship products during the union work stoppage.)

Form 8-K dated as of August 23, 2000 (announcing the appointment of Gregory C. Kowert as Vice President Finance, Chief Financial Officer and Secretary, and the Company also announced that Thomas A. Jenuleson had resigned as Vice President Finance, Chief Financial Officer and Secretary.)

3.1 Amended and Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3(1) to the Company's Registration Statement on Form S-1, as amended, Registration No. 33-40128, filed with the Commission on May 8, 1991 (the "Registration Statement") and incorporated herein by reference)

3.2 By-Laws of the Registrant (filed as Exhibit 3(2) to the Registration Statement and incorporated herein by reference)

4.1 Certificate of Designations, Preferences and Rights of Series A Preferred Stock of Allied Healthcare Products, Inc. dated August 21, 1996 (filed with the Commission as Exhibit 4(1) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1997 (the "1997 Form 10-K") and incorporated herein by reference)

10.1 NCG Trademark License Agreement, dated April 16, 1982, between Liquid Air Corporation and Allied Healthcare Products, Inc. (filed as Exhibit 10(24) to the Registration Statement and incorporated herein by reference)

10.2 Allied Healthcare Products, Inc. 1991 Employee Non-Qualified Stock Option Plan (filed as Exhibit 10(26) to the Registration Statement and incorporated herein by reference)

10.3 Employee Stock Purchase Plan (filed as Exhibit 10(3) to the Company's Annual Report on Form 10-K for the year ended June 30, 1998 (the "1998 Form 10-K") and incorporated by reference)

10.4 Allied Healthcare Products, Inc. 1994 Employee Stock Option Plan (filed with the Commission as Exhibit 10(39) to the Company's Annual Report on Form 10-K for the year ended June 30, 1994 (the "1994 Form 10-K") and incorporated herein by reference)

10.5 Allied Healthcare Products, Inc. 1995 Directors Non-Qualified Stock Option Plan (filed with the Commission as Exhibit 10(25) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1995 (the "1995 Form 10-K") and incorporated herein by reference)

10.6 Allied Healthcare Products, Inc. Amended 1994 Employee Stock Option Plan (filed with the Commission as Exhibit 10(28) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1996 (the "1996 Form 10-K") and incorporated herein by reference)

10.7 Employment Agreement dated November 19, 1996 by and between Allied Healthcare Products, Inc. and Uma N. Aggarwal (filed as Exhibit 10(1) to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1996 and incorporated herein by reference)

10.8 Option Agreement dated November 19, 1996 by and between Allied Healthcare Products, Inc. and Uma N. Aggarwal (filed as Exhibit 10(2) to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1996 and incorporated herein by reference)

10.9 Option Agreement dated November 19, 1996 between Allied Healthcare Products, Inc. and Uma N. Aggarwal (filed as Exhibit 10(3) to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1996 and incorporated herein by reference)

10.11 Loan and Security Agreement, dated as of August 7, 1997 by and among Allied Healthcare Products, Inc., B&F Medical Products, Inc., Bear Medical Systems, Inc., Hospital Systems, Inc., Life Support Products, Inc., and BiCore Monitoring Systems, Inc., as Borrowers, and Foothill Capital Corporation (filed with the Commission as Exhibit 10(31) to the Company's Annual Report on Form 10-K for the fiscal year ended June 20, 1997 (the "1997 Form 10-K") and incorporated herein by reference)

10.12 Warrant dated August 7, 1997 issued by Allied Healthcare Products, Inc. in favor of Woodbourne Partners, L.P. (filed with the Commission as Exhibit 10(36) to the 1997 Form 10-K and incorporated herein by reference)

10.13 Warrant dated August 7, 1997 issued by Allied Healthcare Products, Inc. in favor of Donald E. Nickelson (filed with the Commission as Exhibit 10(37) to the 1997 Form 10-K and incorporated herein by reference)

10.14 Warrant dated August 7, 1997 issued by Allied Healthcare Products, Inc. in favor of Dennis W. Sheehan (filed with the Commission as Exhibit 10(38) to the 1997 form 10-K and incorporated herein by reference)

10.15 Agreement effective as of June 1, 1997 between Allied Healthcare Products, Inc. and District No. 9 International Association of Machinists and Aerospace Workers (filed with the Commission as Exhibit 10(39) to the 1997 Form 10-K and incorporated herein by reference)

10.16 Asset Purchase Agreement by and between BM Acquisition Corp., ThermoElectron Corporation, Bear Medical Systems, Inc., BiCore Monitoring Systems, Inc., Allied Healthcare Products AG, Bear Medical Systems Foreign Sales Corporation and Allied Healthcare Products, Inc. (filed with the Commission as Exhibit 2.1 to the Form 8-K filed on November 14, 1997 and incorporated herein by reference)

10.17 Amendment Number One to Loan and Security Agreement dated as of March 3, 1998 among Allied Healthcare Products, Inc., B&F Medical Products, Inc., Hospital Systems, Inc. and Life Support Products, Inc. as Borrowers, and Foothill Capital Corporation (filed with the Commission as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference)

10.18 Loan and Security Agreement, dated as of August 7, 1998 by and between Allied Healthcare Products, Inc. and LaSalle National Bank (filed with the Commission as Exhibit 10(24) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1998 (the "1998 Form 10-K") and incorporated herein by reference)

10.19 Amendment Number Two to Loan and Security Agreement dated as of September 10, 1998 among Allied Healthcare Products, Inc., B&F Medical Products, Inc., Hospital Systems, Inc. and Life Support Products, Inc. as Borrowers, and Foothill Capital Corporation (filed with the Commission as Exhibit 10(25) to the 1998 Form 10-K and incorporated herein by reference)

10.20 Letter Agreement dated February 11, 1999 between Allied Healthcare Products, Inc. and Gabriel S. Kohn (filed with the Commission as Exhibit 10(20) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1999 (the "1999 Form 10-K") and incorporated herein by reference)

10.21 Letter Agreement dated February 11, 1999 between Allied Healthcare Products, Inc. and David A. Grabowski (filed with the Commission as Exhibit 10(21) to the 1999 Form 10-K and incorporated herein by reference)

10.22 Letter Agreement dated March 16, 1999 between Allied Healthcare Products, Inc. and Thomas A. Jenuleson (filed with the Commission as Exhibit 10(22) to the 1999 Form 10-K and incorporated herein by reference)

10.23 Amendment Number One to Amended and Restated Loan and Security Agreement dated as of June 28, 1999 among Allied Healthcare Products, Inc., B&F Medical Products, Inc. and Life Support Products, Inc. as Borrowers, and Foothill Capital Corporation (filed with the Commission as Exhibit 10(23) to the 1999 Form 10-K and incorporated herein by reference)

10.24 Asset Purchase Agreement dated May 28, 1999 by and between Allied Healthcare Products, Inc. and Hospital Systems, Inc. and David Miller (filed with the Commission as Exhibit 10(24) to the 1999 Form 10-K and incorporated herein by reference)

10.25 Employment Agreement dated August 24, 1999 by and between Allied Healthcare Products, Inc. and Earl Refsland (filed with the Commission as Exhibit 10(25) to the 1999 Form 10-K and incorporated herein by reference)

10.26 Allied Healthcare Products, Inc. 1999 Incentive Stock Plan (filed with the Commission as Exhibit 10(26) to the 1999 Form 10-K and incorporated herein by reference)

10.27 Letter of First Amendment to the $5,000,000 Promissory Note dated August 7, 1998 made by Allied Healthcare Products, Inc. to the order of LaSalle National Bank

10.28 Letter of Second Amendment to the $5,000,000 Promissory Note dated August 7, 1998 made by Allied Healthcare Products, Inc. to the order of LaSalle Bank National Association

10.29 Agreement between Allied Healthcare Products, Inc. Medical Products Division and District No. 9 International Association of Machinists and Aerospace Workers dated August 1, 2000 through May 31, 2003

10.30 Letter Agreement dated August 10, 2000 between Allied Healthcare Products, Inc. and Gregory C. Kowert

21 Subsidiaries of the Registrant

23 Consent of PricewaterhouseCoopers, LLP

24 Powers of Attorney

27 Financial Data Schedule

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALLIED HEALTHCARE PRODUCTS, INC.
By:

/s/ Earl R. Refsland

Earl R. Refsland
President and Chief Executive Officer

Dated : September 27, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on September 27, 2000.

SIGNATURES	TITLE
*	Chairman of the Board
John D. Weil	
*	President, Chief Executive Officer and Director (principal Executive Officer)
Earl R. Refsland	
*	Director
William A. Peck	
*	Director
Brent D. Baird	
*	
James B. Hickey, Jr.	Director

* By: /s/ Earl R. Refsland

Earl R. Refsland
Attorney-in-Fact

- ---
* Such signature has been affixed pursuant to the following Power of Attorney.

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Earl R. Refsland as his true and lawful attorney-in fact and agent, each with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign the 2000 Annual Report on Form 10-K of Allied Healthcare Products, Inc., and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite as fully to all intents and purposes as he might or could do in person, and ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

REPORT OF INDEPENDENT ACCOUNTANTS ON

FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of
Allied Healthcare Products, Inc.

Our audits of the consolidated financial statements referred to in our report dated August 9, 2000, appearing in the 2000 Annual Report to Shareholders of Allied Healthcare Products, Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in item 14(a)(2) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material aspects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri
August 9, 2000

ALLIED HEALTHCARE PRODUCTS, INC.
RULE 12-09 VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

COLUMN A	COLUMN B	COLUMN C		COLUMN D		COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS - DESCRIBE	DEDUCTIONS - DESCRIBE		BALANCE AT END OF PERIOD
FOR THE YEAR ENDED JUNE 30, 2000						
Reserve For Doubtful Accounts	$ (834,883)	$ (68,667)		$ 20,676	(1)	$ (882,874)
Inventory Allowance For Obsolescence And Excess Quantities	$ (1,936,402)	$ (1,200,000)		$ 241,792	(5)	$ (2,894,610)
FOR THE YEAR ENDED JUNE 30, 1999						
Reserve For Doubtful Accounts	$ (1,035,833)	$ (175,496)		$ 376,446	(1)	$ (834,883)
Inventory Allowance For Obsolescence And Excess Quantities	$ (2,189,000)	$ (200,000)		$ 452,598	(2)	$ (1,936,402)
FOR THE YEAR ENDED JUNE 30, 1998						
Reserve For Doubtful Accounts	$ (1,225,326)	$ (264,165)		$ 453,658	(3)	$ (1,035,833)
Inventory Allowance For Obsolescence And Excess Quantities	$ (1,689,000)	$ (1,112,000)		$ 612,000	(4)	$ (2,189,000)

(1) Decrease due to bad debt write-offs, bad debt recoveries and changes in estimate.

(2) Decrease due to inventory disposed of and changes in estimate. Additional decrease of $228,928 due to the sale of Hospital Systems, Inc.

(3) Decrease due to bad debt write-offs, bad debt recoveries and changes in estimate. Additional decrease of $129,814 due to the sale of Bear Medical Systems, Inc.

(4) Increase due to changes in estimate. Offsetting decrease of $612,000 due to the sale of Bear Medical Systems, Inc.

(5) Decrease due to inventory disposed of and changes in estimate.

EXHIBIT 10.27

March 24, 1999

Uma Nandan Aggarwal
Chief Executive Officer and
President
Allied Healthcare Products, Inc.
1720 Sublette Avenue
St. Louis, MO 63110

Re: $5,000,000 PROMISSORY NOTE DATED AUGUST 7, 1998 ("NOTE") MADE BY ALLIED HEALTHCARE PRODUCTS, INC. ("COMPANY") TO THE ORDER OF LASALLE NATIONAL BANK ("BANK")

Dear Mr. Aggarwal:

Reference is made to the above Note. All capitalized terms used and not otherwise defined herein shall have the meanings given them in the Note.

Pursuant to provisions of the Note, the Company is limited in its ability to sell, lease, assign, transfer or otherwise dispose of its properties or assets. The Note additionally requires that the Company maintain a Tangible Net Worth at all times of not less than $21,000,000.

Subject to the terms herein provided, this will serve as the Bank's consent and agreement to the following:

1. The Company is hereby permitted to dispose of its Toledo, Ohio manufacturing facility provided that the sales proceeds for the facility shall be used to reduce the Company's obligations to its working capital lender, Foothill Capital Corporation.

2. The terms of Page 7, paragraph (n) of the Note requiring that the Company's Tangible Net Worth at all times not be less than $21,000,000 are hereby waived from this date through and including June 30, 1999 provided the Company's Tangible Net Worth during such period must not be less than $20,000,000. After June 30, 1999 the requirements that the Company's Tangible Net Worth not be less than $21,000,000 shall be reinstituted.

Except as expressly stated herein, the Loan Documents, as hereby amended, shall remain in full force and effect and are hereby ratified and confirmed in all respects. The execution, delivery and effectiveness of this letter agreement shall not operate as a waiver of any right, power or remedy of the Bank under any of the Loan Documents nor constitute a waiver of any provision of the Loan Documents as except as specifically set forth herein. The Company hereby ratifies, reaffirms, acknowledges and agrees that the Loan Documents, as hereby amended, are and shall continue to be the valid and enforceable obligations of the Company.

If the foregoing meets with your approval and acceptance, please indicate your agreement where indicated below.

LASALLE NATIONAL BANK

By:

Andrew K. Dawson,
Vice President

The undersigned Allied Healthcare Products, Inc. hereby agrees and accepts the terms of the above letter as of the date first above written.

ALLIED HEALTHCARE PRODUCTS, INC.

By:

Uma Nandan Aggarwal,
Chief Executive Officer and President

EXHIBIT 10.28

September 1, 1999

Tom Jenuleson
Chief Financial Officer and
Vice President
Allied Healthcare Products, Inc.
1720 Sublette Avenue
St. Louis, MO 63110

Re: LETTER OF SECOND AMENDMENT ("SECOND AMENDMENT") TO THE $5,000,000 PROMISSORY NOTE DATED AUGUST 7, 1998 ("NOTE") MADE BY ALLIED HEALTHCARE PRODUCTS, INC. ("COMPANY") TO THE ORDER OF LASALLE BANK NATIONAL ASSOCIATION ("BANK")

Dear Mr. Jenuleson:

Reference is made to the above Note. All capitalized terms used and not otherwise defined herein shall have the meanings given them in the Note.

Pursuant to provisions of the Note, the Company is limited in its ability to sell, lease, assign, transfer or otherwise dispose of its properties or assets. The Note additionally requires that the Company maintain a Tangible Net Worth at all times of not less than $21,000,000. In that certain First Amendment letter dated March 24, 1999 by and between the Company and the Bank (the "First Amendment"), the parties agreed to waive said requirement from March 24, 1999 through and including June 30, 1999 provided the Company's Tangible Net Worth during such period not be less than $20,000,000. The First Amendment further provided that after June 30, 1999 the requirement that the Company's Tangible Net Worth would not be less than $21,000,000 was reinstituted.

Subject to the terms herein provided, this will serve as the Bank's consent and agreement to the following:

3. The terms of Page 7, paragraph (n) of the Note requiring that the Company's Tangible Net Worth at all times not be less than $21,000,000 are hereby waived from this date provided the Company's Tangible Net worth at the close of each fiscal quarter beginning June 30, 1999 must not be less than the sum of (i) $17,500,000 plus (ii) fifty percent (50%) of the Net Income (exclusive of any losses) reflected in each audited income statement for each fiscal year beginning June 30, 1999. For the purposes of this paragraph, the "Net Income" shall mean, for any Period of calculation, the Company's net income as determined in accordance with GAAP but excluding any extraordinary gains and losses, net of taxes.

Except as expressly stated herein, the Loan Documents, as hereby amended, shall remain in full force and effect and are hereby ratified and confirmed in all respects. The execution, delivery and effectiveness of this letter agreement shall not operate as a waiver of any right, power or remedy of the Bank under any of the Loan Documents nor constitute a waiver of any provision of the Loan Documents as except as specifically set forth herein. The Company hereby ratifies, reaffirms, acknowledges and agrees that the Loan Documents, as hereby amended, are and shall continue to be the valid and enforceable obligations of the Company.

If the foregoing meets with your approval and acceptance, please indicate your agreement where indicated below.

LASALLE NATIONAL BANK

By:

Robert S. Holmes,
Senior Vice President

The undersigned Allied Healthcare Products, Inc. hereby agrees and accepts the terms of the above letter as of the date first above written.

ALLIED HEALTHCARE PRODUCTS, INC.

By:

Tom Jenuleson,
Chief Financial Officer and Vice President

EXHIBIT 10.29

AGREEMENT

BETWEEN

ALLIED HEALTHCARE PRODUCTS, INC.
MEDICAL PRODUCTS DIVISION

AND

DISTRICT NO. 9
INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS

AUGUST 1, 2000 -- MAY 31, 2003

I N D E X

I N D E X

AGREEMENT

THIS AGREEMENT entered into this 1st day of August, 2000, between ALLIED HEALTHCARE, INC. and its successors or assigns, hereinafter referred to as the "Company" and DISTRICT NO. 9 INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, hereinafter referred to as the "Union".

ARTICLE I

RECOGNITION

SECTION 1. The Company recognizes the Union as the sole and exclusive bargaining agent for all production and maintenance employees employed in the Company's plant, but excluding office and clerical employees, watchmen, guards, professional employees and supervisors as defined in the National Labor Relations Act, as amended.

SECTION 2. UNION SECURITY. As a condition of employment, all employees subject to the provisions of this Agreement shall be members of the Union on or after the thirty-first (31st) day following the beginning of such employment or the execution date of this Agreement, whichever is later.

Employees who are on layoff for any reason and who fail to keep their membership in good standing as provided for by this Section shall be subject to discharge.

SECTION 3. EQUAL EMPLOYMENT OPPORTUNITY. The Company and the Union hereby agree that there shall be no discrimination based on an employee's race, sex, religion, national origin, union affiliation, age, Vietnam or disabled veterans' status, or handicap as provided by law. The Company will also comply with the American with Disabilities Act.

ARTICLE II

WORK LIMITATIONS OF EXCLUDED EMPLOYEES

Employees in positions excluded from this Agreement shall not do work on jobs for which rates of pay are established by the Company in the Agreement with the Union except for the purpose of instructing or in emergencies when other employees are not available.

ARTICLE III

HOURS OF WORK

SECTION 1. PURPOSE OF ARTICLE. This Article is intended to define the hours of work and to provide a basis for calculation of overtime, but shall not be construed as a guarantee or a limitation of hours of work per day or per week, or of days of work per week.

SECTION 2. DEFINITION OF A WORK DAY. A day shall be defined as the twenty-four (24) hour period commencing at the start of the employee's shift.

The basic work day shall consist of eight (8) consecutive hours in such twenty-four (24) hour period exclusive of a lunch period. (The only exceptions to the above will be those where an employee works straight through the shift being paid for a lunch period.)

SECTION 3. DEFINITION OF A WORK WEEK. The basic work week shall consist of five (5) basic eight (8) hour days, Monday through Friday, inclusive, except that the basic work week of certain employees may begin on other than Mondays and runs for five (5) consecutive basic eight (8) hour days.

SECTION 4. DEFINITION OF SHIFTS. Any shift starting on or after 7:00 a.m. but before 3:00 p.m. shall be considered a first shift. Any shift starting on or after 3:00 p.m. but before 11:00 p.m. shall be considered a second shift. Any shift starting on or after 11:00 p.m. but before 7:00 a.m. shall be considered a third shift.

The following times have been established for current shifts:

1st shift	7:00 a.m.	to	3:30 p.m.
2nd shift	3:30 p.m.	to	11:30 p.m.
3rd shift	11:30 p.m.	to	7:00 a.m.

with the exception of Shipping and Receiving and related Packer Material Handlers whose hours will be:

1st shift	7:30 a.m.	to	4:00 p.m.
2nd shift	4:00 p.m.	to	12:00 midnight

The Company will allow Packer Material Handlers assigned to the warehouse to start their first shift at 7:00 a.m. as long as a second shift exists in the shipping department. The Company and the Union agree that third shift employees hours will be from 11:30 p.m. to 7:00 a.m. These employees will work 7.5 hours and be paid for 8 hours.

SECTION 5. DAY OF SHIFT. For the purpose of defining Saturday, Sunday and holiday pay, a shift shall be considered as having been worked on the calendar day on which the shift begins. Any shift beginning at 12:00 Midnight will be considered as the third shift of the preceding day, except on Saturday, in which case such shift shall be considered Sunday.

SECTION 5.1. A third shift may be added with a Sunday through Thursday work week. A Sunday night start would be considered the first day of the work week and not be subject to the Sunday overtime premium.

SECTION 5.2. The starting time for the second shift in Primary Machining may be modified to start at 4:30 PM. Primary Machining only refers to three job classifications: Mazak, Set-up Single Spindle, and Set Up Specialist. Second Shift in Primary Machining will receive an additional fifty (50) cents per hour whenever their shift starts at 4:30 PM.

SECTION 6. If it becomes necessary to change the number of shifts, the schedule of hours, or both, such changes shall be mutually agreed to by the Company and the Union Committee. Any person who is required to report to work earlier than his regular scheduled starting time shall be permitted to work his regular schedule of hours.

SECTION 7. Any person reporting for work at his regular scheduled starting time shall be guaranteed four (4) hours' work or four (4) hours pay.

The provisions of this Section shall not apply if, due to circumstances beyond the Company's control, such as fire, flood, destruction of property and/or working facilities due to failure of utilities caused by nature in which the Company is not provided with time to give employees proper advance notification.

ARTICLE IV

CHECK-OFF

SECTION 1. The Company agrees for and on account of the employees covered by this Agreement who are members of District No. 9, I.A.M.A.W. who furnish the Company with properly signed authorization cards, to deduct monthly dues out of the wages of such employees from the third pay check of each month, such deduction to be in payment of dues for the current month. Such authorization cards shall be furnished by the Union.

SECTION 2. If an employee does not have sufficient earnings in said dues deduction week to pay for his dues, then such dues shall be deducted from wages subsequently earned during that calendar month. If he does not have sufficient wages in said subsequent month, then the Company shall have no obligation to deduct dues for such month unless the Union notifies the Company as to specific amount due.

SECTION 3. Dues deductions shall start the following month for employees who furnish the Company with the above required authorization.

SECTION 4. The Company agrees to remit such dues, so collected, to the Financial Secretary of the Union. The Union shall advise the Company, in writing, as to the amount of the dues to be deducted, how the check for such dues shall be made payable and as to the name of the Financial Secretary and address to which such funds shall be sent.

ARTICLE V

OVERTIME

SECTION 1. The Company has the right to provide and require overtime work and employees will be expected to perform such work on request.

SECTION 2. Except in emergency situations, the Company agrees to notify employees of Saturday work requirements twenty-four (24) hours in advance of such Saturday work requirements.

SECTION 3. Overtime work shall be divided as impartially and equitable as is practical among the employees regularly assigned to do the work within the same shift and job classification. Overtime logs are to be posted in each department.

In order to provide the above, the Company agrees to maintain a maximum regular work week overtime differential of twenty (20) hours.

The Company further agrees to maintain a maximum Saturday overtime differential of twenty (20) hours.

Errors in the equitable distribution of overtime shall be remedied by the assignment of an overlooked employee to the next overtime work that becomes available on work which he is regularly assigned to perform within his shift and job classification.

SECTION 4. An employee who is required to work overtime, but does not work shall be credited on the over-time distribution log as if he had worked the declined overtime.

SECTION 5. Corrected overtime distribution logs shall be posted every two weeks. All overtime logs shall revert to zero effective June 1st of each year.

SECTION 6. All employees returning from a leave of absence for any reason or a layoff, shall be credited with the highest number of overtime hours worked by employees regularly assigned to perform the work within the shift and job classification.

SECTION 7. Lead persons shall not be covered by the equalization principles outlined in Section 3 of this Article.

SECTION 8. All time worked in any one day over eight (8) hours shall be overtime and paid for at the rate of time and one-half for the first four (4) hours and double time thereafter. This does not apply to Saturday work if Saturday is an overtime day.

SECTION 9. Time and one-half shall be paid for the first eight (8) hours worked on a Saturday and double time thereafter.

SECTION 10. Double time shall be paid for all work performed on Sunday.

SECTION 11. If an employee, child, or dependent spouse has a previously scheduled doctor or dentist appointment outside the regular work day, when overtime is required, the employee will be excused and no points will be charged, provided proper documentation is furnished.

ARTICLE VI

HOLIDAYS

SECTION 1. Double time shall be paid for all time worked on the following holidays: New Year's Day, Martin Luther King Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Friday after Thanksgiving, Christmas Eve, Christmas Day, New Year Eve's. If a holiday falls on a Saturday, it shall be observed on the preceding working day. If a holiday falls on a Sunday, it shall be observed on the following working day.

SECTION 2. For all employees who are employed for thirty (30) days or more in the unit covered by District No. 9 International Association of Machinists and Aerospace Workers, eight (8) hours straight time shall be paid for the following holidays: New Year's Day, Martin Luther King Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Friday after Thanksgiving, Christmas Eve, Christmas Day, and New Year's Eve. In order to be eligible for such holiday pay, an employee must have actually worked both the last scheduled workday before and the first scheduled workday after such holiday unless ill or excused by the Company, or have scheduled a vacation day before or after the holiday. However, any employee reporting late for work the day before or the day after a holiday shall have that period of time deducted from his holiday pay instead of losing an entire day's pay.

SECTION 3. Any employee working on the above mentioned holidays shall be paid double overtime for all hours of work actually performed in addition to the eight (8) hours straight time holiday pay provided for in the foregoing paragraph.

SECTION 4. When a holiday falls within an employee's regular vacation, the employee shall receive an extra day off with pay.

SECTION 5. The Company agrees to schedule a normal eight (8) hours work schedule the work day before the Memorial Day, Fourth of July, and Labor Day holidays. The intent of the language is to limit the Company's ability to schedule work on these 3 holiday weekends. All overtime on those days will be voluntary.

SECTION 6. The Company agrees to use only volunteers on holidays. The Company agrees that no overtime will be required on the day preceding contractually observed holidays. If an employee works 8 regularly scheduled hours the day after a holiday, he/she will receive full holiday pay.

ARTICLE VII

SENIORITY

SECTION 1. Seniority shall be applied upon a plant wide basis on layoff and re-employment (the Company will not be expected to place any employee in a trainee classification in order to make the employee eligible to apply seniority on a plant-wide basis in layoff and re-employment).

SECTION 2. Each employee in the bargaining unit as of June 1, 1962 shall have a plant-wide seniority defined as the employee's length of continuous service since the employee's last date of hire, except those employees who were added to the bargaining unit on transfer from the Company's Blind Manufacturing Department whose seniority shall date as to the date of transfer.

Temporary layoffs due to lack of work, illness or injury of employee or other causes beyond the control of the employee shall not constitute interruption of continuous service as it is used here in this Article.

SECTION 2.5. Any employee may be assigned to any job within their classification.

SECTION 3. Employees may be permitted to bump and displace other employees on a plant-wide seniority basis only at such time as there is a contraction of the work force and then only to an equal or lower rated job classification.

SECTION 4. In all cases, plant-wide seniority shall be the basis of layoff, providing that the retained employee can satisfactorily perform the work required.

In no case shall an employee have any right in a reduction in force to a job at the higher level than the job in which they were surplus.

The sequence of layoffs shall be as follows:

(a) Probationary employees shall be the first to be laid off unless the skills and experience required for their jobs are such that senior employees are unable to qualify.

(b) Employees who are surplus in a particular job classification shall be laid off in the reverse order in which they were hired in accordance with their plant-wide seniority, provided, however, that the retained employee can satisfactorily perform the work required.

(c) During a contraction of the work force senior employees who are surplus in a particular job classification shall be permitted to displace (bump) employees with less plant seniority in other equal of lower rated job classifications; provided, the employee can pass the pre-qualification test at the time of the bump and meet the requirements of the job within three (3) working days. Should an employee not be able to pass any pre-qualification test required for the positions, the employee shall be denied the opportunity to bump to that position. Should there be no pre-qualifying test for the position the employee must meet the requirements of the job within three (3) working days. If the employee is allowed to bump to the position, but cannot meet the requirements of the job in three (3) working days the employee shall be disqualified and allowed to bump to any lower classification his or her seniority allows.

(d) In lieu of bumping or transfer to an equal or lower rated classification, senior employees who are surplus in a particular classification may elect a layoff. Employees who elect a layoff in lieu of bumping or transfer to an equal or lower rated classification, shall have recall rights only to the classification held at the time of layoff. An exception shall be employees who bump or transfer to an equal or lower rated classification, and during a subsequent contraction of the work force elect a layoff rather than bumping or transferring again. Such employees shall have recall rights to the classification held at the time of layoff and to all higher or equal classifications up to and including their highest original classification or its equivalent.

(e) When an employee's plant-wide seniority does not permit the election of a layoff or of bumping to an equal or lower rated classification, the employee shall be laid off. These employees shall have recall rights to the highest classification held prior to the other equal or lower rated classifications in accordance with their plant-wide seniority.

SECTION 5. Each newly hired employee shall be considered a probationary employee and shall not acquire seniority or employment rights until he has completed a probationary period. During such period, the Company may lay off or discharge an employee at its own discretion without future obligation to rehire him and without the employee having recourse to the grievance procedure.

The probationary period shall be thirty (30) calendar days. On completion of the probationary period an employee will be credited with an equivalent amount of plant seniority.

SECTION 5.5. When it is necessary to transfer an employee temporarily from one classification to another, the following sequence shall be followed:

1. The Senior displaced employee in the plant whose permanent classification is to be temporarily filled.

2. Those employees in the plant who are available as a result of a breakdown or lack of work.

3. Any other employee in the plant except, that no employee will be required to temporarily transfer for more than 15 working days in a calendar quarter.

Any employee who is temporarily transferred shall be paid in accordance with Article XX, Sections 1 and 2 of this Agreement.

SECTION 6. In all cases of promotion or transfer, the following factors shall be considered:

(a) Seniority.

(b) Knowledge of and/or ability to do the job.

(c) Physical fitness.

Where factors (b) and (c) are approximately equal between employees to be considered, seniority shall govern.

All new job classifications and/or permanent vacancies, as determined by management shall be posted for bid (including trainee classifications). Job bidding shall apply only to promotions. A promotion shall be defined as a higher rated job classification (final rates of classification including trainee classification). No employee in the trainee classification shall be permitted to bid until completion of his trainee period on his present classification. Employees will be eligible to bid lateral or down on all new classifications and job openings within the plant. An employee awarded such a bid will not be eligible to bid lateral or down or to request a lateral or downward transfer for a period of one (1) year. The vacancy resulting from this procedure will be filled under the job bidding procedure for promotions.

Jobs shall be posted for a period of twenty-four (24) hours. The posting shall include the stated job classification, the rate of pay and the shift to be worked. A sealed box shall be provided for this purpose. The bids will be opened by an accredited representative of both parties to this Labor Agreement.

Vacancies shall be filled by promotion or transfer when possible to do so, providing the employees considered can satisfactorily do the work required. The Company will advise the Union Committee, after making the change by promotion or transfer, to the Union Committee. If any employee feels he has been improperly bypassed, he may file a grievance in accordance with the Grievance Procedure in this Agreement.

Employees promoted or transferred with the bargaining unit and who failed to qualify within thirty (30) days may return to their former classification, or if such classification is not available, then to the most nearly equivalent classification.

SECTION 7. Laid-off employees shall be called back in reverse order in which they were laid off in accordance with the seniority provisions of this Agreement. The Company shall notify them in writing by Certified Mail, Return Receipt Requested, forwarded to their last known address on the Company's records, and if any such employee shall fail to report to work within twenty-four (24) hours, the Company may call the next employee in order of seniority to fill the said position. Failure to report to work within twenty-four (24) hours after having received the aforesaid notice will result in loss of seniority, and the Company will be relieved of any obligation to reinstate the employee. It is the sole responsibility of the employee to keep the Company informed as to his address and/or telephone number. The Company will give full consideration to any extenuating circumstances.

(a) An employee must accept recall to the highest original classification held prior to a contraction of the work force or the employee shall forfeit all seniority rights. Provided recall is for at least four (4) hours of work, an employee must accept recall to the highest original classification held prior to contraction of the work force or the employee shall forfeit all seniority rights. Should recall be for temporary (less than four (4) hours of work), an employee must accept recall to the highest original classification held prior to a contraction of the work force or the employee shall forfeit all seniority rights with respect to future temporary work.

(b) An employee recalled to an equal or lower rated classification (not the highest original classification held prior to a contraction of the work force) shall have an election of accepting the recall or of continuing on layoff. If the employee elects to continue on layoff, his recall rights shall be limited only to the highest original classification held prior to a contraction of the work force. If the employee accepts recall to another equal or lower rated classification, he shall be subject to the same performance requirements and conditions stated in Section 4 of this Article.

(c) An employee on layoff shall have no rights to a job classification higher than the highest original classification held prior to a contraction of the work force. However, if such an opening should occur, the Company may at its own discretion offer such a higher classification opening to such an employee on layoff without regard to seniority after application of the bidding procedure of the Agreement to those employees actively employed.

Should said employee refuse the higher rated classification, it shall have no effect on their status and rights under this Agreement. Should said employee accept the higher rated classification, the employee shall be governed by Section 6 of this Article provided that the Employee's seniority entitles the employee to such other or former classification. Should the employee's seniority not entitle the employee to such other or former classifications the employee's status shall avert to layoff with full rights provided by this Agreement.

SECTION 8. Employees who desire to be considered for a lateral or downward transfer, shall register their desire with the personnel department in writing, dating and signing their individual request.

SECTION 8.5. Employees wishing to transfer shifts within the same department and class may do so if a job opening exists. Once preference is granted, they will not be permitted to exercise this right for a period of six (6) months. Employees shall register their desire with the personnel department in writing, dating and signing their individual request.

SECTION 9. In the Screw Machine Department, job classification promotion vacancies shall be filled by automatic consideration to lower pay-rated screw machine job classification employees.

Upgrading to Set-Up Man from Operator shall be in progressive steps within the Company Training Program as established. Employees entering the Training Program and completing a six month evaluation period successfully, shall be upgraded to the classification of Set-Up Trainee. Employees upgraded to Set-Up Trainee shall receive one-half (1/2) the difference between their current existing Operator rate and that of Set-Up Man.

The final twelve (12) months of the program shall be incremental steps increasing every three (3) months or sooner as the employee qualifies for such increases.

SECTION 10. An employee shall lose seniority rights for any one of the following reasons:

(a) If an employee is not in the active employment of the Company for eighteen (18) consecutive months.

(b) If he quits on his own accord.

(c) If he is dismissed for just cause which is not contested by the Union within five (5) working days, subject to the Grievance Procedure.

(d) If he is absent for three (3) successive working days or more without just cause and without notifying the Company. (All employees, however, will cooperate to the fullest extent to notify the Company the first day by telephone).

(e) Working for another employer during a leave of absence in which case the employee will be considered to have voluntarily quit.

(f) If he fails to return to work within twenty-four (24) hours as outlined in Section 7 above.

(g) No employee's seniority shall be terminated on account of extended illness, provided that such employee reports at the expiration of each thirty (30) days to the Company by mail, the status of his illness and supplies medical evidence as requested. During this leave of absence the employee shall continue to accrue seniority for a period of twelve (12) months. At the end of the twelve (12) month period, these employees shall retain the seniority held as of that date and shall not accrue additional seniority until they return to work. The Company's obligation to provide benefits or payment or costs for benefits shall cease at the end of twelve (12) months and resume when the employee returns to work. Such employee, upon return to work, will be assigned to his former position, if available (or the next comparable position if not available) if physically able to perform the duties thereof. In the event of the inability to properly perform such duties, the Company will endeavor to assign other suitable employment.

SECTION 11. Those employees promoted to a salaried Foreman's position prior to June 1, 1973, shall continue to accrue seniority until December 31, 1973. At the end of this period, these employees shall retain the seniority held as of that date and shall not accrue additional seniority.

Subsequent to June 1, 1973, employees promoted to non-bargaining unit positions shall continue to accrue seniority for a period of thirty (30) days. At the end of this period, these employees shall retain the seniority held as of that date and shall not accrue additional seniority.

SECTION 12. It is agreed that the Company and the Union will cooperate in drawing up seniority lists which shall be posted on the bulletin board. Any objections to said lists shall be made within ten (10) working days after it is posted, otherwise it will be considered a true list. Employees absent during the time of posting because of illness or layoff shall have ten (10) working days after recall or after they return to object to said list. An up-to-date seniority list will be posted each three (3) months.

SECTION 13. The steward within the department shall, on the date of layoff of any employees, be given a list of the employees to be laid off.

SECTION 14. Unless prevented from doing so by circumstances beyond the control of the Company, the Company agrees to notify the employees of layoffs at least two (2) working days in advance of such layoffs.

ARTICLE VIII

TEMPORARY AND EMERGENCY SHUTDOWNS

SECTION 1. Shutdowns through five (5) consecutive working days per year per department shall not be considered as a layoff for purposes of the Agreement, and any temporary release from work in such cases shall involve only the employee or employees whose jobs are affected. After five (5) consecutive working days, the Company shall revert to the lay-off provision contained in Article VII, Section 4. An emergency shutdown of one (1) day or less shall not be counted toward the five (5) working day provision above. An emergency shutdown are those due to circumstances beyond the Company's control as defined in Article III, Section 7.

SECTION 2. Partial or complete shutdowns for the balance of a shift shall be governed by the provisions of Article III, Section 7.

ARTICLE IX

REST PERIODS

The Company agrees to provide an adequate rest period of a full ten (10) minute in each half of the shift for all employees.

ARTICLE X

VACATIONS

SECTION 1. All employees covered by this agreement who have completed one (1) year's employment with the Company shall receive one (1) week's vacation with forty (40) hours' pay.

SECTION 2. All employees covered by this Agreement who have completed three (3) years of employment with the Company shall receive two (2) weeks' vacation with eighty (80) hours' pay.

SECTION 3. All employees covered by this Agreement who have completed nine (9) years of employment with the Company shall receive three (3) weeks' vacation with one hundred twenty (120) hours' pay.

SECTION 3.5. All employees covered by this Agreement who have completed fifteen (15) years of employment with the Company shall receive four (4) weeks' vacation with one hundred sixty (160) hours' pay.

SECTION 4. The anniversary date of employment established the amount of vacation earned in accord with Sections 1 through 3.5, which vacation shall be scheduled and taken in the subsequent 12 months ending with the next anniversary date of employment.

SECTION 5. The rate to be used in calculating vacation pay is hourly rate of employee at the time the vacation is taken.

SECTION 6. Effective January 1, 1986, it is mutually agreed that the Company may close its plant for one week vacation in conjunction with the Independence Day holiday. The Independence Day holiday will be celebrated on Monday following the shutdown period. Employees with vacation entitlement will take vacation during this period.

The Company will provide ninety (90) days' notice if the vacation shutdown period is to be scheduled in any given year.

The Company reserves the right to request certain employees to work during this period to perform whatever necessary functions as may be required to maintain reasonable continuity in maintenance and service to its customers.

Those employees entitled to greater than one (1) week vacation shall schedule up to two (2) additional weeks of vacation by March 1st. Vacation may be scheduled in single day increments in accordance with the Company memorandum regarding one day at a time vacations, dated 2/16/1996.

Employees will be allowed to use their vacation in single or half-day increments (4 hours) or partial weeks. All employees will be allowed to request in advance both single days or partial weeks vacation. In advance means a minimum of 24 hours prior to the day requested. For an employee to be allowed to request a single or half-day of vacation on that date, the employee must have attendance points of five (5) or above. This request must be made prior to but no later than one (1) hour after the start of the employee's shift. Employees unable to contact their supervisors directly should leave a message on the supervisors phonemail indicating their request for a vacation day. The phonemail system time dates all messages. Those messages received prior to the end of the first hour (after the employee's start time) and who meet the eligibility requirements (5 points or more) will be honored. Employees who use a half-day vacation will only be allowed to work 4 hours that day since vacation days are for eight (8) hours. Employees who do not conform to this policy will not be allowed to use a vacation day and will be charged with an absence.

In all cases, insofar as possible, vacation will be granted at the time most desired by the employee. However, where there is scheduling conflict seniority shall dictate the order in the scheduling of the vacation.

The final right to designate vacation periods is exclusively reserved to the Company in order to assure the efficient operation of the plant.

SECTION 7. Vacation pay shall be at the rate in effect at the time vacation is taken. Employees who have been in the employ of the Company more than six (6) months terminating their employment with the Company for any reason whatsoever shall receive one-twelfth (1/12) of their regular vacation allotment due them at the time of such termination for each month worked after their last anniversary date.

SECTION 8. An employee who enlists or who is inducted into the United States Armed Forces shall be considered as being on a leave of absence, in accordance with regulations and procedures of applicable Federal statutes. His vacation pay shall be computed accordingly. Upon his return to work, he shall have such time spent in the Armed Forces counted for determining whether he is eligible for one, two, three or four weeks vacation.

SECTION 9. Employees laid off and recalled shall in the following vacation period receive a pro-rated vacation based on Section 7, less any vacation pay given them when laid off.

If an employee's layoff was less than three (3) consecutive months, he shall receive vacation pay the same as if he had not been laid off. However, if said employee was laid off longer than three consecutive months, such months beyond three (3) shall not be counted for the purpose of computing vacation pay.

An employee on leave of absence less than three (3) consecutive months shall receive vacation pay at the same as if he had not been on a leave of absence. However, if said employee was on a leave of absence for longer than three (3) consecutive months, such months beyond three (3) shall not be counted for the purpose of computing vacation pay.

SECTION 10. It shall be a violation of this Agreement for an employee to accept vacation pay in lieu of vacation. It shall also be a violation of this Agreement for an employer to offer an employee vacation pay in lieu of vacation.

SECTION 11. Split vacations to be paid off at the time vacation is taken.

ARTICLE XI

GRIEVANCE PROCEDURE

SECTION 0.5. A grievance is defined as a complaint or dispute concerning alleged violations of, non compliance with, or the interpretation or application of specific provisions of this Agreement. This does not limit the right of the Union to file a grievance in the behalf of the employee who has been disciplined.

SECTION 1. The Company agrees to recognize stewards elected by the Union from among the Company's employees to the extent of one (1) steward per department per shift. The stewards will be allowed such reasonable time off from their regular duties without loss of pay as is necessary in the handling of grievances and union business.

The Company shall also recognize a plant grievance committee which shall consist of at least three (3) employees for the purpose of collective bargaining and the handling of grievances after grievances have been handled in the first step of the Grievance Procedure by a departmental steward on a particular shift involved.

SECTION 2. When grievances arise, the following procedure shall be followed; each enumerated step to be exhausted before resorting to the next.

(a) An employee who has a grievance shall report it to his foreman in writing not later than the fifth (5th) working day following the incident which caused the grievance. It will be discussed promptly by the foreman, the employee and his union steward. If no settlement is reached within five (5) working days, the foreman shall answer the grievance, signed and in writing.

(b) The grievance may then be presented by the shop committee to the Plant Superintendent within five (5) working days after receipt of the answer. If no settlement is reached within five (5) working days, the grievance shall be answered, signed and in writing.

(c) If the matter remains unsettled after steps (a) and (b), the grievance may be presented by the Business Representative of the Union for discussion with the Vice President of Operations and Director of Human Resources in a meeting with the shop committee within ten (10) working days. A decision shall be given by the Company within five (5) working days after such meeting. The decision will be signed and in writing.

(d) The time limits prescribed above may be extended by mutual agreement, but neither party will refuse to grant to the other, upon timely request based upon reasonable cause, an extension of the prescribed time. It is agreed that any grievance that is not referred to the next higher step within the periods prescribed (including an extension), shall be considered settled and need not receive further consideration.

SECTION 3. ARBITRATION

(a) In the event the parties fail to settle the grievance in the three (3) previous steps, the dissatisfied party may notify the other in writing within ten (10) working days after the decision in the third (3rd) step of a desire to appeal the decision to arbitration.

(b) At a time mutually agreeable, but not to exceed thirty (30) calendar days from the date of the notice of appeal, the parties will meet to agree on a written stipulation as to the specific issue in the dispute. At this time, these parties will also draw up a joint letter to the Federal Mediation and Conciliation Service requesting it to submit the names of five (5) prospective arbitrators. The parties shall select one (1) prospective arbitrator by alternately striking a name from the list until one (1) name remains. The party appealing the matter to arbitration shall strike the first name. A copy of the agreed upon stipulation, signed by both parties, will be submitted to the arbitrator.

(c) The decision of the arbitrator shall not have the authority to alter in any way the terms and conditions of this Agreement. The arbitrators' fees and expense and any clerical or stenographic expense incidental to arbitration and mutually agreed to shall be borne equally by the Company and the Union.

SECTION 4. Employees shall not cease work, slow down, picket or engage in
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and strike or other concerted interruption or interference with the business of the Company during the term of this Contract. Any other violation of this provision by an employee shall make such employee subject to immediate discharge.

ARTICLE XII

DISCHARGE CASES

Management agrees that employees shall not be suspended or discharged without just cause. The Union will be notified of any employees who are suspended or discharged. Any grievance protesting a discharge shall be filed within five (5) working days and will be introduced in the third (3rd) step of the grievance procedure. Should it be
determined in any step of the Grievance Procedure that the employee has been suspended or discharged unjustly, he shall be reinstated to his former position in accordance with the seniority provision of the Agreement, and he shall be paid back pay for all time lost.

ARTICLE XIII

JURY DUTY

The Company agrees to pay all employees who serve on jury duty the difference between their regular straight time eight (8) hour day and the amount given them for jury service for each day they serve.

ARTICLE XIV

FUNERAL LEAVE

All employees, when death occurs in their immediate family, shall be allowed three (3) days off with pay in order to attend the funeral. The immediate family shall be defined as including mother, father, sister, brother, spouse, children, step-children, grandparents, grandchildren, mother-in-law, and father-in-law.

The benefits contained in this paragraph are contingent upon the employee's attendance at the funeral. The Company reserves the right to request proof of such attendance.

ARTICLE XV

HEALTH PROVISIONS

SECTION 1. The Company shall provide adequate clean lockers and a locker room. The Company shall also provide adequate washing facilities within the confines of the male and female washrooms respectively. The Company shall continue to provide cold drinking water. The Company will maintain the current practice as it relates to extra breaks during the hot summer months. Gatorade will be provided.

Note: We suggest involving the safety committee in developing the procedure to be used.

SECTION 2. PROTECTIVE DEVICES The Company shall continue to make provisions for the safety and health of its employees during the hours of their employment. Protective devices and other equipment necessary will be provided by the Company in accordance with general Union conditions and in accordance with all Federal, State and Municipal safety and sanitary regulations.

SECTION 3. The Company and the Union agree to provide a program for safety and health of the employees during the hours of their employment. A safety committee shall be established. The safety committee and the bargaining committee shall be one and the same. Any complaint or grievance concerning the safety and health of the employees in the hours of the employment shall be honored as a grievance and the following procedure shall be followed:

(a) An employee who has a grievance concerning safety and health during the hours of employment shall report it to his foreman in writing not later than the fifth (5th) working day following the incident which caused the grievance. It will be discussed promptly by the foreman, the employee and the union steward. If no settlement is reached within one (1) working day from the date the grievance is received, the foreman shall answer the grievance, signed and in writing.

(b) The grievance may then be presented by the shop committee to the plant Superintendent and/or the Safety Manager within five (5) working days after the receipt of the answer. If no settlement is reached within the following five (5) working days, the grievance shall be answered, signed and in writing.

(c) If the matter remains unsettled after steps (a) and (b), the grievance may be entered at the third step of the normal grievance procedure as outlined in Article XI, Section 2(c).

SECTION 4. An employee shall not be deemed as having voluntarily quit or shall not be discharged or disciplined nor shall it be considered as a breach of this Agreement if such employee leaves the plant when the temperature drops below 65 degrees Fahrenheit inside the plant.

SECTION 5. Any employee reporting off for sickness or accident may at the discretion of the Company, be required to appear for an examination at a physician of the Company's choosing.

Should it be determined by the Company physician that the employee is able to work, no sickness or accident benefits will be paid.

ARTICLE XVI

WAGES

SECTION 1. Attached hereto as Appendix A and made part of this Agreement are the Wage Schedules and effective dates for all current classifications effective August 1, 2000. On August 1, 2000, each classification will be increased by $.50, and on June 1, 2001, each classification will be increased by an additional $.40, and on June 1, 2002 each classification will be increased by an additional $.35.

SECTION 2. A shift premium of fifty cents ($.50) per hour will be paid in addition to the classification rate for all classifications equal or above Machine Operator/Set-Up for all work performed on the second and third shifts.

A shift premium of forty cents ($.40) per hour will be paid in addition to the classification rate for all classifications below Machine Operator/Set-Up for all work performed on the second and third shifts.

ARTICLE XVII

LEAD PERSONS

SECTION 1. Lead persons work under the direction of a designated supervisor. They assist the supervisor by instructing employees in their duties and in the proper way of doing the job, in the assignment of work, in the coordination of the flow of work through those job functions assigned to them. They report mechanical problems to the supervisor, they requisition tools and supplies; and they assist in the promotion of plant safety, area housekeeping, or other non-supervisory duties which may be assigned by the supervisor from time to time. The lead persons may perform the work of those employees working under them.

It is understood that the Lead persons have no authority to hire, transfer, suspend, layoff, recall, promote, discharge, reward, discipline or reprimand other employees or to process their grievances, nor do they have authority to effectively recommend any such action.

SECTION 2. The Company and the Union agree that Lead persons shall receive one dollar ($1.00) per hour or ten percent (10%) over the highest rate that they lead, whichever is greater.

ARTICLE XVIII

BULLETIN BOARDS

The Union shall have the right to post notices on the Company's premises on a locked, glass enclosed Union bulletin board furnished by the Company for that purpose.

ARTICLE XIX

VISITS TO PERSONNEL

Employees will be allowed to go to Personnel during breaks and lunch without an appointment provided that their supervisor is made aware if they are not able to report back to the job on time.

ARTICLE XX

JOB TRANSFERS WITHIN THE UNIT

SECTION 1. All employees temporarily transferred to jobs with higher rates of pay shall receive the higher rate immediately.

SECTION 2. Employees temporarily transferred to jobs of equal or lower rates of pay shall continue to receive the higher rate of pay.

SECTION 3. Employees who bump or are transferred to jobs of equal or lower rates of pay during a contraction of the work force shall have their classification changed and receive the equal or lower rate of pay.

Should an opening occur in highest original classification held prior to a contraction in the work force within a period of eighteen (18) months from the date of bump or transfer, the employee shall have an opportunity to return to this classification in accordance with the employee's plant-wide seniority. Should an employee elect not to return to the highest original classification, this shall serve as a waiver of future rights under this Section.

Should an opening occur within a period of eighteen (18) months from the date of bump or transferring a classification equal to or lower than the highest original classification held prior to a contraction of the work force, but higher than the classification currently held by the employee, the employee shall have an opportunity to accept such an opening in accordance with the employee's plant-wide seniority. Should an employee accept such an opening, the employee shall be subject to the performance requirements and conditions of Article VII, Section 4. Should the employee not accept such an opening, the employee shall waive rights to this classification only. The employee shall continue to have rights to other equal or lower rated classifications.

ARTICLE XXI

PAY DAY

Pay day shall be every Friday, and pay checks shall be issued which will indicate straight time hours worked and overtime hours worked and all deductions on a deduction slip detachable from your pay check.

ARTICLE XXII

REPRIMANDS

All reprimands will be removed from employee files after one (1) year from date of occurrence, provided that the employee has demonstrated a definite improvement in his overall work performance and work habits.

The Company agrees that disciplinary actions shall be given immediately following the completion of the investigation of each incident.

ARTICLE XXIII

NO LOSS OF PAY

It is agreed between the Company and the Union that the stewards and the negotiating committee will not lose pay as a result of negotiating this agreement or processing grievances.

ARTICLE XXIV

GROUP INSURANCE AND PENSION

SECTION 1. The Company and the Union have agreed on a Program of Insurance Benefits and each employee will receive a booklet giving the features of the plan. The Company will contribute 100% of the cost of this program for employee coverage. During the first year of this Agreement, the employee cost for dependent insurance will be $70.00 per month. Thereafter, if there is any increase in the company's cost in year's 2 & 3 of the contract, the Company reserves the right to pass up to 50% of the increase on to the employee for the family plan in years 2 and 3 with the maximum increase in employee cost for family coverage is capped at ten dollars ($10.00) each year. Further, for any increase over 10% to the Company cost, the Company reserves the right to change carriers in years 2 and 3 in order to maintain equivalent coverage.

SECTION 2. The Employer agrees to pay for each employee covered by this Agreement on the first working day of each month, excluding calendar days that are not working days, the sum of $80.50 per month to the Trustees of District No. 9, I.A. of M. and A. W. Pension Trust. Effective June 1, 2002, the Employer agrees to pay for each employee covered by this Agreement on the first working day of each month, excluding calendar days that are not working days, the sum of $92.00 per month. Such monthly payment shall be made for every calendar month and on or before the 10th day of each such month. Newly hired and recalled employees beginning work on the first working day of each month, excluding calendar days that are not working days, shall also be covered by the provisions of this paragraph.

If an employee is absent because of illness or off-the-job injury and notifies the Employer of such absence, the Employer shall make the required contribution of one (1) month. If an employee is injured on the job, the Employer shall continue to pay the required contributions until such employee returns to work; however, such contributions shall not be paid for a period of more than six (6) months.

The Pension Plan, as amended, has been approved by the U.S. Internal Revenue Service as a qualified Pension Plan, and contributions made to the Trustees do not constitute taxable income to the employees participating therein and do constitute a taxable deduction to the Employer.

The Employer shall be under no obligation to see to the application of such moneys as are paid into said Pension Trust, but said Trust shall be audited annually by a reputable Certified Public Accountant without expense to the Employer.

Contributions made pursuant to this Article shall be held in trust by a Board of Trustees consisting of two Trustees representing the Union, two Trustees representing the contributing Employers and one neutral Trustee. The Employer agrees to be bound by the District No. 9, I.A.M.A.W. Pension Trust Agreement as amended from time to time.

It is hereby mutually declared and agreed that the foregoing provisions of this Article are of the essence of this entire Agreement. That this Agreement would not have been entered into but for the inclusion of said Article therein, and that any breach of this Article or any failure literally and fully to comply therewith by the Employer shall be and constitute a material violation of this entire Agreement entitling the Union at its option to engage in a strike or work stoppage against the Employer, notwithstanding any other provisions of this Agreement to the contrary or to elect to rescind the entire Agreement.

It is further agreed that if the Employer fails to comply with the provisions of this Article by not making prompt and timely payments of the monthly contributions required hereby (the total amount of which delinquency, hereinafter referred to as "such delinquency", shall be and constitute a debt owed by such Employer to the aforesaid Trustees), then and in addition to all other remedies or courses of action on account thereof available to the Trustees and/or the Union (including the right to strike), such delinquency shall be recovered as a debt owed by the Employer to the aforesaid Trustees by a suit or action at law brought by said Trustees and/or the Union; provided that the Employer further agrees in any such suit or action to be liable for (and hereby agrees to pay), in addition to the amount of such delinquency, all costs of court, interest at the maximum lawful rate computed from the day following the due date of each said delinquent monthly contribution, and a reasonable fee for the attorney or attorneys representing the Trustees and/or Union in such suit or action, the amount thereof to be fixed by the court.

The Union and/or the Trustees shall have the authority to conduct audits of the Employer's financial records for the purpose of determining the Employer's compliance with its obligations to contribute to the Pension Trust. The Union and/or the Trustees shall give written notice of the audit at least five (5) days in advance of the commencement of the audit. In the event that an audit discloses a delinquency exceeding $200.00, the Employer shall be responsible for the costs of the audit unless delinquent amounts are paid within sixty (60) days.

ARTICLE XXV

APPRENTICESHIP & TRAINING PROGRAM

SECTION 1. Should the Company decide to establish an Apprenticeship Program, it agrees to do so in cooperation with the Machinists' Apprenticeship Standards jointly developed by representative employers and District No. 9, International Association of Machinists and Aerospace Workers, registered and approved by the Federal Committee on Apprenticeship, United States Department of Labor.

SECTION 2. Management will devise a program by which employees can enhance their skills. The purpose of this program will be to develop internal candidates for the higher paying machine shop jobs. The program could include further training on blueprint reading, shop math or actual hands on training in the machine shop.

The Company will provide in-house courses for blue print reading and shop math. Mazak training will be provided by the Company. Employees will utilize the tuition reimbursement program offered by the Company for all other training. The Company will provide lists of courses available. Lead pay will be paid to the trainer when training in primary machining.

SECTION 3. Machine shop positions that require test will have the test administered by an Engineer. The Union Steward or Committeeman will have access to the process.

The starting rate per hour for apprentices shall be sixty percent (60%) of the area rate. Apprentices' rates shall be increased each one thousand (1,000) hours of employment, the equivalent of one-eighth (1/8th) the difference between the apprentices' starting rate and the minimum rate of the Tool Room Machinists, until the minimum rate is reached.

ARTICLE XXVI

MANAGEMENT

Subject to the provisions of this Labor Agreement, the management of the Company's plant and works and the direction of its working forces, including the right to hire and to relieve employees from active duty because of lack of work or other legitimate reasons and the right to suspend, discipline or discharge for just cause shall be vested exclusively in the Company; however, the above provisions shall be subject to the grievance provisions of this contract.

ARTICLE XXVII

LEAVES OF ABSENCE

SECTION 1. Any employee, upon written application for personal reasons, may be allowed a leave of absence without pay not to exceed thirty (30) days when in the judgment of the Company such leave of absence is for justifiable cause. If, however, the employee accepts employment elsewhere during his leave of absence, he shall be considered to have terminated his employment. The Union shall be notified of all leaves of absence granted under this provision.

SECTION 2. Maternity leave as such no longer exists. Pregnancy is considered to be a disability; as such, all provisions relative to the Sickness and Accident Program are applicable to disability due to pregnancy, childbirth and related conditions.

The determination of an employee's disability to perform a job shall be based on the employee's attending physician's evaluation in accordance with the procedures established under the Company Sickness and Accident Program.

SECTION 3. Extension of a leave of absence for an additional thirty (30) day period may be granted by the consent of the Company for a good cause shown, if requested by employee in writing, before the expiration of the thirty (30) days of a leave of absence.

SECTION 4. Employees finding it necessary to absent themselves because of illness for a period in excess of thirty (30) days shall be subject to the procedure and limitation established in Article VII, Section 10, Paragraph (g).

SECTION 5. In the event that an employee of the Company shall enlist or its inducted into the United States Armed Forces, the Company will return them to their respective positions when they are dismissed from such armed forces and give them credit for seniority for the time spent in such armed forces, provided that such employees would, under normal working conditions then prevailing, be so employed by the Company, are not physically incapacitated to perform their usual work efficiently, report for work within three (3) months of discharge from such armed forces and present a discharge which is not dishonorable.

SECTION 6. Employees with an illness causing constant periodic absence must take a leave of absence until such time as illness is controlled to permit full-time employment.

SECTION 7.Employees allowed personal leaves will not be required to use more than half of their remaining vacation allotment; however, if an employee only has one week or less remaining, the employee will not be required to use their last week.

ARTICLE XXVIII

SEVERANCE ALLOWANCE

When in the sole judgment of the company it decides to close permanently a plant and terminate the employment of individuals, an employee whose employment is terminated directly as a result thereof shall be entitled to a severance allowance in accordance and subject to the following provisions:

A. Such an employee to be eligible for severance allowance shall have accumulated three (3) or more years of continuous Company service as computed in accordance with Article VII, Section 2, Seniority of the Agreement.

B. An eligible employee shall receive severance allowance calculated and based upon the employee's vacation entitlement provided for in this Agreement, except that the severance allowance for employees with fifteen (15) or more years of service as of 8/31/87 shall be calculated based upon the number of weeks vacation each employee received in 1987.

C. Severance allowance shall not be duplicated for the same severance whether the obligation arises by reason, by contract, law or otherwise. If an individual is or shall become entitled to any discharge, liquidation, severance or dismissal allowance or payment of similar type of reason of any law of the United States of America or any of the States, Districts, or Territories thereof subject to its jurisdiction, the total amount of such payment shall be deducted from the severance allowance of which the individual may be entitled under this article, or any payment made by the Company under this article may be offset against such payment. Statutory unemployment compensation payment shall be excluded from the non-duplication provisions of this section.

D. Payment shall be made in a lump sum at the time of termination. Acceptance of severance allowance shall terminate employment and continuous service for all purposes under this agreement and supplemental insurance benefits outlined in the PIB.

ARTICLE XXIX

LEGALITY CLAUSE

If any provision or the enforcement or performance of this Agreement is or shall at any time be contrary to law, then such provision shall not be applicable or enforced or performed, except to the extent permitted by law. If, at any time thereafter, such provision or its enforcement or performance shall not longer conflict with the law, then it shall be deemed in full force and effect.

ARTICLE XXX

TERM

The Agreement shall become effective June 1, 1997 and shall remain in force and effect until May 31, 2000 (11:59 P.M.). If written notice shall have not been given by either party to the other at least sixty (60) days prior to the expiration date of any intention to request termination, Agreement shall automatically remain in force from time to time for a period of an additional year.

IN WITNESS WHEREOF, the parties have hereto set their names by their duly authorized representatives the day and year first above written at St. Louis, Missouri.

ALLIED HEALTHCARE PRODUCTS, INC.

BY: _____
Char Strahinic
Director of Human Resources

BY: _____
Eldon Rosentrater
Vice President of Operations

BY: _____
Thomas O. McCarthy
Attorney

DISTRICT NO. 9, INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

BY: _____
Dennis Williams
Business Representative

BY: _____
Danny Benford
Chief Steward

BY: _____
Lillian Knighten
Committee Person

BY: _____
Mark McReynolds
Committee Person

APPENDIX A

EXISTING CLASSIFICATION	B - RATE WAGE RATES EFFECTIVE 6/1/97 RATES	B - RATE WAGE RATES EFFECTIVE 6/1/98 RATES	B - RATE WAGE RATES EFFECTIVE 6/1/99 RATES	A - RATE WAGE RATES EFFECTIVE 6/1/97 *A-RATE HIRED BEFORE 8/31/87 RATES	A - RATE WAGE RATES EFFECTIVE 6/1/98 *A-RATE HIRED BEFORE 8/31/87 RATES	A - RATE WAGE RATES EFFECTIVE 6/1/99 *A-RATE HIRED BEFORE 8/31/87 RATES
Tool & Die Maker	17.17	17.52	$ 17.87			
Tool Room Machinist	16.73	17.08	17.43			
Precision Form Tool/Grinder	16.73	17.08	17.43			
Maintenance Machinist	16.73	17.08	17.43			
Primary Machining	13.55	13.90	14.25			
Set-Up Single Spindle	13.42	13.77	14.12			
Set-Up Specialist	13.33	13.68	14.03			
General Maintenance "A"	13.19	13.54	13.89			
Set-Up Operate Secondary/Fabrication	12.68	13.03	13.38			
Floor Inspector	12.13	12.48	12.83			
Pump & Compressor Builder	12.10	12.45	12.80			
Shipping & Receiving	11.78	12.13	12.48			
General Maintenance "B"	11.32	11.67	12.02			
Machine Operator/Set-Up	11.07	11.42	11.77			
Welder Set-Up & Operate	10.78	11.13	11.48			
Machine Operator-Screw Machine/CNC	10.75	11.10	11.45			
Tool Crib Attendant	10.64	10.99	11.34			
Manifold Assembler/Tester	10.45	10.80	11.15			
Silver Solder	10.34	10.69	11.04			
Welder	10.21	10.56	10.91			
Machine Operator Fab, Weld, Second	10.20	10.55	10.90			
Machine Operator/Wood	10.20	10.55	10.90			
Machine Operator/Silkscreen	9.15	9.50	9.85	10.20	10.55	10.85
Electro Mechanical Assembler Tester	8.65	9.00	9.35			
Electrical Assembler/Tester	8.65	9.00	9.35	10.34	10.69	10.99
Truck Driver	8.65	9.00	9.35	10.12	10.47	10.77
Column Assembler	8.15	8.50	8.85	10.06	10.41	10.71
Spray Painter	8.15	8.50	8.85	10.05	10.41	10.70
Packer-Material Handler	7.65	8.00	8.35	9.94	10.29	10.59
Packer, Material Handler, Process	7.65	8.00	8.35	10.12	10.47	10.77
Washer & Degreaser	7.65	8.00	8.35	9.91	10.26	10.56
General Laborer	7.65	8.00	8.35	9.90	10.25	10.55
Filler Tester	7.65	8.00	8.35	9.70	10.05	10.35
Electrical Assembler	7.65	8.00	8.35	10.34	10.69	10.99
Assembler	7.65	8.00	8.35	9.54	9.89	10.19
Janitor	7.65	8.00	8.35	9.36	9.71	10.01
Laborer	6.40	6.75	7.10			

APPENDIX B

We, the parties, Allied Healthcare Products, Inc. and the International Association of Machinists and Aerospace Workers, District No. 9, during 1985 negotiations, agreed to the following policy regarding assembler classifications.

1. All assembly work throughout the various departments of the Company is within the scope of the assembly classification.

2. The Company may permanently transfer assemblers among the various departments per the following:

   a. Any assembly person may be requested to transfer. Unless they are the least senior assembly person in the department they may decline the offer of transfer.

   b. Once an assembly person has declined the Company may ask another assembly person or at its option, transfer the least senior assembly person within the same department.

3. In the event an employee is reduced in any department for any reason, he/she will be allowed to select any department within the Assembly classification in which an opening is available, based on seniority.

4. When it is necessary to transfer an assembler from one department to another, on a temporary basis, those assemblers in the plant who are available as a result of a breakdown or lack of work will be utilized. In the case in which two or more assemblers performing the same operation are affected, the lowest seniority assemblers will be transferred. For the purpose of this section, a temporary transfer will not exceed twenty working days.

LETTER

May 26, 1994

Mr. Donald Coker
International Association of Machinist
District No. 9
12365 St. Charles Rock Road
Bridgeton, MO 63044

Subject: Side Letter Regarding "A" Rate Employees

Dear Don:

To clarify Management's position on the consolidation of classifications and the elimination of the "A" rate pay scale as presented in the contract, Management agrees to the following:

1. That the current "A" rate scale will be maintained by Allied as an accounting function;

2. Current "A" rate employees will continue to receive that rate plus any increases established during this negotiations;

3. Any "A" rate employee who is displaced from their current classification as a result of a reduction in force will receive the "A" rate of pay for their new classification;

4. Any "A" rate employee who is awarded a bid on a higher rated classification will receive the appropriate "A" rate for that classification;

5. Any current lead person who is paid over an "A" rate classification will continue to be paid at that rate. At such time as there is no longer an "A" rate in that persons work group, the lead person's pay will be adjusted. Lead persons "grandfathered" in the 1991 contract will continue to be protected from reduction while they hold that lead position.

Sincerely,

James M. Mac Nee
Vice President
Human Resources

May 9, 1973

Mr. Wayne McCall
International Associate of
Machinists and Aerospace Workers
12365 St. Charles Rock Road
Bridgeton, MO 63044

Dear Mr. McCall:

It is agreed that if, during the terms of this Agreement, the Company, at its discretion establishes a new job classification, the Company will determine a wage rate for the new job classification, so that the established rate will be in proper relationship with comparable requirements of the previously established classification set forth in Appendix "A" of the Contract.

The rate for the new classification will be submitted to the Union, or its authorized representatives. The Union may challenge the appropriateness of the job rate as being inconsistent with the established wage structure at any time within (5) working days after the new classification and rate are posted.

If agreement as to the new rate for the new classification is reached, the established rate shall be retroactive to the date on which the job was filled on a full time permanent basis. The established rate shall not be applicable to periods during which an employee was used on the new job for experimental or developmental purposes; however, any employee used for such purposes will receive not less than his regular base rate of pay for time spent during such experimental or developmental periods.

If agreement is not reached, the Company may apply the rate it considers proper in accordance with the principles outlined above and made effective as provided above. However, the Union may challenge the appropriateness of the new classification rate, with full recourse to the grievance and arbitration procedure.

The Company agrees that job openings created by the establishment of a new classification shall be subject to the bidding procedure outlined in Article VII of the Contract.

Very truly yours,

Ronald F. Gniadek
Personnel Manager

May 9, 1979

Mr. Donald M. Coker
Business Representative
District No. 9, I.A.M.A.W.
12365 St. Charles Rock Road
Bridgeton, MO 63044

Dear Mr. Coker:

This letter is sent to explain the Agreement between the Company and the Union concerning the intent of Article VII, Section 8, Seniority. The section reads as follows:

> "Employees who desired to be considered for a promotion, a lateral or downward transfer, or a change of shift, shall register their desire with the department foreman in writing, dating and signing their individual request."

With regard to promotion, the intent is for the employee to notify the Company of educational courses or skills he has acquired since joining the Company which may have application on a higher classified job. At the same time, it can also serve as notification to the Company of an employee's desire to be considered for a non-bargaining unit position.

Employees who desire to be considered for a lateral or downward transfer must make a written request. The Company shall maintain a list of these requests. When an opening becomes available in the specific job classification, the Company will follow the normal bidding procedure. Except as provided in Article VII, Section 6, employees will not be permitted to bid on lateral or down, however their written request submitted prior to the opening of a bid will serve as notification that they wish to be considered for the opening. These employees will be considered along with the employees who bid on the position. All employees will be judged in accordance with the qualifications outlined in Section 6 of the Article.

The Company and the Union agree that the seniority should be a major consideration in shift assignment when practicable to do so. The Company will take seniority into consideration when shift assignments are made. When an employee desires a change in shift, he will notify his Foreman in writing of this desire. The Company shall maintain a list of employees desiring a change of shift. As openings become available within the employee's job classification the company will attempt to transfer the employees to the desired shift. When openings do not exist, the Company will make an effort to locate another employee to the same job classification willing to make a mutually agreeable change in shift and will make the transfer. It is understood that bumping for shift preference will not be permitted, except as provided in Article VII, Section 4(c).

Very truly yours,

Ronald F. Gniadek
Director, Employee Relations

LETTER OF INTENT

March 3, 1998

Mr. Dennis Williams
Business Representative
District No. 9, I.A.M.A.W.
12365 St. Charles Rock Road
Bridgeton, MO 63044

REFERENCE TO: Article VI, Holidays, Section 5

It is the intent of the language that the Company can only schedule work on a voluntary basis for the Holiday weekends of Memorial Day, Labor Day, and Fourth of July, should the Fourth of July fall on a Friday, Saturday, Sunday or Monday.

Sincerely,

Char Strahanic
Director, Human Resources

ADDENDUM

Disciplinary Procedure for Attendance Policy

New hires will start at 0

Counseling occurs at -2
Written warning occurs at -4
Third & Final Warning at -6**
Discharged at - 8

**An employee who suffers from chronic absenteeism will be terminated. Chronic absenteeism occurs when an employee has received three (3) "final" warnings for absenteeism, meaning a point level of six negative points (-6) , in a twelve month period. The twelve month period commences with the date of the incident which placed the employee at a negative six points in the first place. After the second "final" warning, the employee will be counseled by a representative of the Company and the Union. If the employee receives a third "final" warning within the twelve months, the employee will be terminated.

If an employee, child or dependent spouse has a previously scheduled doctor or dentist appointment outside the regular work day, when overtime is required, the employee will be excused and no points will be charged, provided proper documentation is furnished.

JOB DESCRIPTIONS

TOOL AND DIE MAKER

Specializes in construction, repair and maintenance of Machine Shop tools and, in addition, ability to plan, lay out and construct from simple sketch, blueprints and/or own ideas which are finally approved by supervisor, complicated tools, dies, jigs, gauges, fixtures. Must understand working details of all shop machine tools and be able to make necessary repairs on them, being able to construct new parts for same if occasion should arise. Understands blueprints and written specifications, and uses skillfully all measuring instruments. Operates all machine tools. Must possess knowledge of shop mathematics; use of charts and tables, the efficient planning of shop work; the dimensions and uses of standard bolts, screws, threads, and tapers, must be familiar with working properties of such metals as aluminum, brass, bronze, cast and wrought iron and various steels. Works to complete accuracy. Must understand heat treatment of various tool steels. Must furnish own tools except special instruments and tools mutually agreed to between the Company and the Union.

MOLD MAKER

Performs complete installation of injection molds. Must be able to start up molds based on either preset guidelines or from scratch. Troubleshoot and corrects molding and extrusion problems such as flash, short spots, splay, sizing and ejection. Must be able to set up both molding and extrusion machines using relay and computer controlled systems. Complete understanding of state of the art hot runner and conventional runner systems plus auxiliary equipment such as mold temperature controllers, water temperature controllers, robotics interface, automated material feeders, color blenders and proportional regrind feeding valves. Will be required to complete documentation as required for process control and mold/extrusion die maintenance.

TOOL ROOM MACHINIST

Tool Room Machinist must be able to perform all duties required of a qualified Tool Room Machinist. Carries through to completion the actual construction, complicated repair of all kinds of metal parts, tools, machines and equipment with the exception of mending dies, but including keeping motors and line shafts oiled; uses skillfully all machinists' tools; operates all types of machine tools; possesses knowledge of job mathematics, the use of charts and tables, the efficient planning of jobs, the use of standard bolts, screws, threads and tapers; also possesses the knowledge, within limits, of the electrical equipment; must be familiar with the working properties of such metals as aluminum, brass, cast and wrought iron and various steels and be capable of shaping metal parts to precise dimensions within close tolerances described. This classification does not include such jobs as Tool and Die Maker.

PRECISION FORM TOOL GRINDER

Diversified work. Grinding tools includes the grinding of complicated tools, dies, form drills, gauges, etc. Set angles, dress wheels in shape. Occasionally lay out profile template to insure accuracy. Considerable judgment in setting up to obtain relationship between inter-related dimensions. Maintain close tolerances usually within .0002. Grind tools from drawings, sketches or oral instructions on occasions.

MAINTENANCE MACHINIST

Must have knowledge and experience in the operation, mechanics, troubleshooting and repair of metal turning and metal fabrication equipment to include screw machines, turret lathes, mills, drill presses, punch presses, shears, brake presses, automatic CNC lathes and CNC turret presses. Must have the ability to analyze and repair the electrical, mechanical, hydraulic and pneumatic systems of these machines including assembly tools, fixtures and test equipment. Must be able to read blueprints and schematics of mechanical, electrical, pneumatic and hydraulic systems. Experience with 480 through 120 volt installations is required. Will be required to troubleshoot and repair motor starting relays, timers, and push button controls. Must have the fundamental tools and be able to use the necessary equipment to perform the duties.

MAZAK PROGRAMMING SPECIALIST

Ability to write and prove complicated programs with proficiency. Programs are written to obtain minimum cycle times and zero defects. Set up times and change over must be performed efficiently to time. Must be able to perform duties described in the Primary Machining job description. Must be able to pass a practical application test. Must have 2 years experience or a technical certificate of completion.

PRIMARY MACHINING

Must write programs, set-up and operate CNC turning centers and machining centers. This includes program updating to incorporate automatic tool changes and automatic off-set adjustments. Must be able to pre-set tools and holders according to specifications. Will be required to update these specifications whenever changes are made. Must perform the regularly scheduled maintenance of the equipment such as lubricating, fluid level checks and replacement. May be required to perform maintenance inspections as specified by the manufacturer. Must be capable of sharpening tools, except those requiring special grinding. Must be capable of making tooling recommendations. Must gather and update SPC records on items produced on CNC equipment. Will be held responsible for the quality of the parts produced in those machines. Must be able to read detail drawings and precision measuring devices. Must have the fundamental tools to safely and effectively perform the job. Required to service multiple machines. Under current circumstances this means 5 machines serviced by 2 operators in one work cell.

SET-UP SINGLE SPINDLE

Set-Up and operate any job including a wide range of unusual operations on an assigned type of single spindle automatic screw machine using proper cams, speeds and feeds to efficiently operate same. Must possess a knowledge of blueprint reading, the use of precision measuring devices in order to produce parts to required tolerances, plan sequence of operations, sharpen all tools (such as forming tools, drill-bushings, drills, boring tools, cut-off tools, chasers and reamers). This must be done with minimum instruction and supervision. Will be responsible for quality of parts produced until machine is assigned to operator. Assists in instruction of Set-Up Trainees and Operators. Diagnose screw machine trouble, make mechanical adjustments. May be assigned to remove and/or replace worn or defective parts. Must have the fundamental tools to safely and effectively perform the job.

SET-UP SPECIALIST

Efficiently sets up and may operate all machines other than screw machines and multispindle chuckers. Must have specific job experience and detailed knowledge related to C.N.C./M.C. machines, tools and presses, automatic turret lathes, vertical boring machines and special machine centers. Must be able to read blueprints and precision measuring devices. Must be capable of sharpening all tools, except those requiring specialized grinding. Does not include making form tools from blanks. Will be held responsible for the quality of parts produced until machine is assigned to operator. These functions must be performed with minimum instruction and supervision. Assists in instruction of Set-Up and Operate, Machine Operator/Set-Up and Machine Operators. May be assigned to remove and/or replace worn or defective parts. May be required to perform die changes other than progressive dies. Must have the fundamental tools to safely and effectively perform the job.

GENERAL MAINTENANCE "A"

Must have previous specific job experiences and detailed knowledge relating to industrial maintenance and production equipment in fields such as hydraulics, pneumatics, electrical components and trouble shooting analysis.

Must know how to use basic hand tools and machines as required to perform duties. Must be able to read blueprints, schematics and detailed parts breakdown.

Would direct the activities of all lesser maintenance classification personnel working with him on a specific assignment. May be required to perform functions of lower maintenance classification.

SET-UP AND OPERATE - FABRICATION

Efficiently sets up and operates machines such as broaches, press brakes, shears and punch presses, but not limited to fabrication machines.

Must be able to read blueprints and precision measuring devices. Must be capable of sharpening all tools, except those requiring specialized grinding. Does not include making form tools from blanks. May be required to perform die changes other than progressive dies. Will be held responsible for the quality of parts produced until machine is assigned to operator. Assists in instruction of Machine Operator/Set-Up and Machine Operators. All of the above functions must be performed with minimal instruction and supervision. Must have the fundamental tools to safely and effectively perform the job.

SET-UP AND OPERATE - SECONDARY

Efficiently sets up and operates machines such as, but not limited to, the following: drill presses, tappers, engine lathes, turret lathes, broaches, milling machines, sanders, saw and welders. Must be able to read blueprints and precision measuring devices. Must be capable of sharpening all tools and making drill bushings, except those requiring specialized grinding. Does not include making form tools from blanks. Will be held responsible for the quality of parts produced until machine is assigned to operator. Assists in instruction of Machine Operator/Set-Up and Machine Operators. All of the above functions must be performed with minimal instruction and supervision. Must have the fundamental tools to safely and effectively perform the job.

FLOOR INSPECTOR

Inspector checks parts to satisfy specifications of complicated drawings. Must be able to use all standard measuring instruments. Must be experienced in blueprint reading and inspection. Will properly interpret drawings and inspect parts and/or assemblies for compliance with standards. Is responsible for quality of parts approved. Must have the fundamental tools to efficiently perform the job.

PUMP AND COMPRESSOR BUILDER

Diversified work. Ability to plan, layout and form simple sketch and blueprints, construct complicated air compressors and vacuum pumps. Perform assembly duties including the use of assembly devices such as drills, grinders, belt sanders, punches, air drivers, nut runners, and other hand tools. Efficiently sets up and operates machines such as, but not limited to, the following: Shears, presses, tappers, sanders, saws, iron pipe threaders, and welders. Must be able to dress wires, install and wire high voltage connections and wire harnesses. Efficiently operate spray paint booth. Make adjustments and maintain spray paint booth. Make adjustments and maintain spray equipment. Perform a variety of hand soldering and brazing operations on various metals as required. Also includes in-process inspection, testing, moving and lifting heavy components, and packaging parts for shipment.

SHIPPING AND RECEIVING CLERK

Ships and receives all incoming and outgoing material and equipment. Verifies counts and correctness of shipments received and sent. Completes necessary paperwork as required. Directs activities of assigned personnel to perform duties.

GENERAL MAINTENANCE "B"

Must have previous job experience and knowledge that permits the performance of general maintenance work on buildings and equipment.

Experience must indicate the ability to perform general duties in fields such as carpentry, sheet metal, welding, electrical work, and plumbing. Must be semi-skilled in at least two crafts, with working knowledge of others.

Must know how to use basic hand tools and machines as required to perform duties.

May be required to perform functions of lower maintenance classifications.

MACHINE OPERATOR/SET-UP

Efficiently operates various assigned machines, except automatic screw machines and assembly machines. In addition, must be capable of setting up at least three machines. Will be responsible for quality of parts produced. Must have the fundamental tools to safely and effectively perform the job. Must possess the knowledge of blueprint reading and the use of precision measuring devices.

WELDER/SET-UP AND OPERATE

Performs a variety of hand and machine MIG and TIG welding operations on steels, stainless steel, aluminum, and other metal parts. Responsible for a quality check on all welds in department. Set-up, check and adjust all welding equipment as needed. Must possess the knowledge of blueprint reading and the use of precision measuring devices.

MACHINE OPERATOR - SCREW MACHINE/CNC

Efficiently operates jobs on one or more assigned single spindle automatic screw machines, or CNC's, checks work and produces parts within required tolerances, maintains set-ups and sharpens tools. Will be responsible for quality of parts produced. May make partial set-ups with assistance and instruction. Must have the fundamental tools to safely and effectively perform the job. Must possess the knowledge of blueprint reading and the use of precision measuring devices.

TOOL CRIB ATTENDANT

Responsible for all materials and equipment assigned to tool crib. Issues tools and supplies, orders and maintains running inventory and counts. Sharpens tools as instructed. Visually inspects tools for damage and reports unusual conditions.

MANIFOLD ASSEMBLER/TESTER

Assemble a variety of subassemblies and bench erect complete units having light and average weight parts. Select assembly methods. Fit parts to close tolerances and operating requirements, involving use of hand and power tools. Accurately align subassemblies to the unit. Mount and connect auxiliary, mechanical, electrical, electronic, pneumatic or hydraulic equipment, cut and fit pipe and tubing. Make operating tests for high pressure gas regulation and final adjustments. Includes inprocess inspection, testing, packaging parts for shipment and movement of material.

SILVER SOLDER

Performs a variety of hand or machine torch soldering and brazing operations on various materials as required by engineering drawings and specifications.

WELDER

Performs a variety of hand and machine MIG and TIG welding operations on steel, stainless steels, aluminum and other metal parts. Responsible for a quality check on all welds in department. Check and adjust all welding equipment as needed. Must possess the knowledge of blueprint reading and the use of precision measuring devices.

MACHINE OPERATOR - FABRICATION

Efficiently operates various assigned machines, except automatic screw machines and assembly machines. May make partial set-ups with assistance and instruction. Will be responsible for quality of parts produced. Must possess the knowledge of blueprint reading and the use of precision measuring devices.

MACHINE OPERATOR - SECONDARY

Efficiently operates various assigned machines, except automatic screw machines and assembly machines. May make partial set-ups with assistance and instruction. Will be responsible for quality of parts produced. Must possess the knowledge of blueprint reading and the use of precision measuring devices.

MACHINE OPERATOR - WELDING MACHINES

Efficiently operates various assigned welding machines and assembly machines. May make partial set-ups with assistance and instruction. Will be responsible for quality of parts produced.

MACHINE OPERATOR - WOOD

Bench or progressive line assemble, a wide variety of standard and non-standard wood units, subassemblies and final assemblies having many parts and details, where difficult adjustments may be required to fit, align and ensure free action of moveable parts. Work from detailed assembly drawings to select, obtain, set up and use power and hand tools, equipment, testing devices, gaugers, assembly jigs and fixtures, templates and material such as glue, filler and sandpaper. Fit, join, saw, attach, glue, sand route, drill and install parts. Inspect for adherence to tolerance and finish specifications.

MACHINE OPERATOR - SILKSCREEN

Prepare and operate screen printer on a wide variety of custom and standard product surfaces, circuit boards, instrument panels and miscellaneous parts, requiring precise registration and ink penetration. Burn in and prepare new screens as required. Select and clean screen and fixtures, select inks and paint, mixing and thinning as necessary. Make simple, holding or aligning devices as required. Check and touch up definition on work piece, spray paint special parts, load and unload dryer. Use screen making and circuit board equipment as required.

ELECTRO/MECHANICAL ASSEMBLER TESTER

Perform mechanical, electrical, hydraulic or pneumatic test on a variety of fairly complicated products or components, following general procedures or methods. Must understand and work from drawings and/or wiring diagrams. May be required to calibrate and set up test equipment and use a variety of measuring instruments and devices (such as flow, pressure, volume or electrical equipment). Will be required to perform test, adjust products and record and report test results. Must be computer literate and able to perform complex testing using computer software and accessories. Must be able to isolate, analyze and repair failed units. May also perform the duties of the Assembler classification.

ELECTRICAL ASSEMBLER/TESTER

Perform wiring, assembling and soldering operations on a variety of products and parts, sub-assemblies, electrical or electronic chassis and P.C. boards. Must understand and work from drawings, wiring and schematic diagrams, and follow standard methods and procedures. Must be able to follow color code, dress wires, install and wire all connections and assemble wire harnesses. May also perform duties of Assembler Classification. Must be able to operate calibration equipment (such as flow, pressure, volume and electrical equipment)

and to test, at a component level, individual circuits on printed circuit boards.

TRUCK DRIVER

Make pick-ups and deliveries as instructed. Operate and perform routine checking (fuel, oil, water, air) of Company truck. Report any malfunctions to supervisor. Also performs duties of Packer-Material Handler as directed. Must have appropriate chauffeur's license.

COLUMN ASSEMBLER

Performs assembly duties including the use of assembly devices such as drills, grinders, belt sanders, punches, air drivers, nut runners, and other hand tools. Must be able to efficiently operate cutoff saws and drill presses according to scale drawings using precision measuring devices. Clean, degrease, and paint fabricated parts as required. Efficiently operate welders and brazing equipment and perform visual and pressure tests as required. Also includes in-process inspection, testing, packaging parts for shipment including movement of material.

SPRAY PAINTER

Efficiently operates spray paint booth and assist with Degreaser operation. Insures a quality paint coating on all items painted. Load and unload paint conveyor and maintain cleanliness of spray equipment and area. Make adjustments and maintain spray equipment. Move materials as required within the department.

ASSEMBLER FOAM

Install foam in standard and non-standard units. Custom fit, join and glue foam using self adhesive and operator applied spray adhesive. Job requires lifting and the individual must pass the pulmonary function test, fit test and wear a respirator when applying spray adhesive. May also perform the duties of the assembler classification.

PACKER-MATERIAL HANDLER

Prepares and packages parts for shipment. Performs all types of material handling duties, plus pulling raw material including operation of material handling equipment and packaging machines. Accurately completes paperwork necessary to perform duties of this classification.

PACKER, MATERIAL HANDLER, PROCESSOR

Prepares and packages parts for shipment. Performs all types of material handling duties plus pulling raw materials and bar stock including operation of material handling equipment. Also processes parts going to and from outside vendors. Accurately completes paperwork necessary to perform duties of this classification.

WASHER AND DEGREASER

Wash and degrease parts from any area that requires cleaning, maintain proper operation of all cleaning equipment, handle material and perform other unskilled jobs as required.

GENERAL LABORER

May perform any one or more of the following duties: removing turnings and oil from machines, wash and degrease parts, handle material, cleaning, perform other unskilled jobs as required.

FILLER TESTER

Turn on and check all fill and test equipment. Monitor test equipment for proper operation. Ensure that all rejects are identified and kept separate from good production. Perform deburring, purging, valving, visual inspection and filling operations. Maintain control of lot numbers. Move materials within the department as required.

ELECTRICAL ASSEMBLER

Performs wiring, assembling and soldering operations on a variety of products and parts, sub-assemblies, electrical or electronic chassis and P.C. boards. Must understand and work from drawings, wiring and schematics diagrams and follow standard methods and procedures. Must be able to follow color codes, dress wires, install and wire all connections and assemble wire harnesses. May also perform duties of Assembler Classification.

ASSEMBLER

Performs assembly duties, including the use of assembly devices such as drills, rivets, staplers, air drivers, nut runners, ultrasonic and solvent bonding equipment, etc. either pneumatic, hydraulic or electric or a combination thereof. Also includes packaging, complex testing, in-process inspection and movement of material within the department as required.

JANITOR

Cleans and keeps in an orderly condition factory working areas, washrooms, and offices. Duties include: sweeping, mopping, polishing, window washing, and other housekeeping duties.

LABORER

The laborer classification does not apply to the work currently done (6/1/94) in this facility and is prompted by one of our recent acquisitions. A Laborer will perform simple packaging and related hand work on disposable products only and grounds keeping. Neither the simple packaging nor the hand work will be construed to erode the classifications of packer Material Handler or Assembler. These are new positions that otherwise would not have existed. The Company has agreed that in the event of a reduction in force, any existing employee that is bumped to the laborer classification will retain the Assembler rate of pay. In the first year of the Agreement, Laborers will be restricted to no more than 10% of the bargaining unit. This will be increased to 15% in the second year and 20% in the third year.

SCREW MACHINE SET-UP TRAINEE - SINGLE SPINDLE

Efficiently operates jobs on one or more assigned single spindle automatic screw machines, checks work and produces parts within required tolerances, maintains set-ups and sharpens tools. Must make set-ups on assigned type of single spindle automatic screw machines as required by Company Training Program. Will be responsible for quality parts produced. Must be advanced to Set-Up Man Single Spindle or must return to Operator classification with time limits established in Company Training Program. This classification may require assistance. Must have the fundamental tools to safely and effectively perform the job.

FLOOR INSPECTOR TRAINEE

Floor Inspector Trainee will be held increasingly responsible for the requirements of the job description of Floor Inspector. Must have some prerequisite mechanical and mathematical ability. Must be advanced to Floor Inspector or return to classification from whence he came within prescribed time limits.

EXHIBIT 10.30

August 10, 2000

Mr. Gregory C. Kowert
2008 Hunters Field Road
Kirkwood, Missouri 63122

Dear Greg:

It is my pleasure to formally offer you the position as Allied's Vice President Finance, Secretary and Chief Financial Officer. All of us have been impressed with your qualifications and experience and feel you will make a great addition to our team.

We would like to offer you the starting salary at the rate of $150,000 per annum, payable ratably at the normal payroll intervals of Allied.

In addition, you will receive an initial stock option grant of 30,000 shares under the Allied Healthcare Products, Inc. 1994 Stock Option Plan, subject to the vesting requirements stated below. The options will be granted pursuant to Allied's standard form Non-Qualified Stock Option Agreement, which will provide that 25% of your options will be exercisable after one year of continuous employment with the Company, 50% after two years of continuous employment with the Company, 75% after three years of continuous employment with the Company and 100% after four years of continuous employment with the Company. In addition, your options will entirely vest upon the occurrence of a Change of Control (i.e., the sale in one transaction of a majority of the common stock of the Company). These terms will require Board ratification at the next Board meeting on August 23, 2000. The option exercise price will be the closing stock price as of that day.

You will be eligible for three weeks vacation. We have an excellent benefit package and Char Strahinic will cover that with you. The company will also pay for your involvement with the Financial Executive Institute, and A.I.C.P.A., plus necessary continued education to maintain your CPA provided that the sum of all these expenses does not exceed $1,000 per annum.

In the event that your employment is terminated within one year of and as the result of a Change of Control of the Company, you will be entitled to severance pay equal to one year of your salary.

This offer is contingent upon successful completion of a drug screen and pre-employment physical. Human Resources will contact you to schedule an appointment. Upon acceptance of this offer and successful completion of the required screening we anticipate you to begin full time employment on or before September 1, 2000.

I would like to welcome you to Allied Healthcare Products, Inc. and wish you much success. If you need any assistance, please feel free to contact me at (314) 26-1675. Please indicate your acceptance of the terms in this letter by signing one copy and returning it to me.

Sincerely,

/s/ Earl R. Refsland
- ------------------------------
Earl R. Refsland
President and CEO

I ACCEPT THE TERMS OF EMPLOYMENT
SET FORTH IN THIS LETTER.

/S/ GREGORY C. KOWERT
- ------------------------------
GREGORY C. KOWERT

EXHIBIT 21

Companies owned by Allied Healthcare Products, Inc. as follows:

Parent Co./Allied Healthcare Product, Inc.
B&F Medical Products, Inc.
Life Support Products, Inc.
Omni-Tech Medical, Inc.

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (Nos. 33-99960, 33-86019, 33-45147, 33-45146 and 333-16489) of Allied Healthcare Products, Inc. of our report dated August 9, 2000, appearing in the 2000 Annual Report to Shareholders of Allied Healthcare Products, Inc. on Form 10-K (which report and consolidated financial statements are included herein). We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears on page S-1 of this Form 10-K.

PricewaterhouseCoopers LLP

St. Louis, Missouri
SEPTEMBER 27, 2000

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints each of the Chief Executive Officer and Chief Financial Officer of Allied Healthcare Products, Inc. as his true and lawful attorney-in-fact and agent, each with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign the 2000 Annual Report on Form 10-K of Allied Healthcare Products, Inc., and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite as fully to all intents and purposes as he might or could do in person, and ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

/s/ Brent D. Baird

Brent D. Baird

Date: August 24, 2000.

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints each of the Chief Executive Officer and Chief Financial Officer of Allied Healthcare Products, Inc. as his true and lawful attorney-in-fact and agent, each with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign the 2000 Annual Report on Form 10-K of Allied Healthcare Products, Inc., and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite as fully to all intents and purposes as he might or could do in person, and ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

/s/ James B. Hickey, Jr.

James B. Hickey, Jr.

Date: September 7, 2000.

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints each of the Chief Executive Officer and Chief Financial Officer of Allied Healthcare Products, Inc. as his true and lawful attorney-in-fact and agent, each with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign the 2000 Annual Report on Form 10-K of Allied Healthcare Products, Inc., and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite as fully to all intents and purposes as he might or could do in person, and ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

/s/ Dr. William Peck

Dr. William Peck

Date: August 24, 2000.

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints each of the Chief Executive Officer and Chief Financial Officer of Allied Healthcare Products, Inc. as his true and lawful attorney-in-fact and agent, each with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign the 2000 Annual Report on Form 10-K of Allied Healthcare Products, Inc., and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite as fully to all intents and purposes as he might or could do in person, and ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

/s/ Earl R. Refsland

Earl R. Refsland

Date: September 15, 2000.

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints each of the Chief Executive Officer and Chief Financial Officer of Allied Healthcare Products, Inc. as his true and lawful attorney-in-fact and agent, each with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign the 2000 Annual Report on Form 10-K of Allied Healthcare Products, Inc., and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite as fully to all intents and purposes as he might or could do in person, and ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

/s/ John Weil

John Weil

Date: August 24, 2000.

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JUN-30-2000
568
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