

ALLIED HEALTHCARE PRODUCTS INC
Form DEF 14A
October 11, 2013

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)**

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

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

Allied Healthcare Products, Inc.

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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- (1) Title of each class of securities to which transaction applies:
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(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

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October 11, 2013

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders which will be held at the Corporate Headquarters of Allied Healthcare Products, Inc., 1720 Sublette, St. Louis, Missouri 63110 at 9:00 a.m., Central Time, on Thursday, November 14, 2013. On the following pages you will find the formal Notice of Annual Meeting and Proxy Statement.

Whether or not you plan to attend the meeting in person, it is important that your shares be represented and voted at the meeting. Accordingly, please date, sign and return the enclosed proxy card promptly.

We hope that you will attend the meeting and look forward to seeing you there.

Sincerely,

John D. Weil
Chairman of the Board

Earl R. Refsland
Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Thursday, November 14, 2013

To the Stockholders of
Allied Healthcare Products, Inc.:

The Annual Meeting of Stockholders of Allied Healthcare Products, Inc., a Delaware corporation (the Company), will be held at the Corporate Headquarters of Allied Healthcare Products, Inc., 1720 Sublette, St. Louis, Missouri 63110 on Thursday, November 14, 2013 at 9:00 a.m., Central Time, for the following purposes:

- (1) The election of five directors to serve until the next Annual Meeting of Stockholders or until their successors are elected and qualified;
 - (2) Ratification and approval of RubinBrown LLP as the Company's independent registered public accounting firm for the year ending June 30, 2014;
 - (3) An advisory (non-binding) vote to approve our executive compensation, as disclosed in this proxy statement;
 - (4) An advisory (non-binding) vote on the frequency of the advisory vote on executive compensation;
 - (5) Approval of the 2013 Incentive Stock Plan for Non-Employee Directors; and
 - (6) The transaction of such other business as may properly come before the meeting or any adjournment thereof.
- The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Only stockholders of record at the close of business on October 1, 2013 are entitled to notice of and to vote at the meeting. A list of stockholders of the Company at the close of business on October 1, 2013 will be available for inspection during normal business hours from October 18 through November 14, 2013 at the offices of the Company at 1720 Sublette Avenue, St. Louis, Missouri 63110 and will also be available at the meeting.

By Order of the Board of Directors,

Daniel C. Dunn
Vice President Finance, Chief Financial
Officer
Secretary & Treasurer

St. Louis, Missouri
October 11, 2013

FILL OUT, DATE AND SIGN THE ENCLOSED FORM OF PROXY AND RETURN IT IN THE ACCOMPANYING POSTAGE PAID ENVELOPE, EVEN IF YOU PLAN TO ATTEND THE MEETING. YOU MAY REVOKE YOUR PROXY IN WRITING, OR AT THE ANNUAL MEETING IF YOU WISH TO VOTE IN PERSON.

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ALLIED HEALTHCARE PRODUCTS, INC.
1720 Sublette Avenue
ST. Louis, Missouri 63110

ANNUAL MEETING OF STOCKHOLDERS
Thursday, November 14, 2013

I. QUESTIONS AND ANSWERS

Q: Why am I receiving these materials?

A: The Board of Directors of Allied Healthcare Products, Inc. (the Company, we or our) provides you these materials to solicit your proxy in connection with our annual meeting of stockholders (the Annual Meeting) and any and all adjournments thereof. You are encouraged to vote on the proposals presented in these proxy materials. You are invited to attend the Annual Meeting, but you do not need to attend to vote. The Company first mailed these materials on October 11, 2013.

Q: When and where is the Annual Meeting?

A: We will hold the Annual Meeting on Thursday, November 14, 2013 at 9:00 a.m. Central Time at our corporate headquarters, located at 1720 Sublette Avenue, St. Louis, MO 63110.

Q: What information is contained in this Proxy Statement?

A: The information in this Proxy Statement relates to matters to be voted on at the Annual Meeting of stockholders, our corporate governance, the compensation of our directors and most highly paid executive officers and other required disclosures.

Q: Can I get electronic access to the proxy materials?

A: These proxy materials, including our 2013 annual report to stockholders are available at www.alliedhpi.com.

Q: Who is entitled to vote at the Annual Meeting?

A: Stockholders of record at the close of business on Tuesday, October 1, 2013 are entitled to notice of and to vote at the Annual Meeting. As of the close of business on that date, there were outstanding and entitled to vote 8,027,147 shares of common stock, each of which is entitled to one vote. No cumulative voting rights exist under the Company's Amended and Restated Certificate of Incorporation. For information regarding the ownership of the Company's Common Stock by holders of more than five percent of the outstanding shares and by the management of the Company, see Security Ownership of Certain Beneficial Owners and Management.

Q: How do I vote my shares?

A: If you are a stockholder of record and you attend the meeting, you may vote by ballot. Whether you hold shares directly as the stockholder of record or beneficially in street name, you may also direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by proxy by completing and returning the enclosed proxy card.

Q: How do I vote if my shares are held in street name?

A: If you hold your shares in street name, (i.e., you hold the shares through a broker, bank or other intermediary), as opposed to holding them of record, you will receive a form from your broker or bank seeking instruction as to how your shares should be voted. If you desire to vote shares held in street name in person at the meeting, you need to contact your broker or intermediary and ask how to obtain a legal proxy to directly vote such shares.

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Q: What am I voting on?

A: The matters to be voted upon this year are: (i) the election of our Board of Directors, (ii) ratification and approval of RubinBrown LLP as the Company's independent registered public accounting firm for the year ending June 30, 2014, (iii) an advisory (non-binding) vote to approve our executive compensation, as disclosed in this proxy statement, (iv) an advisory (non-binding) vote on the frequency of the advisory vote on executive compensation, and (v) approval of the 2013 Incentive Stock Plan for Non-Employee Directors. Common stockholders may also vote on any other matter that is properly brought before the meeting.

Q: Who are the nominees for directors?

A: We have five directors who are standing for election. We provide biographical information for each director in this Proxy Statement.

Q: How does the Board recommend I vote?

A: Our Board recommends that you vote your shares FOR each of the nominees to the Board, FOR Agenda Items 2, 3 and 5, and in favor of 1 Year for Agenda Item 4.

Q: How will my employee stock purchase plan shares be voted?

A: Shares of Common Stock held by participants in Allied Healthcare's employee stock purchase plans will be voted in accordance with instructions provided on a separate card given to participants in such plans.

Q. What is the voting requirement to approve the matters to be voted on at the Annual Meeting?

A: The election of directors at the Annual Meeting will be determined on the basis of the five candidates receiving the highest pluralities of votes cast at the Annual Meeting.

Adoption of the other proposals requires the affirmative vote of a majority of those shares present in person or represented by proxy and entitled to vote thereon at the Annual Meeting.

Q: How are votes counted?

A: If you hold shares in street name through a broker or other nominee and do not vote your shares or provide voting instructions, your broker may vote for you on routine proposals but not on non-routine proposals. The ratification of the Company's auditor is considered routine, but the election of directors and each of the other proposals are non-routine. Therefore, if you do not vote or provide voting instructions regarding the election of directors or the other non-routine proposals, your broker will not be allowed to vote your shares on such proposals. This will result in a broker non-vote. Broker non-votes are not counted as shares present and entitled to vote so they will not affect the outcome of the election for directors or the other non-routine proposals.

If you indicate that you wish to abstain, your vote will have the same effect as a vote against the proposal or the election of the applicable director.

Q: What happens if additional matters are presented at the Annual Meeting?

A: We are not aware of any business other than the election of directors and the ratification of the Company's independent registered public accounting firm to be acted upon at the Annual Meeting. If you grant a proxy, the person(s) named as proxy holder(s) will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting.

Q: What if I vote and then change my mind as to how I want to vote or want to revoke my proxy?

A: If you are a stockholder of record, you may change your vote by granting a new proxy bearing a later date, by providing our Secretary with written notice of revocation of your proxy, or by attending the meeting and casting your vote in person. To change or revoke your vote for shares you hold in street name, you will need to follow the instructions in the materials your broker or bank provides you.

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Q: Whom may I call with questions about the Annual Meeting?

For information about your stock ownership, or for other stockholder services, please contact Stockholder Relations
A: at 314-771-2400, extension 604. For information about the meeting itself, please contact Daniel C. Dunn, our
Secretary, at 314-771-2400.

Q: What should I do if I receive more than one proxy card?

A: If you hold shares in more than one account you will receive a proxy card for each account. **It is important that
you vote shares represented by each proxy card you receive.**

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II. AGENDA ITEM 1 ELECTION OF DIRECTORS

The Company's Board of Directors is comprised of a single class. The directors are elected at the Annual Meeting of the Stockholders of the Company and each director elected holds office until his or her successor is elected and qualified. The Board currently consists of five members. The stockholders will vote at the 2013 Annual Meeting for the election of all five directors for the one-year term expiring at the Annual Meeting of Stockholders in 2014. There are no family relationships among any directors or executive officers of the Company.

The persons named in the enclosed proxy will vote for the election of the nominees named below unless authority to vote is withheld. All nominees have consented to serve if elected. In the event that any of the nominees should be unable to serve, the persons named in the proxy will vote for such substitute nominee or nominees as they, in their discretion, shall determine. The Board of Directors has no reason to believe that any nominee named herein will be unable to serve.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS VOTING FOR EACH OF THE NOMINEES NAMED BELOW. IF YOU SIGN AND RETURN THE PROXY CARD AND DO NOT SPECIFY OTHERWISE, WE WILL VOTE YOUR SHARES FOR THE ELECTION OF THE FIVE NOMINEES LISTED BELOW.

The biographies of each of the nominees and continuing directors below contain information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Governance and Nominating Committee and the Board to determine that the person should serve as a director for the Company beginning in 2013.

The Governance and Nominating Committee does not have a fixed process for identifying and evaluating potential candidates to be nominees for directors, and there is no fixed set of qualifications that candidates must satisfy to be considered. The Governance and Nominating Committee has the flexibility to consider any factors as it deems appropriate. These factors may include education, diversity, experience in the Company's industry, the interplay of the candidate's experience with that of other members of the Board of Directors, and the extent to which the candidate would be a desirable addition to the Board of Directors and to any of the committees of the Board of Directors. The Governance and Nominating Committee will evaluate nominees for directors submitted by shareholders in the same manner in which it evaluates other director nominees. No shareholder has properly nominated anyone for election as a director at the Annual Meeting.

NAME OF NOMINEE	AGE	PRINCIPAL OCCUPATION	DIRECTOR SINCE
Judith T. Graves	66	Retired	February 2004
Joseph E. Root	68	Attorney	October 2006
William A. Peck	80	Director, Center for Health Policy, School of Medicine, Washington University, St. Louis, Missouri	April 1994
Earl R. Refsland	70	President and Chief Executive Officer of the Company, St. Louis, Missouri	September 1999
	72	Private Investor	August 1997

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS VOTING FOR EACH OF THE NOMINEES NA

John D. Weil
(Chairman)

Except as set forth below, each of the nominees has been engaged in his or her principal occupation described above during the past five years.

Ms. Graves retired as the Assistant Director for Administrative Services and Controller to the Board of Commissioners of the Saint Louis Art Museum. Prior to assuming expanded responsibilities, Ms. Graves had been the Museum's Director of Finance and Controller to the Board of Commissioners since 1984. Ms. Graves brings to the board over thirty years of experience in finance and accounting.

Mr. Root is an attorney and is the founder and chief executive officer of Qualipat, LLC, a consulting firm providing training and outsourcing solutions to corporations and patent lawyers. He served as Chief Patent Counsel to UnitedLex Corp. from April 2008 to August 2009. Mr. Root's legal practice has been focused in

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the field of intellectual property, technology and patent law. His career has spanned a range of positions both in-house and in private practice, including General Counsel of Marquip, Inc. in Phillips, Wisconsin and IP counsel positions with Johnson Controls, Inc. and RJR-Nabisco, Inc. He engaged in private practice with the New York offices of the Bryan Cave and Kenyon & Kenyon law firms. Mr. Root received a J.D., magna cum laude, from Wake Forest University, and a B.S. from the United States Military Academy. Before attending law school, Mr. Root served as an Armor Officer in the U.S. Army and in engineering and production management positions. The Board believes that Mr. Root's knowledge in the field of intellectual property law and his experience in advising small businesses make him a desirable member of the Board.

Dr. Peck is currently serving as the Wolff Distinguished Professor at Washington University and Director of the Center for Health Policy. From 1993 to June 2003, Dr. Peck served as Executive Vice Chancellor for Medical Affairs at Washington University and from 1989 to June 2003, Dean of the School of Medicine at Washington University, St. Louis, Missouri. Dr. Peck served as a director of Angelica Corporation from 1996 until August 2006. From 1990 until 2005 Dr. Peck served as a director of Hologic and from 1993 until 2004 he served as a director Reinsurance Group of America. Dr. Peck brings to the board of directors many years of experience as a director of public companies, including service as chairman and service on audit, compensation and executive committees, as well as knowledge of the health care system.

Mr. Refsland has served as President and Chief Executive Officer of the Company since September 1999. From February 1999 to January 2000, Mr. Refsland served as Director and Chairman of the Board of Andros Technologies. From May 1995 to March 1998, Mr. Refsland served as President and CEO of Photometrics Limited. Mr. Refsland previously served as Chief Executive Officer and member of the Board of Directors of Allied Healthcare Products, Inc. from 1986 to 1993. Mr. Refsland brings to the board of directors nearly thirty years of experience in the medical industry, including eighteen years as the Chief Executive Officer of Allied Healthcare Products, Inc. The Board believes that Mr. Refsland's medical industry experience, executive experience, and extensive experience in all disciplines of business and manufacturing make him a desirable member of the Board.

Mr. Weil serves as the Chairman of the Company's Board of Directors. Mr. Weil has been the President of Clayton Management Co., a private investment company, since 1973 and currently is a director of Baldwin & Lyons, Inc., a publicly traded insurance company. Mr. Weil was also a member of the board of directors of Pico Holdings, Inc. from 1996 until August 2010 and a member of the board of directors of Highbury Financial Inc. from 2009 until that company was sold in April 2010. Mr. Weil also serves as a member of the Board of Trustees of Washington University, St. Louis, Missouri, and a Trustee of the St. Louis Art Museum Commission.

Mr. Weil has wide-ranging experience on various boards and as president of an investment company. The Board believes that Mr. Weil's knowledge in the areas of officer compensation, risk assessment and oversight, corporate governance, finance, investment, and board development makes him a valuable resource as our independent Chairman and as a member of our Audit, Compensation, and Governance and Nominating Committees.

Board of Director Independence

The Board has determined that each of the current Directors other than Mr. Refsland is independent within the meaning of the Company's director independence standards, which reflect the Nasdaq Stock Market director independence standards, as currently in effect. Furthermore, the Board has determined that each of the members of each of the committees is independent within the meaning of the Sarbanes-Oxley Act of 2002 (Audit Committee) and the Nasdaq Stock Market committee independence standards (Audit, Compensation and Nominating/Corporate Governance Committees).

Board Structure Committees of the Board

Board Structure

The Board believes that having an independent Chairman of the Board is in the best interest of stockholders. An independent Chairman ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the Board.

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The Board is actively involved in overseeing the Company's management of risk. This oversight is conducted primarily through committees of the Board, as described below. The full Board has retained responsibility for general oversight of risks. The Board satisfies this responsibility through full reports by each committee chair regarding the committee's considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within the Company.

The Board of Directors of the Company held four meetings during the fiscal year ended June 30, 2013. The Board of Directors presently maintains a Compensation Committee, an Audit Committee and a Governance and Nominating Committee.

Committees of the Board

The Compensation Committee consists of Messrs. Weil, Root, Peck and Madam Graves. This committee reviews and approves the Company's executive compensation policy, reviews and approves decisions concerning management bonuses and makes recommendations concerning the Company's employee benefit policies and stock option plans in effect from time to time. The Compensation Committee did not meet during the fiscal year ended June 30, 2013 but took some actions by unanimous written consent, including adoption of a charter on June 19, 2013. A copy of the new charter is available on the Company's website: www.alliedhpi.com.

The Compensation Committee is responsible for overseeing management of risks relating to the Company's compensation and benefits systems. To assist it in satisfying these oversight responsibilities, the Committee may retain its own compensation consultant and hold meetings with management and with outside counsel to understand the financial, human resources and stockholder implications of compensation decisions being made. In fiscal year 2013, the Committee did not engage any consultant to provide advice or services related to compensation of the Company's named executive officers.

The Audit Committee consists of Messrs. Weil, Root, Peck and Madam Graves. The Charter for the Audit Committee is available on the Company's web site: www.alliedhpi.com. This committee recommends engagement of the Company's independent auditors and is primarily responsible for approving the services performed by the Company's independent auditors. This committee is also responsible for reviewing and evaluating the Company's accounting principles and its systems of internal accounting controls and overseeing the management of risks related to these activities. The Audit Committee held three meetings during the fiscal year ended June 30, 2013. The Board of Directors has determined that nominees for director should meet all the criteria that have been established by the Board of Directors and the Nomination, Compensation and Governance Committee for board membership and not just have certain specific qualities or skills, such as those that would qualify a nominee as an audit committee financial expert. Accordingly, the Board of Directors believes that it is not in the best interests of the Company to nominate as a director someone who does not have all the experience, attributes and qualifications sought. The Audit Committee consists of three independent directors, each of whom has been selected for the Audit Committee by the Board of Directors based on its determination that they are fully qualified to monitor the performance of management, internal accounting operations and the independent public accountants, and are fully qualified to monitor the disclosures of the Company to the end that they fairly present its financial condition and results of operations. Although one or more of the members of the Audit Committee meets, in the Company's opinion, the SEC definition of an audit committee financial expert, the Board of Directors has decided not to designate any one of them as such. In addition, the Audit Committee has the ability on its own to retain other independent public accountants or other consultants whenever it deems appropriate. The Board of Directors believes that this is fully equivalent to having an audit committee financial expert on the Audit Committee.

SEC rules require that members of the Audit Committee may not be affiliates of the Company. A person who has control over the Company, as determined by SEC rules, is deemed an affiliate and thus not independent for purposes of serving on the Audit Committee.

The Board notes that Mr. Weil has beneficial ownership of 39.6% of Allied's voting stock. However, the Board also notes that, as of December 31, 2012, a large block of shares, 34.8%, was held by three sophisticated institutional investors who are entirely independent from Allied and Mr. Weil. Even if it were assumed that all members of management and the Board would vote their outstanding shares in unison with

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Mr. Weil, Mr. Weil would not have a majority of Allied's voting stock. Further, the Board believes that Mr. Weil's interests are aligned with all other holders of Allied's stock.

As a result, the Board has concluded that Mr. Weil is independent for the purpose of service on the Audit Committee. The Board evaluates the independence of all Audit Committee members on a continuing basis.

The Governance and Nominating Committee consists of Messrs. Weil, Root, Peck and Madam Graves. This committee recommends nominees to fill vacancies on the Board of Directors. The Governance and Nominating Committee did not hold a meeting during the fiscal year ended June 30, 2013. The Governance and Nominating Committee will consider nominees submitted by stockholders for inclusion on the recommended list of nominees submitted by the Company and voted on at the Annual Meeting of Stockholders if such nominations were submitted in writing to the Company's headquarters Attention: Governance and Nominating Committee, no later than June 1 in the year of such Annual Meeting of Stockholders. The Governance and Nominating Committee does not have a charter, but in the course of performing its duties, the committee adheres to the Company's Corporate Governance Principles, a copy of which is available on the Company's website: www.alliedhpi.com.