



John Henry Foster Company
St. Louis, MO

1944-2007



The Story of
John Henry Foster Company
St. Louis, MO

1944-2007

By Kathleen Gilbert

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Vision

To strive for, and maintain, a leadership position
in fluid power sales in our market.



Mission

John Henry Foster Company associates are empowered to perform at the highest level of quality so that we meet and exceed our customers' expectations. We continually strive to provide quality products and services to our internal and external customers in a timely manner. We understand how our activities lead to quality products and services. We do everything possible to delight our current customers and to attract new customers.

Values

John Henry Foster Company employees have identified the following values that they feel are most important. All employees should demonstrate and model these values by their actions in their personal work behaviors, decision making, and interpersonal interaction:

- Loyalty
- Excellence
- Cooperation and Teamwork
- Respect
- Integrity and Honesty
- Service to Our Customers
- Trust
- Job Security
- Accountability to Each Other



Acknowledgments

A debt of gratitude is owed to the men and women whose interviews contributed to an understanding of the John Henry Foster Company story. Many of those who took time from their busy lives and work schedules to share their memories and experiences have been quoted directly. All those with whom I spoke helped reveal something important about the supportive community that comprises this enterprise: Ron Barker, Ed Clukies, Bob Gau, Jeff Gau, Kathy Gau, Rich Gau, Phil Green, Henry Herbst, Rich Lemp, Denise Meyerotto, Bob Reid, Rosalie Riley, Joe Rocklage, Christy Schmidt, and Ken Strain.

Special thanks go to Henry, Denise, and Rich for their time and assistance during my visit to St. Louis. Ed Mayhew graciously spent time recording his memories of Mr. Foster and the Minneapolis branch of the company, for which I am very grateful.

Finally, I'd like to thank the Gau family and all the employee-owners of John Henry Foster Company for welcoming me to their story and for being generous with their time and hospitality.

Foreword



John Henry Foster began as a manufacturer's representative selling pneumatic equipment out of his Airstream trailer in the late 1930s. In 1940, he established John Henry Foster Company in Minneapolis, Minnesota. Having spent much of his time in the South, and not accustomed to the cold winters in Minnesota, he hired Ed Mayhew to manage

the Minnesota operation. Mr. Foster then moved to St. Louis in 1944 and established John Henry Foster Company in St. Louis on North Grand Boulevard. As business grew, the company relocated first to 2850 Gravois, then to 10740 Midwest Industrial Boulevard. Throughout all the expansions and developments, Mr. Foster lived by the motto, "If you take care of the business, the business will take care of you." Not only did Mr. Foster take care of his business, he also took excellent care of his employees. Though sometimes taken advantage of by his never-ending trust in people, Mr. Foster often spoke of how the challenges he encountered made him a stronger individual. He claimed that he had never met a person he did not like, though he admitted there were probably some people he had not met yet.

Foreword

By 1960, John Henry Foster Company—St. Louis had six employees. Mr. Foster decided it was time to hire a general manager, whose task would be to “grow” the business. The man for the job was Jesse Fox. Jesse was a tremendous mentor and a wise businessman. He knew that in order to grow, the company needed dedicated people and name-brand products. Jesse began by hiring two new salesmen, John Murphy and me (Bob Gau). Jesse knew that talented people attract quality product lines, and vice versa. His goal was to represent the number-one product line in pneumatics, hydraulics, and air compressors. This goal still permeates John Henry Foster Company today: Best people... best products... best customers.

I joined John Henry Foster Company in 1963 as a sales trainee. Six months later I was working in sales, and within four years I was general sales manager. In 1982 I became the president of John Henry Foster Company—St. Louis. We continued to add quality people and top-rated products to grow the business. In 1984, one year after my wife, Kathy, and I bought the business from Mr. Foster, we established the John Henry Foster Employee Stock Ownership Plan (ESOP). Today there are 100 employee-owners who own 43 percent of the company at no cost to themselves. In 1992, due to our continued growth,

Foreword

we again needed to relocate. We moved from our location on Midwest Industrial Boulevard to our current facility at 4700 LeBourget Drive. In 2005, due to the dedication and determination of our employee-owners, we topped \$42 million in sales. Continuing growth had necessitated more space, and we expanded our facility by 50 percent, to 100,000 square feet.

John Henry Foster Company's core values include loyalty, respect, integrity and honesty, trust, cooperation and teamwork, job security, service, accountability, and excellence. Our employee-owners live by these values every day. Our focus has never been fresher or more open to new ideas. Our mission remains, "To perform at the highest level of quality so that we meet and exceed our customers' expectations."

My vision for the future of John Henry Foster Company is to continue to uphold our strong values that began with John Henry himself, as well as to dominate our market by continuing to build strong relationships with our employee-owners, our loyal customers, and the manufacturers we represent. It is with great respect and gratitude that I dedicate this book to the founder of our company, John Henry Foster.

Robert A. Gau, *CEO and Chairman of the Board*

JOHN HENRY FOSTER

RUBBER HOSE *and* TUBING

for
EVERY
PURPOSE

*"If it's Hose
we can supply it"*

Rodgers

Molding Presses
Rubber Presses
Cylinders
and Capstans

DI-ACRO

BENDERS
PISTONS SHEARS

MEAD

Industrial
POWER

PNEUMATIC
NORGREN
PRODUCTS

Norgren Air Filters
Norgren Air Regulators
Norgren Air Line Lubricators
Hi-Pressure and Low Pressure
HYDRAULIC
HOSE ASSEMBLIES

Phone **NEWS**

John Henry Foster's
work bench and trailer

Founding



The man who bestowed his name on John Henry Foster Company

was a “pull-yourself-up-by-the-bootstraps” kind of entrepreneur and possessed the mystique of a truly self-made man. Factual details about his early life are few. Born in 1905 in Rhode Island, John Henry Foster ran away from home at age sixteen and made his way to California, where his stories hint at youthful indiscretions and minor brushes with the law. He eventually landed in the Midwest where, in 1928, he began a career as a manufacturer’s representative selling pneumatic equipment to industrial customers.

John Henry had little formal education but plenty of business intuition, and he was a born salesman. Charming and charismatic, he took pride in having



John Henry's famed Airstream trailer, which he filled with working displays of his products, sits in front of the building on North Grand.

what his customers needed when they needed it. “You can’t sell from an empty wagon” was not just a favorite saying to him; it was a way of doing business. He owned an Airstream trailer, outfitted with working displays of the products he sold, that he pulled behind an old black Cadillac. John Henry drove south in the winter and north in the summer calling on industrial manufacturers. Among his earliest suppliers were Norgren, Mead, and the Hansen Company. As the first Vise-Grip salesman, John Henry later claimed he “put Vise-Grip on the map.”

Despite his success as a traveling salesman, the manufacturers he represented began to favor distributors with a permanent place of business

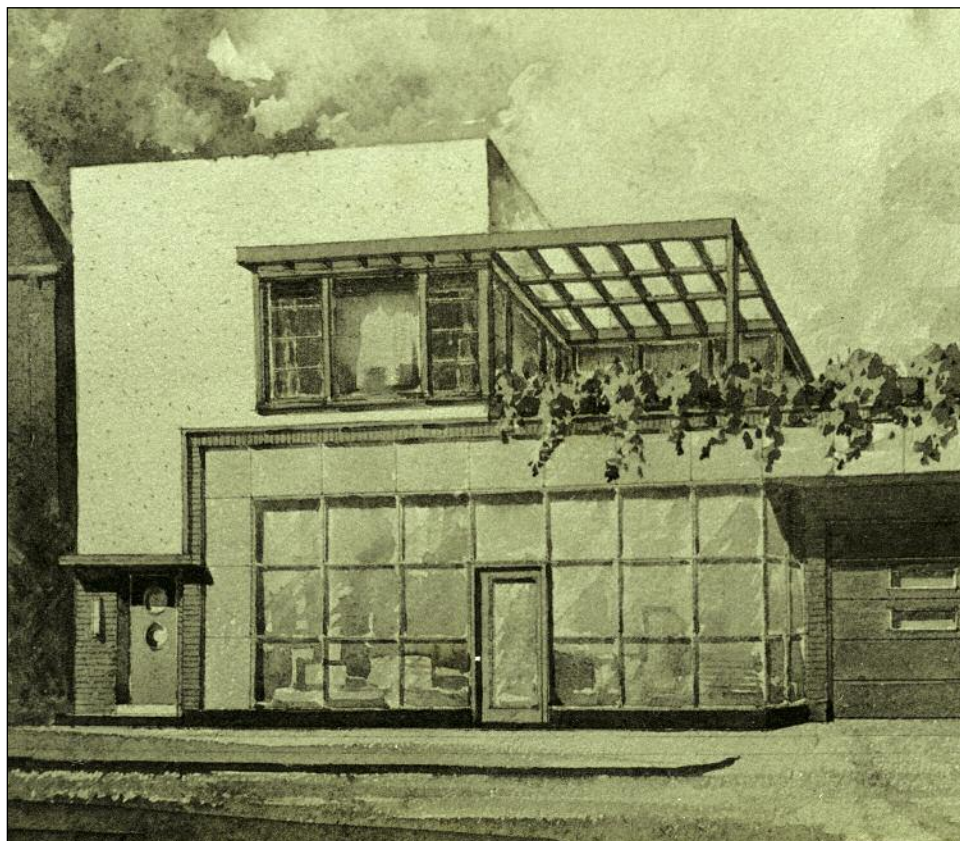
with inventory to better serve the market. Bowing to the changing times, John Henry opened his first fluid power equipment distributorship in Minneapolis, Minnesota in 1940, with his sister as a full partner in the new venture. Elizabeth and John Henry Foster lived in a small cottage on the Lake of the Isles, and John Henry kept a small office in the Wesley Temple Building.

John Henry Foster Company added several names in the pneumatic and hydraulic equipment business to its roster of suppliers; taking on Air-Mite, Gates Hose, an air compressor line, and other related items. John Henry called on local manufacturing companies—Honeywell, Minnesota Mining, Northern



Ordinance—along with many smaller customers. His display trailer continued to make the rounds with him, creating a lasting impression; for years afterward, customers would question his successors about Mr. Foster and his distinctive sales approach.

Mr. John Henry Foster



The first John Henry Foster Company facility in St. Louis was located on North Grand Boulevard, across the street from Fairgrounds Park and south of Sportsman's Park (home of Cardinals baseball).

After enduring several harsh winters in Minneapolis, John Henry decided to hire Ed Mayhew as general manager to manage the distributorship in Minneapolis and relocated with Elizabeth to St. Louis, where he opened a second branch of the business. John Henry Foster Company opened its St. Louis operation in 1944 on North Grand Boulevard across from Fairgrounds Park.

As World War II drew to a close, John Henry became involved in another business venture. One of the product lines the company handled in both

Minneapolis and St. Louis was Hansen quick-disconnect couplings. When the war ended, Hansen couplings—which were the only quick-disconnect couplings being manufactured at the time—flooded the market in the form of army surplus. Seizing the opportunity, an enterprising John Henry began buying up surplus couplings at a tremendous discount and selling them for a substantial profit. The Hansen Company was understandably distressed by the situation, and when John Henry refused to desist, cancelled him as its distributor.

Undaunted, John Henry decided to manufacture his own line of couplings, which would be interchangeable with the Hansen line. A moonlighting engineer at



John Henry talking with Ted Mohr.

McDonnell Douglas designed the new coupling and a local screw-machine house turned out the brass parts. John Henry and his porter, Lusby Marshall, assembled the couplings at night and sold them through the distributorships in Minneapolis and St. Louis. In 1946 John Henry formed a separate company called Foster Manufacturing to distribute these interchangeable couplings throughout the entire United States.

The new business was a resounding success. Customers who formerly purchased couplings by the hundreds now bought them by the thousands. All of a sudden, John Henry's homemade assembly line could not keep pace with demand. Forced to expand his capabilities, he partnered with Lee Cruse of Crusota Engineering. Crusota Engineering was an automatic equipment manufacturer located in Springfield, Missouri. The company built numerous pieces of automatic equipment to assemble the quick-disconnect couplings. Eventually, John Henry sold Foster Manufacturing to Lee Cruse, who ran the company until the mid-nineties. Foster Manufacturing is still one of John Henry Foster Company's major suppliers, with 2006 sales of more than



Foster Manufacturing quick-disconnect couplings.



Bob and Kathy Gau, John Henry Foster, and Foster Manufacturing representative Art Hoogstraet smile for the camera at a Foster Manufacturing recognition dinner at Bristol's Restaurant.

\$1 million in Foster couplings; John Henry Foster Company of St. Louis is still its largest distributor.

With John Henry traveling around the country selling Foster couplings to distributors, he hired Jesse Fox as general manager to run the St. Louis distributorship in his absence. By the mid 1950's the company had reached six full-time employees and outgrown its facility. John Henry Foster Company moved to its second building, an old linoleum store located next door to Kutis Funeral Home at 2850 Gravois. It would call Gravois home for the next twenty years. It was at this location, nearly a decade later, that a young sales trainee named Bob Gau was hired.

C. A. NORGREN CO.
222 Santa Fe Drive
Denver 9, Colorado

October 17, 1947

We are attaching hereto a copy of the photograph taken at the C. A. Norgren Co. sales meeting in the University Club, Chicago, Ill., on September 22. We are sure that you will treasure this picture as a memento of that occasion.

For myself, I want to express my appreciation to each one of you for your presence and for the contribution you made to its success. We here at the plant are very much convinced that the Tool Show was a great success from our standpoint that we made great numbers of new friends and otherwise greatly enhanced the standing and prestige of the Company.

We are also convinced that from our contacts with our representatives that a much finer entente has been established with a keener understanding of our mutual problems and a greater determination to make this entire program a success.

Sincerely yours,



CAN:hw
Encl.

A letter from Carl Norgren to Mr. Foster.



John Henry (back row, second from right) attends a 1947 Norgren distributors' meeting. Carl Norgren is at the head of the table (far left) and his son, Neil Norgren, stands behind him.



Mr. Foster stands in front of a "welcome" sign at the first John Henry Foster Company open house, held in 1971 at a local Ramada Inn.

Growth and Expansion



Bob Gau planned to become a mechanical engineer. Following

high school, the Lemay, Missouri, native studied mechanical drafting at Ranken Trade School in St. Louis before taking a job in the avionics division of Universal Match Corporation, where he worked on the minute-man missile project.

Next he went to Ralston Purina Company's engineering department, where he was involved with compressors, boilers, and liquid handling—steam, fat, fish, molasses, water—“everything that went into the product,” he recalled. Ambitious and hard-working, Bob worked toward his engineering degree at night, attending classes at Washington University.

However, as he worked with cylinders, valves, and compressors, Bob became intrigued with the fluid power industry. Through John Murphy, a salesman for Sturgis Equipment who called on him at Ralston, Bob put out the word that he was interested in a sales position in that industry. Two weeks later, John Murphy called Bob to let him know that John Henry Foster Company was looking for two additional salesmen. At the time, the company was comprised of only six employees, but its new sales manager (an aeronautical engineer named Jesse Fox) was planning to take it to new heights, starting with the expansion of its sales force from two to four.

“When I interviewed for the job, I had two children, was working three jobs, and was spending every nickel,” he recalled.

“I had started at Washington University night school—mechanical engineering—and hoped to become an engineer, but in the meantime I wanted to get out from underneath three jobs and find one job where I could make as much money as I did on those three.”



Rexroth Hydraulic Piston Pump

When Jesse offered him a job as a sales trainee (ultimately to go into outside sales), the offer came in \$25 under what Bob was making at the other three jobs.

“I said, ‘Jesse, I can’t take the job. I need another \$25.’ On the spot he said ‘OK.’ For \$25 a month, I could have blown the whole thing! But I knew what I needed, and I wasn’t going to take the job if he didn’t give me the \$25.”

Fortunately, Jesse agreed to the bump in pay, and Bob went to work for John Henry Foster Company in 1963 as its number-four salesman. (John Murphy,

the Sturgis employee who introduced Bob to John Henry Foster Company, had recently become number three.) He trained with Jesse, an experienced teacher who had taught hydraulics and pneumatics at Parks College of Engineering, Aviation, and Technology in St. Louis.

Bob spent six months doing inside sales, learning the trade before taking on his own territory as an outside sales representative. He proved to be talented at sales; within three years, he had become the company's top salesman.

When Jesse Fox made the startling announcement that he was leaving the company to go into the life-insurance business (he eventually became head of the Aeronautical Engineering Department at Mount Calum College in Sidney, Michigan), he recommended to Mr. Foster that Bob fill his shoes as sales manager.

Bob met with John Henry and his attorney to discuss the new job. This time, he was willing to take a cut in pay, "and I lost my company car," he laughed. Bob assumed the duties of sales and general manager, running the business for John Henry, in 1966 at the age of twenty-eight.

If Bob's life was busy before, now it bordered on hectic. Business was booming, and John Henry Foster Company marked its first \$100,000 month in June 1966. The staff now numbered ten, including two salesmen destined to have a tremendous long-term impact: Ed Clukies had joined the company in 1964, and Bob Pieper was hired to take over Bob Gau's territory in 1966.

Not only was Bob running the business from its general office on Gravois, he also spent a week each month traveling out of town with his salesmen; continued to attend Washington University (from which he graduated



Bimba Pneumatic Cylinder

t

he ten Gau children—Jeannine, Colleen, Rich, Maureen, Suzanne, Jeff, Jennifer, Tom, Carolyn, and Michael—grew up very aware of their father’s business. “Work talk was dinner-table talk for the kids,” said Kathy. “They knew as much about John Henry Foster Company as anybody. They were a part of everything. Many times, Bob would call and say, ‘Mr. So-and-So is in town, Kathy, and I want to bring him home for dinner.’ Well, that might be at two o’clock in the afternoon! I’d tell the kids, ‘Dad’s bringing somebody home. We have to blitz the house.’ Somebody would run to the grocery store, somebody would fix the appetizers, somebody would work on dinner. They all had to help. At five-thirty or six o’clock Mr. So-and-So would walk in our door. All the kids would meet him and then go upstairs and do their homework.”



most of the children started working

at the company around age fifteen or sixteen.

(Only Jeannine, the oldest daughter never worked

at John Henry Foster Company.) “In addition,” said

Kathy, “they cut grass, babysat, had little summer

camps in our house for the neighborhood kids—

Bob’s work ethic definitely transferred over to our

children. The older kids worked at McDonald’s.

Jeffrey had a garden and sold vegetables.”

At other times, everyone pitched in to help at

the office. “There was a time when the cleaning

company for the office was not doing a good job,

and the place was filthy. For two weekends

in a row, the kids and I came out and cleaned

the bathrooms, vacuumed, and dusted,”

remembered Kathy. “Through the years, the boys

kept the shrubs around the building trimmed.”

with an associate's degree in mechanical engineering after eight years of evening classes); and supported a growing family that would come to include ten children.

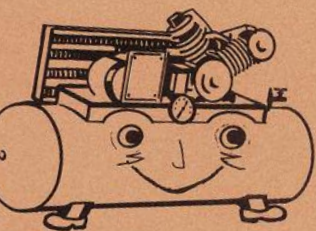
Bob was married to his high-school sweetheart, Kathy, who also was from Lemay. Gracious, vibrant, and caring, Kathy deftly managed the Gau household, freeing Bob's time for business. His promotion to general manager affected the entire family.

"It was a life-changing experience for Bob and I," Kathy said. "We were not at all acclimated to the finer things of life, and now we were going to dinner parties where people talked about china and crystal and silver. I was amazed! One night, after we left a party, I said, 'Bob, the women were all talking about whether they put their good china in the dishwasher.' He said, 'What did you say?' I said, 'No, I never do.' He said, 'Kathy, we don't have a dishwasher or good china!' I said, 'Well, they don't know that!' We were in a whole different life experience, but it was a growth experience. It was good for us."

While being away from his family was difficult for Bob, he also loved spending time on the road getting to know his salesmen and customers. Working closely together was an opportunity for Bob to evaluate his team's compatibility with the company culture. Some of his early hires were great successes: Joe Rocklage (1968), Tom Holtgrave (1968), Henry Herbst (1972), and Tony Certa (1974).

A 1965 edition of Air Power, the company newsletter, introduced Bob Gau as an employee of one-and-a-half years.

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John Henry Foster

Air Power

BULLETIN

Compressed Air "Ideas-of-the Month"

Vol. 1 - No. 4 August-September, 1965



AIR MOTORS



When thinking of uses for compressed air, most of us tend to visualize an air cylinder moving back and forth in a straight line in some sort of push-lamping, pressing, or stacking operation. Others picture its use in clean-up, ejecting, cooling, or spraying-type applications.

A device, often overlooked in visualizing ways to do a job, is the air motor.

Air motors are probably more widely used and offer more advantages than most people realize. The devices which are explosion-proof, whether remotely or closely located. Both are very important to the organization and the company.

It is possible to overload an air motor without harm. Stall the motor, it can be controlled by pressure and in no way cause damage to the motor. It can thus be used in an attempt to stall the motor.

Air motors which use compressed air are very low maintenance. They run cool and are safe.

because of the natural refrigeration process taking place as the compressed air expands. Hence air motors may be operated in ambients reaching 250°F.

Air motors can be operated in either direction at varying speeds. Absolute control of speed is possible by regulating the volume of air delivered to the motor. Reverse from full speed in one direction to full speed in the other can be accomplished "in the twinkling of an eye."

They can be connected to a gear box, by NEMA flange-mounting if you wish, a factor which adds great versatility to many mechanical drives. They can be mounted in any position, operate at high speeds, are small, lightweight, easy to hook up, reliable and relatively inexpensive. Gast Manufacturing Company, one of our major suppliers, currently sells a 1/4 HP model for \$28.

MAY WE INTRODUCE . . .

Robert Gau

Another of our "Panel of Experts." Bob has been with our firm for 1-1/2 years. Formerly with Ralston Purina, he brings with him several years of hydraulic, pneumatic and steam circuit experience. He is continuing to sharpen his technical skills through night courses at Washington University. Hard working and reliable.



Air power properly applied can actually complement and expand the value of people. Basically we believe that compressed air in industry should do the heavy work, the dirty work, the repetitive work, the simple work. By eliminating the tiring, distasteful, boring phases of a job, compressed air can help your people improve production quantity, quality and reliability with greater safety. It can also help to give them more real job satisfaction.

If you are . . .

PUBLISHED

John Henry Foster

2850 Gravois - St. Louis

Phone PROSPECT

"COMPRESSED AIR HEADQUARTERS"
SALES AND SERVICE

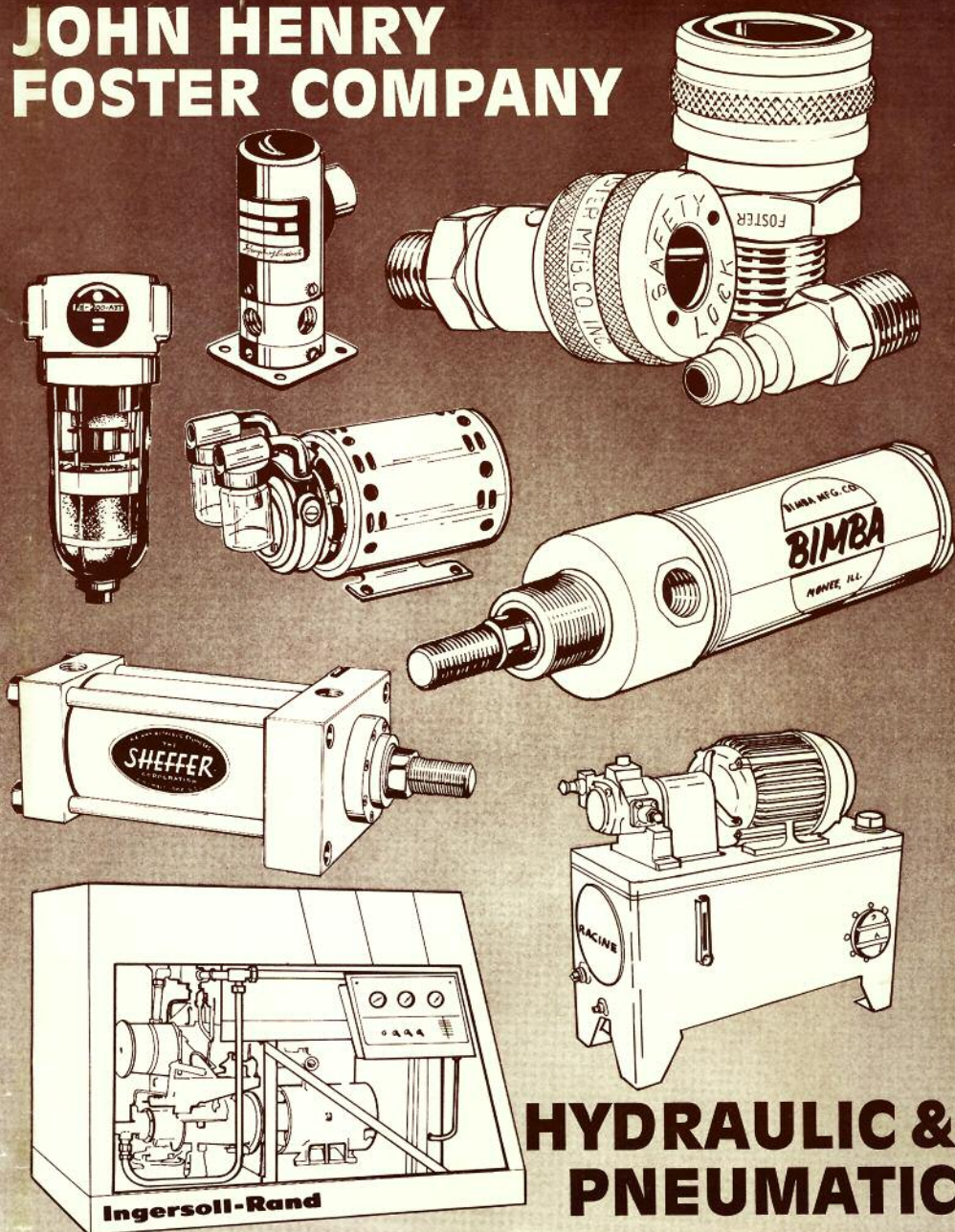
South St. Louis and Illinois.

In addition to two little girls and his wife have a brand new baby boy. Why not give him a call? He has a few cigars.

EDITORIAL

People are much too valuable to use as machines. The complexity of the human brain has never been matched by a machine, nor has a machine been developed that can equal the human qualities of versatility, initiative, flexibility and adaptability. It has also been proven in job studies that the more of his brain power a worker uses, the more rewarding he finds his work and the better a worker he becomes. Therefore, it's the wise production manager who uses the human traits as fully as possible.

JOHN HENRY FOSTER COMPANY



As he gained experience in management, Bob eventually developed a system for identifying outside sales candidates he believed would thrive at John Henry Foster Company. He sought college graduates with a business and marketing background but without prior sales experience, with the occasional exception—of seventeen current salesmen, four had previously worked in sales—although he did look for students who had worked their way through school with part-time jobs.

“Bob would spend weeks at graduation time visiting schools, interviewing for days. He’d go to the professors and ask for the best seniors coming out of school—not necessarily the straight-A students,” said Ed Clukies. He was seeking the most well-rounded candidates: “people who are assertive, have drive, and remain focused.”

Once Bob narrowed in on a prospective salesman hire, he invited the candidate and his spouse to dinner with Kathy and him. “I always said the wife was as important to a salesman as anybody because if she wasn’t willing to let him be on the road, if she wasn’t willing to let him be away from home at night, if she wasn’t understanding that Friday night sales meetings were going to go on forever—you could tell a lot just by having dinner with them,” said Kathy.

The final step in the hiring process—the “icing on the cake,” as Bob calls it—was a visit to an industrial psychologist. For ten years, Bob sent candidates to Dr. Joe Walker for evaluation; upon his death, his son, Dr. Len Walker, served as the company’s psychologist for the next thirty years. (Today John Henry Foster Company relies on a family business consultant firm, Leadership Alliance, for this service.)

These criteria, along with Bob’s own instincts about the people he interviewed, contributed largely to the company’s successful hiring practices. Above all else, John Henry Foster Company aims to “get the right people onto the bus and then into the right seats on the bus,” Bob explained.

In 1972 the company—already well established as a distributor of pneumatic equipment—expanded into hydraulics by taking on Racine Hydraulics (which later became Bosch and then Rexroth) as a supplier, carrying Racine hydraulic pumps and valves. One element, however, was missing: Racine did not manufacture hydraulic cylinders. In order to offer a complete line of hydraulic supplies, Bob began conversations with several cylinder manufacturers, ultimately making personal visits to six. One of those manufacturers was Hydroline.

“I wanted to represent Hydroline. They were number one or two in cylinders,” recalled Bob. “One day—it was a Friday—I spoke with the national sales manager at Hydroline who said they had just signed up Flo Products in St. Louis, one of our competitors. I thought, that’s interesting. I knew that Flo Products was the Sheffer cylinder distributor. How could Flo Products take on Hydroline? So I called Don Sheffer and said, ‘We’ve been talking to you about taking on your line, and you said you were happy with Flo Products, but I just discovered an interesting piece



Sheffer NFPA Tie-Rod Cylinder

THE SHEFFER CORPORATION

CINCINNATI, OHIO



SHEFFER CYLINDERS
"THE MUSCLES OF AUTOMATION"

DISTRIBUTED BY

THE MOST CAPABLE AND
ENGINEERS INTERNATIONAL



John Henry stops by the Sheffer display to visit with Don Sheffer at the first John Henry Foster open house.

of information: Flo Products has taken on Hydroline.’ He didn’t believe me and hung up to call Flo Products. Don Sheffer called me back in an hour and asked, ‘How soon can you come to Cincinnati?’ I said we’d be there on Monday morning. “Ed Clukies, Bob Pieper, and I went to Cincinnati on Monday and came back with the Sheffer product line.”

In a unique approach for its industry, all of the company’s salesmen continued to sell all of its product lines—a custom continued today. “We feel we have a responsibility to our factories,” explained Bob. “All of our salespeople need to be selling all of our products. It’s not just a question of total sales from a given territory or profits for a given month; more importantly, are we selling Bimba, Firestone, Foster, Gast, Humphrey, Ingersoll Rand, Norgren, Rexroth, Sheffer, Sun, and Weatherhead? You need to sell it all. Our salespeople sell all of our products to all of our customers. Our competitors in the industry, especially in St. Louis, are not like that. Some sell compressors; some sell hydraulics; some only pneumatic equipment; some only hose and fittings. All of our people sell all of the products all of the time.”

The salesmen work hard on behalf of their suppliers, investing long hours and tremendous energy in building relationships with their customers. When Henry Herbst joined John Henry Foster Company in 1972, all six of the company’s salesmen lived in St. Louis. Each had both in-town and out-of-town territories. Henry’s territory extended 150 miles west to Sedalia, Missouri, “within two counties of Kansas City—really far out,” he said. One week each month, he left his home on Monday morning and returned on Thursday night, staying in hotels on the road. “It just became part of your life—every month for at least twenty-two years. Your family knew you’d be going on the road. No matter where you were headed, you were expected to arrive at your first call at 8:00 a.m. After you finished your last call at 5:00 p.m. on Thursday evening, then you’d start the drive home.”



Just another Friday night: (left to right) Salesmen Ed Clukies, Art Davidson, Jesse Fox (manager), and Walt Price gather for a November 1968 sales meeting, which always started at 5:00 p.m. on Friday. Bob Gau took the photo.

There was one other time commitment that all the salesmen shared: “As a new salesman in this company, you also learned very early on that Friday nights belonged to Bob unless he said otherwise,” said Henry. Friday night sales meetings were a tradition started by Jesse Fox. The time was chosen deliberately.

“The rule of thumb was, if you weren’t in front of a customer eight to five, you were unemployed,” explained Ed Clukies. “If you were in the office, Bob would ask, ‘What are you going to sell me in the office?’ John Henry felt that way, and Jesse Fox promoted that, and Bob Gau continued with it.



Celebrating Bob's fortieth birthday at the John Henry Foster Company picnic, the sales force stands with Bob and Mr. Foster: [L to R] Bob Pieper, Henry Herbst, Joe Rocklage, John Hesser, Dan Middleton, Rich White, Tom Holtgrave, Bob Gau, John Henry Foster, and Ed Clukies.

The only time you can sell is Monday through Friday from eight to five, so the most painless time to be off the street would be on Friday evening at 5:00 p.m. Jesse would say, "Tell your wives that you belong to them the whole week, but Friday night you are mine."

Friday night meetings were a forum for the sales team to discuss new products, conduct additional training, and share successful strategies. "We used the meetings to talk about our goals and how we were going to achieve them," said Henry. "Bob used to come into the meetings with a long list of items to cover. He always had a lot to talk about, but he also used the time to listen to his sales force.

*f*riday night meetings were often followed by dinner, “sometimes to nice places like Al Baker’s, a fine restaurant,” said Rich Lemp, John Henry Foster’s marketing director who joined the company in 1973. One evening, he recalled, “there were probably twenty of us around a table, and somebody decided it was Bob’s birthday. We told the waiter and he came out with a cake. They did this a lot—picked on one guy. Al Baker himself came over to our table and said, ‘This is probably the least likely group I’ve ever seen to be celebrating a birthday.’ He knew what was going on. But Bob was always a good sport, and he has a good sense of humor. He’s willing to give it out, but he can take it, too. He definitely enjoys having a good time.”

“In sales meetings, we’d talk about wanting to take on a new product line—we might spend two to three hours talking about a subject like that—and then he would put it to a vote, and majority ruled. If the majority of the salesmen didn’t want to sell it, then we didn’t take the line on. Bob would not vote, because his feeling was that he would do all the documentation and paperwork and contract and all that, but he didn’t have to go out and sell it. We were the ones who had to go out and sell it.”

From the time he took the job as general manager, Bob Gau was the man in charge of the company, and he ran it with the same vigilance as if it were his own. Mr. Foster, while becoming essentially an absentee owner, put in the occasional personal appearance, which would be remembered and talked about for years.

“John Henry was the best salesman,” said Ed Clukies. “You talk about selling ice to the Eskimos, he could do it. One day we talked him into coming to our sales meeting to show us how he used to sell Foster couplers. That was a real experience. He came with his black bag, and in his black bag was a jeweler’s lamp like you see in a jewelry store when you are looking at diamonds, and a piece of black velvet.

“He opens his bag, sets up the lamp, brings out the piece of velvet, and puts the lamp on it. Then he starts bringing out these couplers. He had them all loosened up so he could take them apart, and he set out all these pieces. They looked like gold and diamonds—such beautiful things. And he proceeded to whip us up on how to sell a Foster coupler. He was an incredible person, just magnificent. I think from that we learned that when you make sales calls, you always have something to talk about and you take something in to show the customer. You don’t go in without a sample—and I think that is one of the reasons why the company was so successful.”

With the hiring of salesman Tony Certa in 1974, John Henry Foster Company decided it needed to put its sales force out in the territory closer to some of its customers. Tony moved to Springfield, Missouri and was the first of the salesforce who was not based in St. Louis. The next salesman hired, Larry Halligan, moved to Decatur, Illinois—giving the company two salesmen in residence 150 to 200 miles from the home office, getting closer to the customer. The company was growing, and more changes were about to take place.

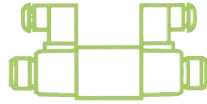


Bob Gau and Ed Clukies



*The company's offices moved to
10740 Midwest Industrial Boulevard in 1974.*

A New Era



Cramped quarters, an unwieldy basement level warehouse, and

a separate shop building located down the street:

After twenty years in its home on Gravois, John Henry Foster Company was out of space and needed more room to grow.

Bob Gau began the search for a new building, but somehow, John Henry's attorney always found something wrong with each choice he presented. Bob said, "One day I told John Henry, 'I've been out looking for buildings for six months. I've found several that would have been suitable, and for whatever reason we always find something wrong with them, so I'm just

going to go back to running the business and turn the real estate over to you. If you want to move, that's OK, but I'm not sure you're serious about moving!' Within thirty days we had a building—one of the same buildings I had found three months previous, still on the market! That's OK," he laughed. "I learned a long time ago it doesn't make any difference who gets the credit. So we moved, and that was a good thing."

The company took possession of its new quarters at 10740 Midwest Industrial Boulevard in 1974. The building's 22,000 square feet seemed cavernous to the staff, which by now numbered about forty. "We thought we were in heaven," said Bob.

In addition to the office area and attached warehouse, Midwest Industrial provided space for an entry foyer where the receptionist sat; an office for bookkeeper Fred Nolkemper; a literature department where product information



10740 Midwest Ind. Blvd., 1974-1991.



(From left to right) Rich White, Bob Gau, Bob Pieper, Ken Bryd, Joe Rocklage, Tom Holtgrave, Ed Clukies, Tony Certa, and Henry Herbst.

was stored; and a conference room and storage area that also played host to the company's periodic open houses and lunchtime ping-pong tournaments. ("We played singles and pairs and had a big tournament at the end of the 'season.' Rich Lemp, Bob Reid, and Doug Finley were excellent. They always

*j*ohn Henry Foster Company made its reputation on the absolute dedication of its employees to both customers and vendors. Ed Clukies's famed "midnight ride" for Hussmann Refrigeration Company embodies the spirit of commitment they evince.

"I was working on a job for Hussmann, and they were building a huge building at an industrial site out in the county," he recalled. "My job was to move all the big air compressors and get them set up. I was working to install Rego compressed air filters, regulators, and lubricators. I had the order, but the factory was dragging its feet. We got to the point where the pipe fitters needed these things to hang up in the ceiling pipes and the compressed air line, but the filters, regulators, and lubricators were in Chicago.

"Angelo Azini, the maintenance superintendent, told me, 'If you don't have these Rego filters, regulators, and lubricators here tomorrow morning at seven o'clock, cancel the order: We're not taking them; we're buying from somebody else.'



t was the largest Rego order we had ever had. Man, he got my undivided attention.”

“So I got on the phone to the factory—it was two o’clock in the afternoon—and said, ‘I will see you tonight around midnight. You better have our filters and regulators ready. I’m bringing a trailer and coming to get them.’”

“At five o’clock I pulled out of St. Louis. I had called a trailer-rental place in Chicago, and the guy was waiting for me. I pulled in, we hung a trailer hitch on the back of my company car, and I took off around eleven o’clock.”

“At five minutes to twelve, I backed into the loading dock at Rego.”

“I pulled into Hussmann’s driveway at seven o’clock the next morning. Angelo saw me drive up with a trailer full of stuff and I salvaged the order.”

Upon Ed’s retirement in 1995, Hussmann presented him with an old Rego filter to remember them by.

put spin on the ball so you could never hit it back,” recalled Christy Schmidt, who started work as a secretary in 1975.) For a brief period, John Henry maintained an office in the building with his accountant, who also ran a separate business called Coats-N-Things out of the rear of the building.

The new building was kept clean and well cared for at all times, said Henry Herbst. “Salesmen could always walk in with a customer, day or night, and things would be presentable.” This hallmark of John Henry Foster Company also extended to the professional appearance and behavior of its employees—and as the sales team grew in size and scope, the company’s support staff was growing as well.

Service Coordinator Rosalie Riley was impressed with the company’s overall level of professionalism when she applied for a job in 1976. A St. Louis native who had recently spent five years in Texas, Rosalie found an ad in the newspaper for a job at John Henry Foster and showed up for an interview. “I liked the company right away when I walked in. It was a small company, and you knew who your boss would be. I was really impressed with how professional they were.”

John Henry Foster Company’s dress code had long included a shirt and tie (although today Fridays are “no tie” days). Rosalie noticed another detail. “All these people had wing-tip shoes on,” she said. “I hadn’t seen wing-tip shoes in a long time—there were a lot of cowboy boots in Texas!”

Rosalie was hired to work for Paul Herdlick, the company’s operations manager since 1964, doing invoicing. Ted Mohr, the director of purchasing, had been hired in the mid 1950s, and Bob Reid started in the service department in 1969. Rich Lemp and Ken Strain both started in shipping and



Joe Rocklage, Paul Herdlick, Gary Dennigmann, and Larry Halligan

receiving in 1973. Denise Meyerotto joined Christy Schmidt as a sales secretary in 1978.

In those days, Christy reported, two secretaries did work for four salesmen and covered eight phone lines. “We had the old type of push-button phone. We had a ‘squawk box’ for paging somebody. We had a peg board for the guys’ messages. You took the message on a piece of pink paper and hung it on a nail, and they’d call in and get their messages. At the end of the month when all of the sales guys would be in the office for meetings, it was like playing “tag” with your chair; if you got up, one of the guys would grab it because there weren’t enough to go around! It got pretty harum-scarum around there.”

Purchasing and inside sales functions took place under the umbrella of one department; representatives assumed responsibility for an entire product line and took sales calls as well as ordering for it. Prior to computers, the company's billing was done on an old L-5 Burrows machine, at which Rosalie was proficient.

By 1982, Bob Gau had been running the company for John Henry for sixteen years. The company's fifty employees looked to Bob as their leader, as did its suppliers and customers. John Henry was seventy-six years old and had no heirs, and Bob began to feel concerned that there was no succession plan in place to ensure the company's future.



Larry Halligan, Norgren president George Loury, and Bimba president Pat Ormsby enjoy an April 11, 1985, golf outing at Paradise Valley.



Joe and Linda Rocklage attend a Foster Manufacturing recognition dinner held February 22, 1985.

“I went to John Henry one day and said, ‘I’m very happy here, but I’m not totally satisfied. I’d like to talk to you about buying into the business some day.’ He was receptive to that.”

Soon after, however, Bob found out John Henry had already promised the company to someone else. Attorney Harold Goldberg had been best man in John Henry’s wedding. For several years, his son-in-law, CPA Steve Wilhelm, had served as the company’s accountant, and despite Steve’s knowing very little about the business (or the fluid power industry), John Henry told him he could buy the company. He suggested that Bob try to work out a partnership with Steve, who eventually agreed to a 50-percent split.

A search for incorporation papers, however, revealed that (unbeknownst to John Henry) Harold and Steve had restructured the company’s stock, giving

Steve the voting shares and control of the business. A disenchanted John Henry immediately offered to stake Bob in forming a new company if the situation could not be remedied; instead, John Henry bought his stock back from Steve and reassumed control. At that point, John Henry made Bob Gau the president of John Henry Foster Company. In 1983, Bob and Kathy Gau purchased the company from Mr. Foster and renamed it John Henry Foster Company of St. Louis Inc.

At the same time, John Henry sold the Minneapolis branch to Ed Mayhew, who had been running that location since 1944. (Ed eventually sold the business to his sales manager, John Hawkins, who still owns it today.)



The following year, Bob and Kathy instituted an Employee Stock Ownership Plan (ESOP), making all employees part owners in the company at no cost to them. From the start of his negotiations to buy the business, Bob knew he wanted to institute an ESOP. “As we considered our future and how to ensure our new company would succeed, we knew two things: That we could not do it alone—our employees would have to help us make it happen—and this would be a family business with family principles, morals, and values,” he said.

Bob and Kathy traveled to Washington, D.C., to learn more about ESOPs. “I knew I wanted to get my people involved in the ownership. I had read a lot about ESOPs, and I was a believer. It’s a great way to reward your people. It’s a retirement plan, bonus plan, and profit-sharing plan all rolled up into one,” Bob said.

“I told Ron [Compton, my attorney] and Paul [Middeke, my accountant], if things work out, maybe this business will even be worth \$2 million some day. And if I own half of it and I’ve given the other half to my employees—that’s OK. I don’t know how I’d ever spend a million dollars, much less how I’d ever spend two! They’ll help me grow this business.”

Bob and Kathy began gifting stock to the employees in 1984 and have continued to do so on an annual basis. Today the employees own 43 percent of the business. In keeping with their open-book management style, “We share information with our people as well,” said Bob. “They get a condensed, consolidated statement of income every month as well as a heads-up as to how we are doing with the major factories we represent. We think it’s important that they know. We want them to know that we are profitable and



A full house for the annual ESOP shareholders meeting.

that the harder they work, the better the ESOP will be as the value of our stock grows.” Every year since the ESOP was put in place, the company stock has enjoyed double-digit growth.

“It wasn’t just us that made this a good company,” said Kathy. “These are not just employees: They are people—friends and family. If there is something good going on in their lives, we’re excited for them. If there is something sad going on, we care about that, too. If the company does well, it pays them back. One year at our Christmas party, Santa Claus handed out fifty-dollar bills just because it was a good year, and they were the ones who helped make it a good year. People come to Bob for help with their financial problems. Bob is at the hospital with people in a crisis. It’s not Bob’s company or John Henry Foster’s; it’s our company, and that’s been the philosophy from the very beginning. We’re all in this together.”



(From left to right) Bob Pieper, Joe Rocklage, Tom Holtgrave, John Henry Foster, Ed Clukies, Ken Byrd, and Paul Keller.



Ken Grucella from Bimba Manufacturing at the open house.

When John Henry Foster passed away on October 17, 1986, at the age of eighty, the company he had founded was thriving. John Henry Foster Company had its first \$1 million month in March and its second in October of 1986. In addition to its financial success, the company sustained a tight-knit community with a family feel. Company picnics, holiday parties, and open houses helped cement relationships between employees, vendors, and customers.

Open houses took place every few years and were a “big production,” recalled Christy Schmidt. Suppliers shipped in their display cases ahead of time. “One year, Bimba actually had a functioning robot that used their cylinders,” she said. “Representatives from each manufacturer would come for the shows and set the displays up. Back in those days, a lot of the principal owners like Don Sheffer and Charlie Bimba would attend.” John Henry Foster Company invited its

customers to attend the two-day event, which started each day at noon and continued into the evening.

“We always had a really good turnout,” said Christy. “Everybody had a good time—sometimes it was hard to get rid of them when it was time to go because some of the guys were longtime customers, and that was a chance to get together, shoot the breeze, have a drink, and relax.”

Kathy Gau has been the chief organizer of the company’s social events, planning everything from intimate parties at the Gau’s home to summer outings at the park to afternoons at the ballpark. She also introduced a favorite company-wide project with deeper community impact: adopting a family at Christmas.

“I’m always wanting to get involved in projects that allow us to give back—we are so blessed—and I always want to include our company in doing



Bob Urban and Joe Hayden prepare to transport presents for the Rural Parish Workers.



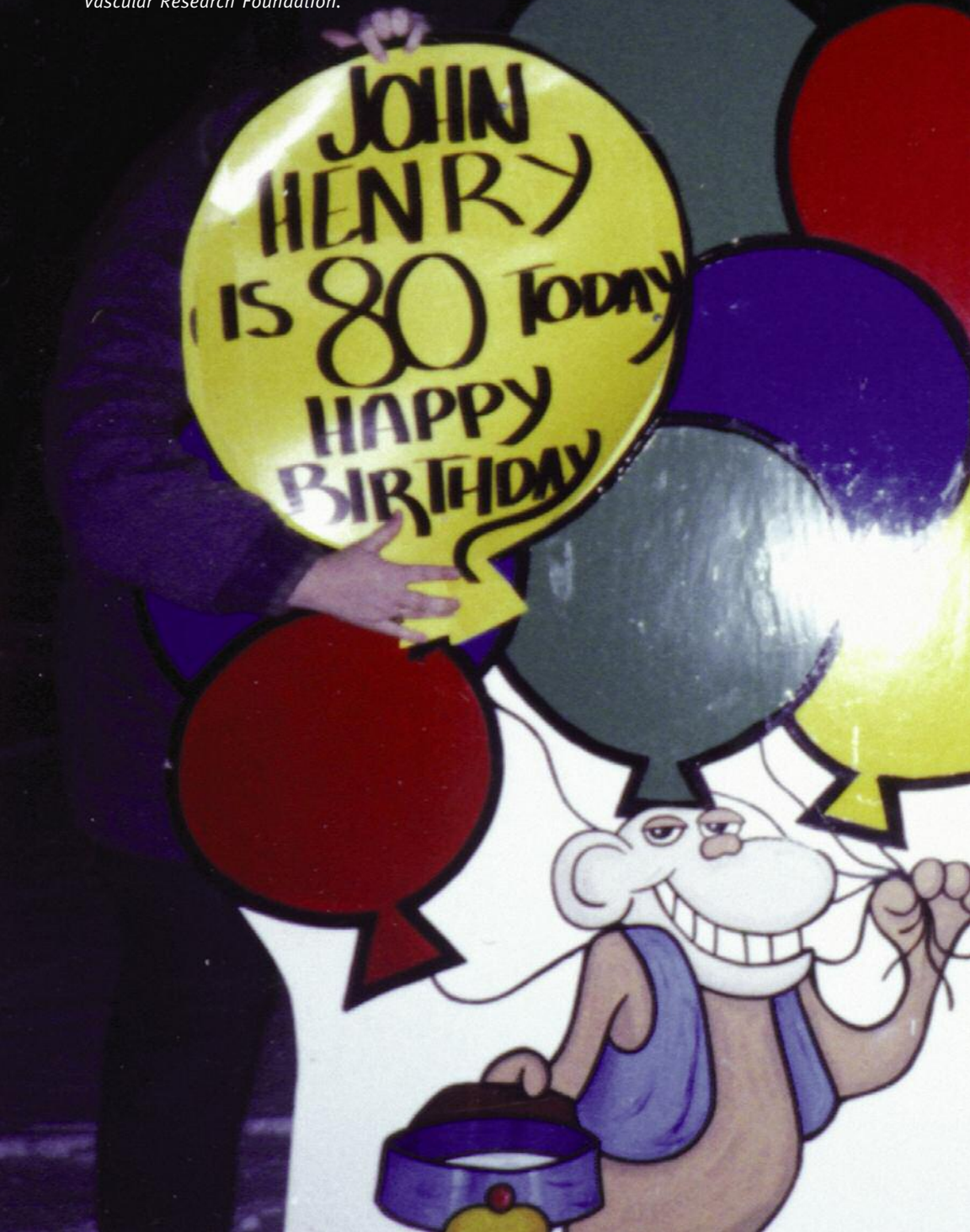
JHF truck loaded with Christmas presents.

things like that,” she said. “We always had a party at Christmas time, which was wonderful because we all came together, but I wanted to do something for someone else. I was aware of a ministry in rural Missouri that reaches out to people of any denomination and helps anyone. They are called the Rural Parish Workers [in Cadet, Missouri]. So one year at Christmas we decided we would adopt a family, and the response from the company was overwhelming. We took down an entire truckload full of things, some old, some new.”

Since the first year the company participated, in 1990, the Rural Parish Workers Christmas project has become an annual tradition for John Henry Foster Company. “Now they save us the family most in need,” said Kathy.

“The employees who deliver the Christmas gifts want to do it every year,” said Henry Herbst. “They get such joy out of it. They feel like Santa Claus.”

On Mr. Foster's eightieth birthday, December 13, 1985, he stands by a sign placed in his front yard by Kathy and Bob Gau. Upon John Henry's death the following October, the bulk of his estate was left to the Kilo Diabetes and Vascular Research Foundation.







Henry Herbst recalled the first time Bob played “business golf” (i.e. golf during the work day) in the early 1980s.

“Bob worked sixty to eighty hours a week, and he firmly believed that eight to five, you are in the office or in front of a customer,” he said. “He used to go out of town with the salesmen—there were seven or eight back then—and would travel with them for a week at a time. After Bob started playing golf, we would take our clubs with us so we could play a little after work. On one trip to Sedalia in western Missouri, there were only two golf courses: one private country club, where you had to be a member, and a little public course in a cornfield, which we had played before, and it was not a lot of fun. Our goal was to play the private course.”

***t**hat morning as we were making sales calls at different companies, we thought, ‘Surely someone we talk to must have a membership in the country club.’ So we started asking around. We found a plant manager who was a member. Bob wanted to play around 5:30 p.m. when we got off work, but the manager could only get us on at 3:00 or 3:30 p.m. Bob agonized. We went the rest of the day without finding anyone else who had a membership and finally, he gave in and we set up the early game. He told me, ‘If you ever tell anybody we took off at 3:30 to play golf, I’ll fire you,’” laughed Henry, whose career with John Henry Foster Company spanned thirty-four years.*

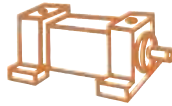


Henry Herbst in his golf attire.



The first day in the new building on LeBourget was September 23, 1991. A flag-raising ceremony was held the following month on October 1.

The Next Generation



In 1991 John Henry Foster Company moved headquarters again, to a

65,000-square-foot facility on seven acres at 4700 LeBourget Drive. The entire company participated in the move, which took place over a weekend so as not to inconvenience any customers.

“The goal was that on Friday afternoon, we would answer the phone in the old building until 4:30; and on Monday morning, when we answered the phone in the new building, we would know where everything was,” explained Henry Herbst.

Members of the shipping and service departments worked extra hours in preparation for the move.



Bob Reid and Ed Clukies at Ed's retirement party on March 31, 1996

When UPS picked up the last shipment around 3:30 p.m. on Friday, a crew started taking product off the shelves, packing it on the trucks, and sending it to the new building. A second crew came behind them to take down the shelves, which were sent over to the new building for reassembly, so that when product started to arrive, there was someplace to put it. "Everything was very organized," said Henry Herbst; nonetheless, work continued until 1:00 a.m.

The inside sales team and support staff came in on Saturday to pack up their desks on Midwest Industrial and on Sunday to set up computers and telephones at LeBourget. The company provided lunch for everyone.

“It was an exhausting effort, but our goal was not to impact the customers. This means we had to know where everything was and be able to find it and ship it,” said Henry Herbst. By Monday morning, \$4 million in inventory was set up and eighty-three employees were ready to assist their customers. “On Monday morning, we answered the phone, ‘John Henry Foster Company.’ If somebody said, ‘I want to come over and pick something up, we said, ‘Well, we’re not where we used to be—we’ve moved!’

Shortly after settling into its new home on LeBourget, the company saw the arrival of a second generation of Gau leadership. Bob and Kathy’s oldest son, Richard, joined the company in 1992, and their sixth-oldest, Jeffrey, came on board in 1997.



Denise Meyerotto and Ed Clukies

Like most of their siblings, both men started working for the company during high school. After turning fifteen, the Gau kids spent many summer and holiday breaks sweeping floors, doing yard work, painting, answering the phone, filing, and looking up literature at the office. Rich fondly remembered spending time with shipping manager Ed Tabor, an ex-Navy man who played Sinatra in the warehouse, and rotating through departments from shipping to service.

“Being the youngest and hence, the lowest guy on the totem pole in the service department, you got all the dirty jobs, like taking apart the compressors” he said. “At the old building [on Midwest Industrial] we had this ‘dip tank,’ and it was literally a trash dumpster filled with cleaning fluid. We took all the parts apart, put them in a basket, and lowered them in with a crane to let them sit overnight. The next morning we’d take them out and rinse them off. The EPA would have had a heyday with it! That smell—it just reeked, and it stayed in your clothes,” he laughed.

It was while working in the service department during his college summers that Rich decided he wanted to do something mechanical—“design, hands-on type stuff,” he said—for a living. He attended Kansas State University, where he studied architecture before switching majors and graduating with a degree in mechanical engineering. Upon finishing school, he knew he wanted to work in the fluid power industry and started his career with Bimba Manufacturing, first in Chicago and then in Toronto as a regional manager. “I’d talk to my dad every couple of weeks. Our work was a common thread, a link in our relationship,” he said. “I think that was the connection that for



John Henry Foster Company attends a St. Louis Cardinals game: Rich and Julie Gau

a long time my dad and I had. Work is my dad, and work was me, too, when I started into my professional career. I wanted to make my mark, to be successful.”

Rich joined John Henry Foster Company in 1992 as a sales trainee and then became an outside salesman, eventually taking over territory from Ed Clukies (as he prepared to retire) and Henry Herbst. “Traveling with

those two veterans was an education in itself,” he said.

Jeff graduated from Southwest Missouri State University in Springfield, MO. “Having grown up around a business, I knew I wanted to get into sales, so I got a business-marketing degree with an emphasis in sales,” he said. While still in school, Jeff began an intensive campaign of research and résumé submissions to companies selling both tangible and intangible products. Ultimately, he decided, “I wanted to sell something you could touch and explain to the customer.”

As he narrowed down his preferences, Jeff became more aggressive in his job search. He asked his father if he could recommend any vendors as potential employers. “Rich was already working for Bimba,” he said. When he graduated, Jeff took a job as a sales engineer with air compressor manufacturer Ingersoll-Rand, working first in Detroit, then Davidson, North Carolina, and finally Dallas-Fort Worth. After four years, tired of working for a big company, he began to explore the idea of coming back to St. Louis to work for John Henry Foster Company.

“It wasn’t predetermined I would come back to the family business,” he said, explaining that by the time he was in college, the family had established a rule that any family member had to have a four-year degree and at least three years of work experience outside the company before he or she could join John Henry Foster Company. Jeff reached an agreement with his father and started work as a sales trainee on January 1, 1997.

After several years as an outside sales representative, Jeff’s role at the company shifted. Wanting to have someone in management more focused on the air compressor product line (allowing the company to focus on



Scott Derleth and Jeff Gau

Ingersoll-Rand, one of its largest vendors), Bob created the position of air compressor manager for which Jeff, with his experience at Ingersoll-Rand, was the logical choice. Two years later, the service department was added to Jeff's responsibilities.

About the same time, Rich became the company's first manufacturing engineering manager overseeing the new hydraulic power unit and value-added services. The 1990s had brought major changes to the way business was done in the fluid power industry, including large, national companies that were able to commit to national-purchase or integrated-supply agreements. Many small and mid-size distributors were bought by large conglomerate distribution companies. John Henry Foster Company, however, remained steadfastly independent.



Donna and Rich Lemp

It continued to rely on an experienced sales force, outstanding service, and—historically its greatest asset—a vast, top-of-the-line inventory that allowed it to beat the competition by having what its customers needed already in stock. John Henry’s adage that “you can’t sell from an empty wagon” continues to permeate the company’s culture. The company’s stock of more than 15,000 items totals a whopping \$6 million in inventory that likely outstrips all of its St. Louis competitors put together.

However, in order to maintain its dominance of the market in Missouri and Illinois in the face of new, national competitors, John Henry Foster Company also began to grow its capabilities in the direction of technical assembly with

new value-added, electrical engineering, and hydraulic engineering departments.

Value-added services were a departure from the company's traditional offerings. Historically, explained Rich, "we didn't put things together. Then we started putting together a Norgren filter regulator lubricator—even that we did reluctantly. You could buy that as an assembly from Norgren, so why would we want to take the time and effort to put it together here?"

The company's first value-added assembly was an atomizer kit done by Ed Clukies for Hussmann Refrigeration; it included Humphrey TAC valves, Weatherhead tubing, and a Norgren regulator and was used to create a vegetable mister for grocery stores. "This was Ed's response to a customer's need," Rich said.



Sue and Tony Certa




Susan and Todd Hickman

“We did it reluctantly because we weren’t set up to do it. Ron Barker and Ed Clukies put them together in the shipping department for many years.”

As its customers’ needs began to shift, however, John Henry Foster Company saw the wisdom of providing additional service and established its own value-added department. Now customers could order one part number instead of many and receive the product fully assembled and tested.

“We have seen double-digit growth in that area every year, because that’s what customers want,” said Rich. “Customers are reducing their technical expertise in-house, so they don’t want to have to put things together. Instead of a customer buying ten different items, now he can buy one part number

ervice department coordinator Rosalie Riley sees the pride the company's service technicians take in their work.

"One of our salesmen recently left a message for all the guys. He was trying to sell a compressor to a plant where we do the preventive maintenance work. They bought their last compressor from a competitor, but they decided to stick with us in the future because when our technicians go in there, they clean everything up, they wipe everything down, they do a really neat job—and just that little difference made him decide to buy from us again."

"I doubt our technicians thought about that when they did it. It's just how they do their work. That's part of our company, too, even though it's behind the scenes and not as glamorous as sales. It doesn't really matter what department you work in; the same pride is there regardless."

and it all comes assembled, tested, and ready to go.”

Another significant change was the addition of hydraulic engineering and electrical engineering departments as John Henry Foster



Foster coupling aisle – JHF warehouse

Company expanded its abilities to work with automation products and machines in process control, manufacturing, or systems integration.

“We were never what I would call a ‘manufacturer’ until the last few years,” said sales manager Phil Green. “We sold components off the shelf.



We’ve always built hydraulic power units, designing and assembling those systems to sell to a customer for a particular application. That model has grown out of

JHF inventory – you can’t sell from an empty wagon.

hydraulics into hydraulic systems with electrical panels, with programming, with custom assemblies, with machine-shop assemblies.”

The company’s engineering department designs and builds electrical, pneumatic, and hydraulic control systems, providing customers with one-stop, turnkey solutions that include custom-designed control panels and custom software development. In addition, John Henry Foster Company installs and



Hydraulic power unit assembly area



Scott Brokaw in the value-added assembly area.

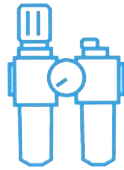
tests its electronic controls.

These new divisions have been a large part of its growth. “These are the decisions driving the future success of the company,” said Phil. With Rich overseeing much of the company’s new technical-assembly responsibilities and Jeff in position to assume additional responsibilities, John Henry Foster Company was riding a tide of change to increasing success.



Bob and Kathy Gau

The Challenges Ahead



The major growth spurt the company experienced at the end

of the twentieth century brought with it the challenges inherent in a larger company. From fifty employees when Bob and Kathy Gau bought the company in 1983, John Henry Foster Company had grown to comprise 100 in 2006, and one of the facts that became apparent was that, despite tremendous stamina and drive, Bob Gau could not do it all anymore. To help manage the growth, Bob created the position of sales manager, a post that was filled by Phil Green in 1997.

“We were growing to the point where it was difficult for Bob to be president, general manager, and sales manager.



Jerry Monahan, Brent Keil, Kathleen Zilliken, and Ken Strain.

He was faced with the decision of what to relinquish,” Phil explained. Bob chose management, and Phil Green was made sales manager—although, as Phil pointed out, Bob has continued to stay very well informed about the company’s sales activity.

Phil joined John Henry Foster Company in 1986, interested in industrial sales and seeking the opportunity for upward mobility. He found what he was looking for in John Henry Foster, he said. “It was a solid company, smaller and family-owned, with a very good income level and freedom in your job.”

As sales manager, Phil oversaw seventeen salesmen and six vendor-managed-inventory (VMI) drivers (mobile employees who service customers’ inventory

requirements). “I try to keep our sales force tuned into some of the successful habits that have made the company what it is today,” he said. “We hope to transfer those habits from our older salesmen to the newer salesmen.”

John Henry Foster Company’s starting point is to find the right people for the team. “We hire people who want to be career salespeople, not those who are looking for a sales job as a way to move up into something else. Wanting to sell is a good starting point.” said Phil, “We train them well. We hire people with business sense and then train them on the technical aspects of what we do.” In addition, John Henry Foster Company supports its sales team with the best in tools and technology. Finally, he said, “our salespeople understand relationship selling. They realize their customers become their friends, and you take care of your friends.



John Henry Foster Company’s outside sales team attended a June 20, 2003, Norgren celebration dinner at the St. Louis Cardinals’ Busch Stadium: Scott and Becky Taylor.



On March 26, 1999, the sales team presented a retiring Bob Pieper with a green (Masters Golf Tournament-like) jacket marked with the number “3” signifying his sales territory: [Front] Phyllis and Bob Pieper; [Back] Tim Fleming, Randy Palmer, Todd Hickman, Henry Herbst, and Tony Certa.

“You cannot underestimate the role loyalty plays in relationships with vendors and customers,” he said. “We don’t manufacture most of the products we sell, but we represent the top brands and the top names in our industry, kind of like a grassroots sales arm. Our vendors partner with us in taking care of our customers. If there is a problem, we step up and take care of the customer at all costs.”

In its early days, John Henry Foster Company focused on developing business in rural areas as well as metropolitan ones and designed its sales program to provide coverage in growing rural areas, which the competition was slower to do. “Today we have a market share built into some areas where some of our competitors do not,” said Phil.

“We put a lot of people out into our territory. We cover a relatively small area—one-and-a-half states—with seventeen salespeople. I think most distributors like

us would have less than half that many people out there because I don't think they would be selling as deeply into their accounts. We go to large and small accounts and you never know when very small accounts could grow to be very large ones," he said. "We also have people out there who know how to identify opportunities, build relationships, and find places that are going and growing."

The bottom line: "We're a sales company. We try to have the best and most knowledgeable salespeople. We value tenure," said Phil.

As it approached the turn of the century, John Henry Foster Company exceeded \$35 million in sales. It also became ISO 9001 certified; was nearly 40 percent employee-owned; and began doing e-commerce.

The company works hard to maintain a family feel amidst tremendous growth. Reinvesting in the business and in its people remains a key priority for John Henry



Paul Herdlick's April 30, 2004, retirement dinner at the Norwood Hills Country Club: Tom Holtgrave, Phil Green, Jerry Monahan, and Ken Strain.

Foster Company, which recently added a 401(k) program and new training opportunities in hydraulic certification to its long list of benefits.

Strongly desiring that the company remain both a family and employee-owned business, Bob and Kathy Gau, together with Rich and Jeff, began the process of succession planning for the company's future. The difficult task with which they were faced included finding a way to be fair to all of the Gau children—those working in the business and those not—as well as fulfilling their responsibilities to their employee-owners, vendors, and customers. The process was not easy for the family.

“It took a lot of years, and there was a lot of heartache and soul-searching,” said Rich. “At the end of the day, you can’t really separate business from family; you have to deal with it on both levels. Looking back on it now, I can smile, but at the time it was painful.”



Erin and Tim Fleming

W

hen the chips are down, John Henry Foster Company employees feel like they can count on the company, especially Bob Gau, for help. A health scare drove this point home for salesman Henry Herbst, who suffered a stroke while talking to inside saleswoman Debbie Droege from a pay phone.

“I knew something had happened but I didn’t know what,” Henry said. He left the phone booth and returned to his car, where the car phone immediately rang. It was Bob.

“He said, ‘What’s going on?’ I said I was OK, but he asked, ‘Where are you?’ ‘On Highway 44 and 100.’ ‘No,’ he said, ‘I want to know exactly where you are.’ I told him, and he said, ‘You have fifteen minutes to go to the hospital in Washington, Missouri, and call me from there. I’ll call your wife and let her know what’s happening.’ I still wanted to go on to Hermann, where my next call was. Bob told me, ‘If you don’t call me from the hospital in fifteen minutes, I’m calling the highway patrol. I’ll have you arrested—I mean it. You have to go get checked out.’ And he was right. Bob cares a lot about the people who work here and their families. He has always been dedicated to them.”



John Henry Foster Co. - St. Louis
Pneumatic and Hydraulic Equipment

60 Years
Of Excellence
1944 - 2004

July 7, 2005

TO: All JHF Employees
Subject: John Henry Foster Succession Plan

As you know, I have been involved in a succession planning process for some time. John Henry Foster Company is both a "family owned" and an "ESOP" company, and I wish to continue that philosophy.

Mr. Foster founded the John Henry Foster Company in Minnesota in 1940. The St. Louis operation came into being in 1944. When John Henry hired me as a salesman in 1963, I had no idea what a life changing experience I was about to embark on. In 1983, I approached Mr. Foster about buying a piece of the company. Ultimately, Kathy and I purchased the St. Louis operation of John Henry Foster Company. As we considered our future and how to ensure our new company would succeed, we knew two things: That we could not do it alone - our employees would have to help us make it happen; and this would be a family business with family principles, morals, and values.

In 1984, we installed the John Henry Foster ESOP. Kathy and I have been gifting stock to our employees for the past 20 years. Today, John Henry Foster employees own 38% of our company. In 1983, sales were at 9 million. In 2005, we will top 40 million in sales. It really has worked well. Our years of continued sales growth are a direct reflection of your efforts. Kathy and I are extremely proud of our employees and our company, not only as a thriving ESOP, but as a family business. We are dedicated to you, our employee owners, just as we are dedicated to our family.

Effective July 11th, 2005, we will be implementing the following succession plan:

Robert A. Gau, CEO and Chairman of the Board

Richard A. Gau, President


Jeffrey T. Gau, Vice-President and COO

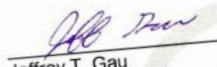
Rich was with Bimba as a Regional Manager in Canada for four years. Rich joined John Henry Foster Company in 1992 as an outside salesman. His most recent role was Manufacturing and Engineering Manager. Rich, in his new role as President, will be responsible for the overall business, with emphasis on driving sales.

Jeff was with Ingersoll-Rand for four years. His last position at Ingersoll-Rand was Sales Engineer in Dallas-Fort Worth. Jeff joined John Henry Foster Company in 1997 as an outside salesman. His most recent role was Air Compressor Manager. Jeff, as Vice-President and COO, will be responsible for all internal operations.

Rich, Jeff, and I are dedicated to ensuring the same principles and values that you have come to enjoy at John Henry Foster Company. I will remain involved in company activities, and will help Rich and Jeff develop in their new roles. I trust you will give them your full support.


Robert A. Gau
CEO and Chairman


Richard A. Gau
President


Jeffrey T. Gau
Vice-President and COO

4700 Le Bourget Dr.
Post Office Box 5820
St. Louis, MO 63134-0820

Phone: 314-427-0600 • Fax: 314-427-3502 • sales@jhf.com • www.jhf.com

ISO 9001
Certified

The Gau family employed the assistance of a family-business consultant firm, CMA, to help them come up with a plan. On July 11, 2005 (Bob's 66th birthday), Bob named Rich as the company's new president, responsible for the overall business with an emphasis on driving sales. Jeff was named vice president and chief operating officer, in charge of all internal operations.

With Rich focusing on sales relationships and Jeff overseeing the details of daily operations, said Bob, "I feel they are both in the right place. They are both utilizing their strengths and talents."

Rich, Jeff, and I are dedicated to ensuring the same principles and values that you have come to enjoy at John Henry Foster Company," wrote Bob in a letter to all employees. "I will remain involved in company activities, and will help Rich and Jeff develop in their new roles."

While maintaining title as chief executive officer and chairman of the board, Bob scaled his work week back to four days in 2005, three days in 2006, and then one day in 2007. Once a week he meets with Rich and Jeff together so the three can touch base regarding company decisions. The three also meet monthly in an executive committee meeting, which also includes other top management.

Today John Henry Foster Company is the largest full-service hydraulic and pneumatic distributor in the Midwest, representing the leading names in the fluid power industry. To best serve its customers, its outside sales force consists of seventeen salesmen covering eastern Missouri, southern Illinois, and portions of Iowa and Kentucky. In addition, thirteen inside product sales people and four engineers are on staff to help

customers with their selections and questions. Twenty-one factory-trained service technicians make sure a customer's compressors and hydraulic power units run the way they expect them to, and a twenty-four-hour emergency service provides customers with the peace of mind of knowing they can find a solution whenever they need one.

John Henry Foster Company continues to find great success as an ESOP company: Today the employees own 43 percent of the company. In 1983 when the ESOP was formed, sales were at \$9 million; in 2006 they topped \$43 million, an achievement Bob attributes largely to the dedication and determination of his employee-owners. "Our years of continued sales growth are a direct reflection of your efforts," he told



Bob and Kathy Gau



Jeff, Bob, and Rich Gau

his associates. “Kathy and I are extremely proud of our employees and our company, not only as a thriving ESOP, but as a family business. We are dedicated to you, our employee-owners, just as we are dedicated to our family.”

Committed to excellence, the company’s knowledgeable and dedicated staff believe that “caring is the difference at the John Henry Foster Company,” an attitude that comes straight from longtime leader Bob Gau. In his drive to succeed, his determination to provide for his family, and his example of the highest standards of morality, justice, and compassion, Bob has proven the wisdom of the company’s namesake:

“I remember John Henry saying, ‘Bob, if you take care of the business, the business will take care of you.’ He lived it, and I’ve tried to live it, too.”

Original Suppliers' Contracts

John Henry Foster Company owes much of its success to the relationships we have nurtured with our customers. This is due, in large part, to the fact that many of our employees have been with us for many years, allowing our customers to know that we are familiar with their businesses and understand what it takes to help them.

This is also true of the relationships we have had with many of our current suppliers. This appendix will give you an idea of just how many years we have been representing some of the products we are proud to sell.

701 PARK ST., KNOX, ILLINOIS 601-2811 AREA CODE 312



MANUFACTURING

July 19, 1963

Mr. Ted Mohr
John Henry Foster Company, Inc.
2850 Gravois Avenue
St. Louis 18, Missouri

Dear Mr. Mohr:

This will confirm the appointment of John Henry Foster Company, Inc. as our exclusive Sub-Factory Distributor for Eastern Missouri and Southwestern Illinois as outlined in the attached map, effective August 1, 1963. As our exclusive Sub-Factory Distributor we look to be protected competitively also in the lines handled by your company.

We are sending announcements of your appointment as our Sub-Factory Distributor to all the air and hydraulic distributors in your area. The line distributor discount and recommended OEM discount schedule is also included in this mailing.

Any stocking inventory that shows slow movement in a reasonable length of time will be exchanged at full value for other items in our line. We will provide you with a form to send us a monthly stock record and depletion of BIMBA cylinders and valves, which will assist us in working out better stock rotation for your inventory.

In conformity to our normal policy, this arrangement can be terminated by either party for any reason whatsoever on a thirty (30) day written notice. Should we elect to terminate such an arrangement, we will accept return of unused stock inventory on hand at full value.

We look to a long and mutually beneficial business relationship. I am confident our growth pattern will continue and sincerely hope you will also share in the rewards that are bound to accrue through this association.

Very truly yours,

BIMBA MFG. CO.

Gregory C. Lutz
Gregory C. Lutz
National Sales Manager

BIMBA STAINLESS STEEL BODY CYLINDERS ARE USED IN ALL INDUSTRY



FOSTER MANUFACTURING COMPANY
MANUFACTURING DIVISION

500 W. BATTLEFIELD • SPRINGFIELD, MO. 65804 • 417 TUXedo 1-6636

July 27, 1966

John Henry Foster Company, Inc.
2850 Gravois Avenue
St. Louis, Missouri

Attn: Jesse Fox - Manager

Subject: Your letter 7-25-66
(Mr. Loyce Farmer)

Dear Jesse:

Enclosed is a complete set of Release Bulletins, Interchange Sheets, Flow Charts, and of course, Catalog and price literature for your new outside representative, Mr. Loyce Farmer.

This seems like a good opportunity to re-confirm your exclusive area of sale. Attached to this letter is a Missouri County-Town map showing the state breakdown as our records indicate. In Illinois, (We are not enclosing map), you have exclusive area of sale in all Southern Illinois counties below and including counties Adams, Brown, Morgan, Sangamon, Macon, Moultrie, Douglas and Edgar.

Please let us know one way or the other if this agrees with your records. Thank you, Jesse.

Sincerely yours,

FOSTER MANUFACTURING COMPANY, INC.

Robert D. Wright

Robert D. Wright,
Sales Manager

RDW/pm

Encl:



INGERSOLL-RAND COMPANY
DISTRIBUTOR SELLING AGREEMENT

Agreement, made this 25th day of October 1963, by and between
INGERSOLL-RAND COMPANY (hereinafter called "Ingersoll-Rand"), and
John Henry Foster Company
of St. Louis, Missouri
a corporation } City
(hereinafter called "Distributor").

Purposes of This Agreement

IN CONSIDERATION of the foregoing and of the promises hereinafter made by the parties to each other, it is agreed as follows:

FIRST: Subject to the Terms and Conditions hereof, Ingersoll-Rand will sell and Distributor will buy Ingersoll-Rand equipment, parts and accessories provided in the Discount Schedules of this Agreement with Distributor having the obligation to develop properly the sale thereof, particularly in the following area: of sales responsibility.

SEE MAP ATTACHED

SECOND: The Terms and Conditions set forth in the attached "Terms and Conditions", X-3064A are hereby made a part of this Agreement.

THIRD: This Agreement contains the entire and only agreement between the parties respecting the sale to and the purchase by the Distributor of the products referred to herein, and any representation, promise or condition not incorporated herein shall not be binding on either party.

FOURTH: Ingersoll-Rand and Distributor shall mutually treat as confidential and safeguard all information, reports and records pertaining to this distributorship.

FIFTH: Distributor shall not transfer or assign this Agreement, or any part thereof, or any rights thereunder without the written consent of Ingersoll-Rand.

SIXTH: This Agreement is deemed executed and delivered in the City of New York, New York, and all questions arising out of or under this Agreement shall be governed by the laws of the State of New York.

SEVENTH: This Agreement shall not be effective or binding on Ingersoll-Rand until signed on its behalf by a Branch Manager, General Manager of Sales and an Executive Officer of the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in triplicate as of the day and year first written above.

John Henry Foster Co. Distributor

By John Henry Foster (Pres)
Name of Officer and Title

By
Name of Officer and Title

INGERSOLL-RAND COMPANY

By W. G. Austin W. G. Austin
Branch Manager

By S. S. Orben S. S. Orben
General Manager of Sales

By E. C. Davis E. C. Davis
Assistant Treasurer

THE **SHEFFER**® CORPORATION

6990 Cornell Road, Cincinnati, Ohio 45242 ■ Telephone 513-793-2770 ■ TWX 810-463-8060

November 21, 1969

John Henry Foster Company

2850 Gravois Avenue

St. Louis, Missouri 63118

Attention: Robert A. Gau

Gentlemen:

The following is a "Product Analysis" of your shipments for the period covering January 1, 1969 through September 30, 1969. Also, your shipments for the same period in 1968 and the total shipped in the entire year, 1968.

Total Shipments (1-1-69 thru 9-30-69)	\$ <u>7053</u>
Total Shipments (1-1-68 thru 9-30-68)	\$ <u> </u>
Total Shipments (1-1-68 thru 12-31-68)	\$ <u> </u>

CREDITS	\$ <u>—</u>	CLA	\$ <u>1595</u>
CLH	\$ <u>529</u>	A	\$ <u>3712</u>
CH	\$ <u>—</u>	C10	\$ <u>36</u>
MH	\$ <u>129</u>	C20	\$ <u>672</u>
HH	\$ <u>—</u>	TA	\$ <u>—</u>
UH	\$ <u>—</u>	PVO	\$ <u>—</u>
TH	\$ <u>—</u>	SH	\$ <u>—</u>
PP	\$ <u>—</u>	SA	\$ <u>—</u>
BOOSTER	\$ <u>—</u>	PARTS	\$ <u>216</u>
TANKS	\$ <u>—</u>	ACCESSORIES	\$ <u>—</u>
DV	\$ <u>—</u>	R.O.	\$ <u>—</u>
HP	\$ <u>166</u>	MISCELLANEOUS	\$ <u>—</u>

Remarks: FLO PRODUCTS:

1967	\$46,000
1968	\$111,000
1969 (Up To Aug 1st)	\$84,800

Very truly yours,

THE SHEFFER CORPORATION

James C. Caveman
Sales Manager

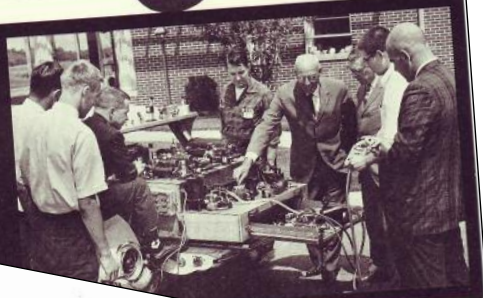
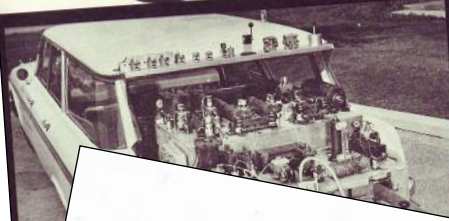
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SHEFFER CYLINDERS... THE MUSCLES OF AUTOMATION

FACTORY DEMONSTRATION of *Humphrey* AIR VALVES

SCHEDULED FOR DEMONSTRATION ON _____

Requires approximately 20-30 minutes



1961 Year End Situation Report

JOHN HENRY FOSTER COMPANY INC.
St. Louis, Missouri

William G. Ball

This company joined us in September 1961. Sales have averaged approximately \$300.00 per month. (Mostly Systemation Corporation)

Sales Assistance: Ball and all three outside men have attended a two-day sales school in Kalamazoo. This was their initial orientation to the valve. They had the station wagon for four weeks. One week with assistance (RDC).

Estimate of Capabilities: Company is well financed and capable financially of doing good Humphrey sales volume. They have a great many lines including Mead, Skinner, Numatics, Galland, Henning, and Alkon, so we do have to compete for their attention. If we can get established as a leader in their lines, we can expect very good sales.

Recommendation: Make personal sales call on them with new valves when ready to go. Push station wagon's potential as soon as weather allows in the spring. Force their attention to Humphrey. It could be well worth the effort if it works.

DISTRIBUTOR AGREEMENT

WITNESSETH:

is qualified to act as a distributor for all or some one

~~author of its~~

St. Louis, Missouri 63118

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the date hereinabove first written.

JOHN HENRY FOSTER COMPANY, INC.

By Robert A. Law
party of second part



The Weatherhead Company 300 East 131st Street Cleveland, Ohio 44108 Phone (216) 451-5200

Executive Offices

July 31, 1972

Mr. Robert Gau
John Henry Foster Company
2850 Gravois Avenue
St. Louis, Missouri 63118

Dear Mr. Gau:

Welcome aboard! There are some additional forms to sign and return before we can legally say that you are an authorized Weatherhead Industrial Distributor. Once the enclosed discount schedules are signed and returned to my attention, we will be in a position to send you the Discount Order Certificates. These certificates (stickers) allow you to place periodic orders which earn the maximum discount regardless of the total dollars involved. This adds considerably to your profit structure. When you receive the discount certificates, you are then considered an authorized Weatherhead Industrial Distributor with the facilities to earn and enjoy maximum profits.

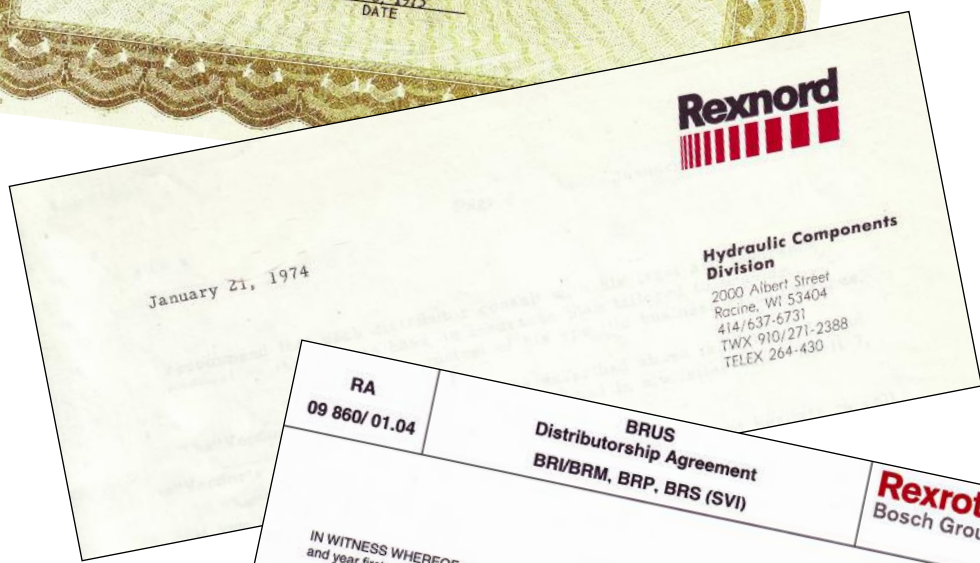
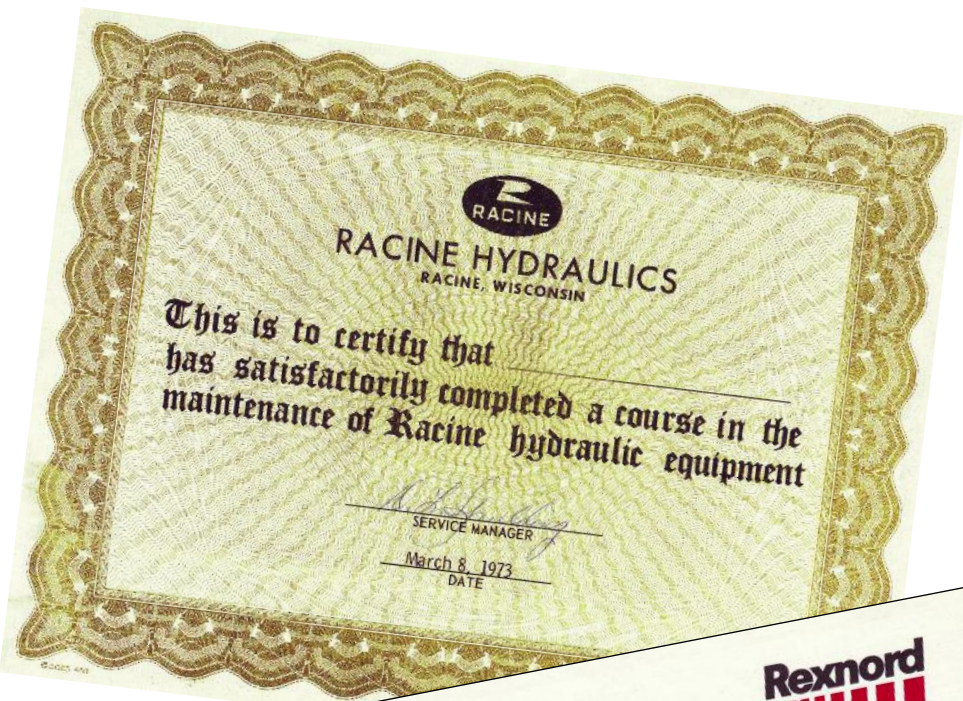
Please sign and return the enclosed forms at your earliest convenience. On the territory coverage sheet, please show each county within each state where active sales solicitation is made on a regular call basis. Please do not list areas not actively solicited now. These can be added when your sales activity increases.

We sincerely hope that our new association proves to be a long and profitable one for everyone concerned.

Very truly yours,

William Fleete
Assistant Sales Manager
Industrial Products

WF:po
Encl.





RACINE HYDRAULICS DIVISION

July 18, 1983

Mr. Robert A. Gau
General Manager
John Henry Foster Company, Inc.
10740 Midwest Industrial Blvd.
St. Louis, Missouri 63132

Dear Bob:

ROBERT BOSCH CORPORATION

Automotive Group



BOSCH

5920 South 20th Avenue
Bridgman, Illinois 60613
Marketing Department
P.O. Box 4801
North Suburbia, IL 60157
Telephone: (312) 885-2500
Telex: 77-8458

July 17, 1987

JOHN HENRY FOSTER CO., INC.
10740 Midwest Ind. Blvd.
P.O. Box 21399
St. Louis, MO 63132
Attn: Bob Gau

Good Morning Bob:

In reviewing the Hydraulic contract we sent you and executed, I have found an area that required amendment.

Appendix A "Area of Prime Responsibility", the below statement replaces the current contract.

AREA OF PRIME RESPONSIBILITY

- | | |
|----------|--|
| Missouri | - Counties of Putnam, Sullivan, Linn, Chariton, Saline, Marshall, Pettis, Henry, St. Clair, Cedar, Dade, Lawrence, Barry and all of Missouri east of these counties. |
| Iowa | - Lee County |
| Kentucky | - Counties of Ballard, McCracken, Marshall, Carlisle, Hickman, Fulton, Graves and Calloway |

Sincerely,

ROBERT BOSCH CORPORATION

Ken Mitchell
Ken Mitchell
Manager - Fluid Power Division

KM/abc

Group Headquarters: Bridgman, Illinois
Sales & Engineering Centers: Brookview, Brook-Forsington Hills, Michigan
Manufacturing: Charleston & Anderson, South Carolina
® and ®BOSCH are trademarks licensed by Robert Bosch GmbH

Circle
ROBESFARK, BROADWAY, NEW YORK



FIRESTONE
Industrial Products Company
Division of Firestone Tire & Rubber Company

DISTRIBUTORSHIP AGREEMENT FOR AIRSTROKE® ACTUATORS AND AIRMOUNT® ISOLATORS

This Agreement is entered into as of the 1st day of _____, 19____
by and between Firestone Industrial Products Company (the "Company"), whose address is Noblesville, Indiana 46060.
(Company is a division of THE FIRESTONE TIRE & RUBBER COMPANY, an Ohio Corporation) and John Henry Foster
Company, Inc., whose address is 10740 Midwest Industrial Blvd., St. Louis, MO 63132
and is to evidence the following:
a corporation organized under the laws of the State of Missouri

WHEREAS, Company is engaged in the manufacture and sale of AIRSTROKE® ACTUATORS and AIRMOUNT® ISOLATORS (the "Products"); and
WHEREAS, Distributor represents that it is skilled and experienced in the promotion, distribution, sale and service and application of the Products in the industrial market
and Distributor desires to be an authorized Distributor of the Products.

NOW, THEREFORE, In consideration of the premises and the covenants hereinafter set forth, the parties hereto agree as follows:

ACCEPTANCE OF APPOINTMENT

In consideration of the rights granted by Company to Distributor under paragraph 1 above, Distributor agrees to do the following:

- (a) Buy the "Products" from the Company.
- (b) Vigorously develop, advertise, promote, distribute, sell and service the Products within the Distributor's area of primary responsibility, having in this Agreement shall be construed as limiting or prohibiting Distributor from selling the Products outside of its area of primary responsibility, provided, however, prohibiting Company or any other distributor of Company from selling the Products in the Distributor's area of primary responsibility.
- (c) Maintain a stock of the Products of primary responsibility. As a minimum such inventory shall include the following part numbers and quantities:
primary responsibility

PRICE

Distributors shall be entitled to Company's regular distributor prices on the Products in effect at the time of shipment. If prices increase before shipment, Distributor may cancel the order. The payment terms and shipping terms shall be in accordance with Company's standard policies in effect at the time of shipment. Company may, in its sole discretion, decline to make sales and/or shipments to Distributor except on a cash-in-advance basis whenever it deems such action necessary.

TITLE

Title to the Products shall pass to Distributor with delivery to a common carrier for shipment to Distributor.

INSURANCE

Distributors shall carry, at no cost to Company, continuous fire, theft, and accident insurance on the Products located on Distributor's premises or under its actual or constructive control. The insurance shall be in amounts sufficient at all times to protect Distributor's indebtedness to the Company and shall contain a loss payable clause in favor of Company. Evidence of such insurance shall be submitted to the Company.

LIMITATION ON DISTRIBUTOR'S AUTHORITY

This Agreement does not give Distributor the right to represent Company as its agent, nor constitute a partnership relationship between Distributor and Company. Distributor shall have no authority to act for Company in any way, or to extend warranties or make representations to customers or others on behalf of Company except as expressly set forth in this Agreement or as authorized in writing by the company.

SIGNS AND TRADEMARKS

Distributor accepts all responsibility for the placing and condition of any Company signs and agrees to hold the Company harmless by reason of Distributor's use of such signs and indemnify the Company against any and all liabilities, claims, actions, suits, judgments and/or expenses resulting from the presence or use of such signs on Distributor's premises. Upon termination of this Agreement, Distributor will discontinue immediately the use of the Company's name and trademarks and the Company shall have the right to enter upon the premises occupied by Distributor's place of business, to remove and repossess all property of the Company and signs furnished by it, if any, and to take down all identification of the Company on the premises or identification of the Firestone Tire & Rubber Company. Except for the right to resell the Products as branded, Distributor acknowledges that it does not have, and will not acquire, whether by reason of this Agreement or otherwise, any right, title or interest, direct or indirect in any trademark associated to products or to labels affixed to products. All use by Distributor of said trademarks in connection with the products shall accrue to the benefit of the Company.

**GAST****MANUFACTURING CORPORATION**

P.O. BOX 117, BENTON HARBOR, MICHIGAN. WAInut 6-6171

FACTORY AND OFFICES: 2300 HIGHWAY M-139

January 2, 1963

John Henry Foster Company, Inc.
2850 Gravois Avenue
St. Louis, Missouri

This letter is in confirmation of the agreement between us and sets forth the details of your arrangement to act as our exclusive distributor in the following sales locality:

Counties in Illinois and Missouri as per attached lists and maps.

As our distributor it is understood that you are to have the exclusive right, subject to the provisions of this agreement, to purchase from us for resale, air motors and air pumps for vacuum or pressure, and accessories for same, including electric motors, except those assembled by us for sale other than through representatives or distributors, such as laboratory supply houses.

Your discount as distributor will be 35% (from list price) on all items where a list price has previously been assigned. Tooling, patterns, and special services, if they are priced separately, may be subject to a reduced discount or net billing. We however reserve the right to make such changes in prices or terms of purchase as we shall deem necessary, without prior notice thereof.

Your sales of Gast products are to be made solely (directly, or indirectly thru dealers) to users in your locality. We reserve the right to sell and serve all original equipment manufacturer accounts in your sales locality.

We shall refer all user and dealer inquiries concerning purchase of our motors, pumps and accessories in your sales locality to you, render reasonable assistance to you in your solicitation of sales, and supply you a reasonable amount of sales catalogs and literature without charge; you in turn, shall use your best efforts to obtain orders for and to sell energetically our motors, pumps, and accessories within your sales locality, service your accounts, and keep us fully supplied with information concerning your sales activities. You shall not have authority to commit us in any manner without our prior consent, or use our name in any way not authorized, or sell any product of, or any Gast product to, a competitor, without our knowledge and consent.

Rotary

AIR MOTORS • AIR COMPRESSORS • VACUUM PUMPS

SKINNER PRECISION INDUSTRIES, INC.

NEW BRITAIN, CONNECTICUT, U.S.A.

SALES AGREEMENT
for
STOCKING DISTRIBUTOR
of
SKINNER ELECTRIC VALVE DIVISION

(SECTION A1.3.3)

- I. This is a memorandum agreement, made and entered into, in duplicate, between Skinner Electric Valve Division, Skinner Precision Industries, Inc. of New Britain, Connecticut, hereinafter referred to as Skinner, and the company listed below, hereinafter referred to as the Distributor.

JOHN HENRY FOSTER COMPANY, INC.

2850 Gravois Avenue

St. Louis, Missouri 63118

- II. In accordance with the terms of its Stocking Distributor Policy, Skinner hereby appoints the above named company its non-exclusive Distributor for the territory listed in Paragraph III below to buy and sell those products of the Skinner Electric Valve Division covered by the aforementioned Policy.

- III. The Distributor's area of concentrated coverage as recognized by Skinner shall be: _____

St. Louis Office

Missouri east of and including Counties of Schuyler, Adair,
Macon, Randolph, Howard, Cooper, Moniteau, Miller, Pulaski,
Texas, and Howell.

Illinois south of and including Counties of Hancock, Brown,
Morgan, Sangamon, Christian, Macon, Shelby, Effingham,
Jasper, and Crawford.

Issued 10/31/57
Revised 2/24/61
Revised 4/1/66

- 1 -

REV. 7/24/68

A1.3.3

RECEIVED
JUL 29 1968



hydraulics
CORPORATION

DESIGNERS & MANUFACTURERS OF FLUID POWER CONTROL VALVES
1500 UNIVERSITY PARKWAY
SARASOTA, FLORIDA 34243 • U.S.A.

TELEPHONE 813/355-2983
FAX 813/355-4497
TELEX 525151

DISTRIBUTOR AGREEMENT

THIS AGREEMENT, made at Sarasota, Florida, by and between SUN HYDRAULICS CORPORATION, a Florida corporation, hereinafter referred to as "SUN", and

JOHN HENRY FOSTER CO. OF ST. LOUIS, INC.

hereinafter referred to as the "DISTRIBUTOR", on the day of July 23, 1990, to become effective July 27, 1990.

IN WITNESS WHEREOF, we have hereunto set our hands and seals and have caused this Agreement to be executed as of the day and year first above written.

In the presence of:

Corporate
Partnership
Individual

By: _____

Robert A. Law

SUN HYDRAULICS CORPORATION

[Signature]



Thank you!

We are attributing the majority of John Henry Foster Company's success to all of the employees. We realize that everyone who contributed to this success could not be mentioned in the preceding pages, so this is our chance to express our heartfelt appreciation to all of those people.

Christal Akers
Joe Anderson
Ron Barker
Steve Batzer
Mike Baugh
Rachel Bennett

Mike Boehm
Mike Borgini
Mary Boschert
Patti Bown
Chuck Brockmeyer
Scott Brokaw

Todd Brotherton
Aaron Brown
Bill Burris
Neil Burton
Ted Cassimatis
Mark Certa

Tony Certa
Kevin Cervellere
Mike Chudy
Jordan Covington
Rob Davenport
Gary Dennigmann
Scott Derleth
Dave Doyle
Debbie Droege
Pat Drum
Julie Fee
Doug Finley
Tim Fleming
Winston Getz
Ron Gilson
Jon Glass
Mike Goodman
Phil Green
Dan Griffin
Larry Halligan
Willie Hantack
Jeff Hayden
Joe Hayden
Bryan Helbig
Sean Henderson
Dave Herkenhoff
John Hesser

Todd Hickman
Chris Hill
Tom Holtgrave
Dave Howell
Dave Huber
Steve Hudzinski
Dave Hughes
Brent Keil
Cody Kelly
Steve Kendrick
Todd Kirchner
Andy Kraus
John Lemp
Rich Lemp
Stephanie Lemp
Dan Lenauer
Brad Litteken
Nick Mantia
Don Marty
Josh McNealy
Lindsay Meinhardt
Todd Meier
Denise Meyerotto
Andy Miller
Jerry Monahan
Kurt Mueller
Tim Newman

Kevin Opel
Martha Page
Jason Palmer
Randy Palmer
Mike Parr
Chester Phillips
Bob Reid
Russ Renner
Rosalie Riley
Bill Risler
Dave Riutzel
Joe Rocklage
Mike Sadler
Christy Schmidt
Steve Schmidt
Jeff Scott
Ken Strain
Bill Strebeck
Chad Struckmann
Scott Taylor
Matt Tindira
Gino Torregrossa
Roy Uhl
Bob Urban
Kathleen Zilliken
Joe Zimmerman

Thank you,

Bob Gau

Rich Gau

Jeff Gau

2006 Building Expansion



John Henry Foster Co.

St. Louis, Missouri



636.519.1409

We are very proud of who we are and where we have come from at John Henry Foster, but it is the future that drives our efforts and focuses our vision. Progress and growth are the culmination of that vision. On May 17, 2006, ground was broken on a 35,000-square-foot addition. Completed in November 2006, the plans called for half of the new space to be used for warehousing Ingersoll Rand compressors and other products. The other half would be used for the assembly of hydraulic power units and for larger value-added projects. Included in the new addition is a state-of-the-art paint booth, a dual-crane rail system that spans the entire length of the building and new office space for the manufacturing personnel. Behind the prominent full glass entrance is 2,500 square feet of retail space designed for the convenience of our walk-in customers. This addition increases our overall building size to 100,000 square feet. It punctuates our commitment to continually evolve and adapt for the well-being of our customers and our employee-owners.

Ground Breaking & Pouring the Pad



Pouring the Pad

Day 9



Pouring the Pad



Raising the Walls



Setting the Steel



Setting the Steel



Day 57



Finishing Touches



Finishing Touches

Day 121



New enclosed paint booth

Project Completed



New hydraulic power unit assembly area with overhead crane

