UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934

Date of Report: December 7, 1999

CECO ENVIRONMENTAL CORP.

(Exact name of registrant as specified in charter)

New York	0-7099	13-2566064
(State or other jurisdiction of incorporation)	Commission File No.)	(IRS Employer Identification No.)

505 University Avenue, Suite 1400 Toronto, Canada	M5G 1X3
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code: (416) 593-6543

Item 2. Acquisition or Disposition of Assets

Stock Purchase Agreement

On December 7, 1999, CECO Environmental Corp. purchased all the issued stock of The Kirk & Blum Manufacturing Company and kbd/Technic, Inc., two companies with related ownership located in Cincinnati, Ohio (collectively, the "Companies"). The stock of the Companies were purchased from the Blum family and various trusts for their benefit. The Blum family members are the descendents of one of the founders of The Kirk & Blum Manufacturing Company. No member of the Blum family was affiliated with CECO Environmental Corp. prior to the acquisition of the Companies by CECO Environmental Corp.

The consideration for each of the acquisitions was determined through arms-length negotiations between CECO Environmental Corp. and the former owners of the Companies. The purchase price was approximately $25 million dollars plus the assumption of $5 million of existing indebtedness of the Companies.

Employment Agreements, Bonuses and Stock Purchase Warrants

In connection with such acquisition, CECO Group, Inc. entered into a five year employment agreement with Richard J. Blum. Lawrence J. Blum and David D. Blum entered into five year employment agreements with The Kirk and Blum Manufacturing Company. These employment agreements provide for annual salaries of $206,000, $100,000 and $154,000, respectively, for the three Blums. These agreements granted Richard, Lawrence and David Blum warrants to purchase 448,000, 217,000 and 335,000 shares of common stock of CECO Environmental Corp., respectively, at $2.9375, the closing price of CECO Environmental Corp.'s common stock on December 7, 1999. These warrants become exercisable at the rate of 25% per year over the four years following December 7, 1999.
The warrants have a term of ten years.

In addition, these employment agreements provide that each of the Blums will be paid a bonus with respect to each of the fiscal years ended as December 31, of 2000, 2001, 2002, 2003 and 2004 equal to, in the aggregate, (i) 25% of the net income before interest and taxes in excess of $4,000,000 of CECO Environmental Corp. as reported on its audited financial statements filed with the Securities and Exchange Commission with respect to such year, less (ii) the contribution made on behalf of such employees to any profit sharing or 401(k) plan by CECO Environmental Corp., CECO Group, Inc., The Kirk & Blum Manufacturing Company or any affiliate (other than contributions made by the employees) with respect to such fiscal year. Of such aggregate bonus, Richard J. Blum will receive 44.8%, Lawrence J. Blum will receive 21.7% and David D. Blum will receive 33.5%.

No such bonus will be paid if CECO Environmental Corp. or CECO Group, Inc. is in default under any financing agreement with any bank or other financial institution or any other material agreement to which CECO

Environmental Corp. or CECO Group, Inc. is a party, or the payment of such bonus would cause CECO Environmental Corp. or CECO Group, Inc. to be in default under any such agreement. If no bonuses are paid as a result of the operation of the foregoing sentence, the unpaid bonuses will accrue interest at the rate of 8% per annum. Any accrued and unpaid bonuses and interest will be paid as soon as CECO Environmental Corp. or CECO Filters, Inc. ceases to be in default under such agreements and such payment would not cause a default under any such agreement. The payment of these bonuses is also subject to a subordination agreement between the employees and the banks providing financing for the acquisition of the Companies.

Bank Financing

The financing for the transaction was provided by a bank loan facility in the amount of $25 million in term loans and a $10 million revolving credit facility. The $14.5 term loan has a maturity of November 30, 2004; the $8.5 million term loan has a maturity of May 31, 2006; and the $2 million term loan has a maturity of 90 days of December 7, 1999. Interim payments of principal are required with respect to the $14.5 million and the $8.5 million term loans. CECO Environmental Corp. intends to borrow against the cash value of life insurance owned by The Kirk & Blum Manufacturing Company in order to repay the $2 million term loan due 90 days after December 7, 1999. The bank loan facility was provided by PNC Bank, National Association, The Fifth Third Bank and Bank One, N.A.

In addition, as a condition to obtaining the bank financing, CECO Environmental Corp. placed $5 million of subordinated debt. The proceeds of the bank loans and the additional $5 million of subordinated debt were used to pay the purchase prices for the Companies, to pay expenses incurred in connection with the acquisitions, to refinance existing indebtedness and for working capital purposes. In connection with these loans, the banks providing the loan facility received a lien on substantially all the assets of CECO Environmental Corp. and its subsidiaries.

Subordinated Debt

The subordinated debt was provided to CECO Environmental Corp. in the amount of $4,000,000 by Green Diamond Oil Corp., $500,000 by ICS Trustee Services, Inc. and $500,000 by Harvey Sandler. ICS Trustee Services, Inc. and Harvey Sandler are not affiliated with the Company. Green Diamond Oil Corp. is owned 50% by Phillip DeZwirek, the Chairman of the Board of Directors, Chief Executive Officer and Chief Financial Officer of CECO Environmental Corp. and a major stockholder and 50% by Jason DeZwirek, Phillip DeZwirek's son and a director and secretary of CECO Environmental Corp. and a major stockholder of CECO Environmental Corp. The promissory notes which were issued to evidence the subordinated debt provide that they accrue interest at the rate of 12% per annum, payable semi-annually subject to the subordination agreement with the banks providing the financing referred to above.

In consideration for the subordinated lenders making CECO Environmental Corp. the subordinated loans, CECO Environmental Corp. issued to the subordinated lenders warrants to purchase up to 1,000,000 shares of CECO Environmental Corporation common stock for $2.25 per share, the closing price of CECO Environmental Corp. common stock on the day that the subordinated lenders entered into an agreement with CECO Environmental Corp. to provide the subordinated loans. The warrants are exercisable from June 6, 2000 until 5:30 p.m. New York time on December 7, 2009. In connection with such warrants, the subordinated lenders were granted certain registration rights with respect to their warrants and shares of common stock of CECO Environmental Corp. into which the warrants are convertible.

The KBD/Technic, Inc. Voting Trust

One of the Companies being acquired, kbd/Technic, Inc., may engage in engineering services in the State of Ohio and in other states. In order to be corporation licensed to perform engineering services in the state of Ohio, Ohio law requires that a majority of the stock of kbd/Technic, Inc. be owned by a licensed engineer. CECO Group, Inc. has therefore arranged that the stock of kbd/Technic, Inc. be owned by a voting trust of which Richard J. Blum, the president of CECO Group, Inc., is the trustee. CECO Group, Inc. remains the beneficial owner of 100% of the stock of kbd/Technic, Inc.

The Business of The Kirk & Blum Manufacturing Company and kbd/Technic, Inc.

The newly acquired Kirk & Blum Manufacturing Company ("K&B"), with headquarters in Cincinnati, Ohio, is a leading provider of turnkey engineering, design, manufacturing and installation services in the air pollution control industry. K&B's business is focused on designing, building, and installing clean air systems inside manufacturing plants, as well as systems that purify emissions from manufacturing facilities. K&B serves its customers from offices and plants in Cincinnati, OH, Indianapolis, IN, Louisville and Lexington, KY, Columbia, TN, and Greensboro, NC. In October 1998, Engineering News Record ranked K&B as the largest specialty sheet metal contractor in the country. With a diversified base of more than 1,500 active customers, K&B provides services to a number of industries including aerospace, ceramics, metalworking, printing, paper, food, foundries, metal plating, woodworking, chemicals, tobacco, glass, automotive, and pharmaceuticals. No customer accounted for more than 8% of total 1998 revenue, while the top 50 customers accounted for approximately 54% of K&B's revenues.

K&B has four lines of business, all evolving from the original air pollution systems business. The largest division, located in six strategic locations and accounting for 76% of net sales in 1998, is the Air Pollution Control Systems Division. This division fabricates and installs industrial ventilation, dust, fume, and mist control systems, as well as automotive spray booth systems, industrial and process piping, and other industrial sheet metal work. Well known customers include General Motors, Procter & Gamble, Ingersoll Milling Machine, Toyota, Saturn, Matsushita, and Alcoa.

The Custom Metal Fabrication Division accounted for 11% of net sales in 1998. This division fabricates parts, subassemblies, and customized products for air pollution and non-air pollution applications from sheet, plate, and structurals. The Air Pollution Control Systems Division purchases products and services from this division and accounted for 12% of its total sales in 1998. This relationship gives K&B the ability to meet project schedules and cost targets in air pollution control projects while generating additional fabrication revenue in support of non-air pollution control industries in the tri-state region surrounding Cincinnati. External customers include Siemens Energy & Automation, Duriron and Eastman Chemical. At the end of 1998 in an effort to reduce overhead, the Custom Metal Fabrication Division was merged into the Cincinnati Air Pollution Control Systems Division operation.

The Component Parts Division accounted for 11% of net sales in 1998. This division provides standard and custom components for contractors and companies that design and/or install their own air systems. Products include angle rings, elbows, cut-offs, and other components used in ventilation systems. Major distributors of this division's products include N.B. Handy, Three States Supply, Albina Pipe Bending, and Indiana Supply.

Kbd/Technic, Inc., a sister company of K&B, is a specialty engineering firm concentrating in industrial ventilation. Services offered include air system testing and balancing, source emission testing, industrial ventilation engineering, turnkey project engineering (civil/structural, electrical), sound and vibration system engineering, and other special projects. In addition to generating service revenue, kbd/Technic, Inc. often serves as a referral source for other K&B divisions. Customers include General Motors, Ford, Baldwin Graphic Products, Emtec, and Heidelberg & Harris.

K&B has approximately 550 full-time employees, including approximately 425 shop and field personnel represented by unions. The level of field personnel fluctuates with the level of work. Union contracts with shop and field personnel expire on various dates at various locations.

Change in Corporate Structure

As part of the acquisition of The Kirk & Blum Manufacturing Company, CECO Environmental Corp. created CECO Group, Inc. as a wholly-owned subsidiary for the purpose of holding all the stock of its operating companies. Immediately following the acquisition of The Kirk & Blum Manufacturing Company, CECO Group, Inc. beneficially owned The Kirk & Blum Manufacturing Company, kbd/Technic, Inc. (through the voting trust referred to above) and the approximately 94% of CECO Filters, Inc. formerly held by CECO Environmental Corp. The other operating companies controlled by CECO Environmental Corp. are wholly-owned subsidiaries of CECO Filters, Inc.

On December 10, 1999, pursuant to his employment contract with CECO Group, Inc., Richard J. Blum, the president of The Kirk & Blum Manufacturing Company, was appointed President and Chief Executive Officer of CECO Group, Inc.

CECO Environmental Corp. has no plans to change the business of these two companies and will integrate these companies with the existing businesses of CECO Environmental Corp.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits:

(a) Financial Statements of Business Acquired.

The financial statements of The Kirk & Blum Manufacturing Company for the nine-month period ended September 30, 1999 will be filed by amendment to the Form 8-K on or before February 18, 2000.

No financial statements are included for kbd/Technic, Inc., the second company acquired, because kbd/Technic, Inc. constitutes a financially insignificant portion of the businesses acquired.

The financial statements of The Kirk & Blum Manufacturing Company for the fiscal years ended December 31, 1996, 1997 and 1998 and other data are presented on the following pages:

THE KIRK & BLUM MANUFACTURING COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1996
with

INDEPENDENT AUDITORS' REPORT

RIPPE & KINGSTON CO PSC
Certified Public Accountants
& Consultants
Rookwood Building o 1077 Celestial Street
Cincinnati, Ohio 45202-1696
(513) 241-1375
Fax: (513) 241-7843

The Shareholders
The Kirk & Blum Manufacturing Company

Independent Auditors' Report

We have audited the accompanying balance sheet of The Kirk & Blum Manufacturing Company as of December 31, 1996, and the related statements of income, shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of The Kirk & Blum Manufacturing Company as of December 31, 1996 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Rippe & Kingston Co.PSC

April 16, 1997, except for Note 14, as to
Which the date is December 2, 1999.

THE KIRK & BLUM MANUFACTURING COMPANY

BALANCE SHEET

December 31, 1996

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 441,578
Available-for-sale securities	2,290,448
Current portion of debt securities to be held-to-maturity	56,399
Accounts receivable:	
Trade	14,483,774
Employee advances and other	58,770
Related party	103,339
	14,645,883
Less allowance for doubtful accounts	(87,000)
	14,558,883
Inventories:	
Raw materials and supplies	810,657
Work in process and finished products	490,671
	1,301,328
Costs and estimated earnings in excess of billings on uncompleted contracts	3,131,953
Prepaid expenses and deposits	65,072
Total current assets	21,845,661
PROPERTY, PLANT AND EQUIPMENT	2,962,390
INVESTMENTS AND OTHER ASSETS:	
Capital stock of The Factory Power Company, at cost	24,300
Intangible pension asset	188,333
Debt securities to be held-to-maturity, net of current portion	696,464
Cash surrender value of life insurance, net of policy loans of $338,509 at December 31, 1996	2,484,956
Total investments and other assets	3,394,054
	$28,202,104

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts payable	$ 3,563,547
Accrued liabilities:	
Salaries and wages	1,790,202
Taxes	195,017
Workers compensation	85,500
Profit sharing contribution	540,906
Other	225,051
	2,836,676
Billings in excess of costs and estimated earnings on uncompleted contracts	933,408
Current portion of long-term debt	10,000
Current portion of capital lease obligations	127,448
Current portion of post retirement health care liability	40,000
Note payable - related party	320,000
Total current liabilities	7,831,079
LONG-TERM DEBT, less current portion	723,670
CAPITAL LEASE OBLIGATIONS, less current portion	389,854
WORKERS COMPENSATION LIABILITY, net of current portion	354,763
POST RETIREMENT HEALTH CARE LIABILITY, net of current portion	646,349
PENSION LIABILITY	91,659
SHAREHOLDERS' EQUITY:	
Class A common stock, no par value, authorized 250,000 shares, Issued 104,420 shares	64,420
Excess of additional pension liability over unrecognized prior service cost	(142,533)
Retained earnings	18,242,843
Total shareholders' equity	18,164,730
	$28,202,104

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF INCOME

For The Year Ended December 31, 1996

NET SALES	$66,575,044
COST OF SALES:	
Materials purchased (less discounts and scrap sales)	24,246,975
Direct labor	14,996,013
Direct costs	8,366,860
Manufacturing expenses	5,281,449
Change in ending inventories and percentage of completion costs	631,707
	53,523,004
Gross profit	13,052,040
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:	
Selling	3,510,625
General and administrative	4,785,614
	8,296,239
Income from operations	4,755,801
OTHER INCOME (EXPENSE):	
Interest income	146,812
Interest expense	(112,634)
Rental income	18,000
Pension	(123,200)
Other	1,600
	(69,422)
Income before taxes	4,686,379
PROVISION FOR INCOME TAXES	101,635
Net income	$ 4,584,744

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF SHAREHOLDERS' EQUITY

For the Year Ended December 31, 1996

	Common Stock - Class A (Note 8)			Common Stock Class B (Note 8)		Excess of Additional Pension Liability Over Unrecognized Prior Service Cost
	Held in Treasury	Out-Standing	Amount	Out-Standing	Amount	
BALANCE, December 31, 1995, as previously reported	42,750	64,420	$64,420			$ -
Prior period adjustment - minimum pension liability adjustment (Note 14)	-	-	-			(342,359)
Prior period adjustment - retiree health care	-	-	-			-
Prior period adjustment - self insured workers compensation	-	-	-			-
BALANCE, December 31, 1995, Restated	42,750	64,420	64,420			(342,359)
Retirement of common stock held in treasury	(2,750)	-	-			-
Minimum pension liability adjustment	-	-	-			199,826
Net income	-	-	-			-
Earnings distributions	-	-	-			-
BALANCE, December 31, 1996	40,000	64,420	$64,420	-	$ -	($142,533)

	Retained Earnings	Total Shareholders' Equity
BALANCE, December 31, 1995, as previously reported	$16,550,313	$16,614,733
Prior period adjustment - minimum pension liability adjustment (Note 14)	-	(342,359)
Prior period adjustment - retiree health care	(667,452)	(667,452)
Prior period adjustment - self insured workers compensation	(337,262)	(337,262)
BALANCE, December 31, 1995, Restated	15,545,599	15,267,660
Retirement of common stock held in treasury	-	-
Minimum pension liability adjustment	-	199,826
Net income	4,584,744	4,584,744
Earnings distributions	(1,887,500)	(1,887,500)
BALANCE, December 31, 1996	$18,242,843	$18,164,730

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$4,584,744
Adjustments to reconcile net income to net cash provided by operating activities:	
Loss on sale of equipment	14,471
Depreciation and amortization	786,640
Amortization of bond discount	(50,056)
Change in assets and liabilities:	
Increase in accounts receivable	(2,930,744)
Decrease in inventories	249,505
Decrease in prepaid expenses and deposits	8,798
Increase in cash surrender value of life insurance	(148,310)
Increase in accounts payable	340,271
Increase in accrued liabilities	278,117
Net decrease in billings in excess of costs and estimated earnings and costs and estimated earnings in excess of billings on uncompleted contracts	(548,486)
Post retiree health care liability	18,897
Net cash provided by operating activities	2,603,847
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of equipment	22,876
Capital expenditures	(703,028)
Collections on note receivable	126,400
Proceeds from maturities of debt securities	55,000
Purchases of available-for-sale securities	(5,040,448)
Proceeds from sale of available-for-sale securities	2,750,000
Net cash used in investing activities	(2,789,200)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from note payable - related party	320,000
Principal payments on long-term debt	(10,000)
Principal payments on capital lease obligation	(117,532)
Distributions paid to shareholders	(2,700,000)
Net cash used in financing activities	(2,507,532)
Net decrease in cash and cash equivalents	(2,692,885)
CASH AND CASH EQUIVALENTS:	
Beginning of year	3,134,463
End of year	$ 441,578

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	$111,307
Income taxes	$ 76,854

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The Company manufactures and fabricates custom sheet metal products which include dust and fume control systems, automotive paint booths, tanks and sheet metal component parts. Sales are made on an unsecured basis to customers located throughout the United States.

Revenue Recognition - For financial reporting purposes, the Company records revenue on all significant contracts using the percentage-of-completion method of accounting. The percentage-of-completion is determined by experienced company personnel on a contract-by-contract basis based on labor and/or material costs incurred relative to total estimated contract costs. The specific method chosen is the most applicable based on the nature of each contract. The contract price is recognized as revenue based upon the percentage of completion. If the con-tract extends beyond one year and revisions are necessary in cost and profit estimates during the course of the work, they are reflected in the accounting period in which the facts giving rise to the revision become known. General and administrative expenses are charged to expense when incurred.

The Company uses the completed-contract method of accounting for all contracts where nominal costs have been incurred prior to year-end or the total contract value is relatively insignificant.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Inventories - The labor content of work-in-process and finished products and all inventories of steel of the Company are valued at the lower of cost or market using the last-in, first-out (LIFO) method. All other inventories of the Company are accounted for at the lower of average cost or market. If the first-in, first-out (FIFO) method of inventory valuation had been used by the Company for all classes of inventory, the carrying value of inventories would have been approximately $1,817,000 higher than that reported at December 31, 1996.

Depreciation - Depreciation and amortization are computed generally on accelerated methods over the estimated useful lives of the related assets.

Credit Risk - As of December 31, 1996, the Company's cash on deposit with its bank exceeded the federally insured amount.

Income Taxes - The Company's shareholders have elected to be treated as an S-Corporation for income tax reporting purposes and, thereby, have the Company's taxable income pass

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

through to its shareholders to be taxed on their individual returns. Certain state and local taxing authorities do not recognize S-Corporation status as allowed under the Internal Revenue Code. In these situations, the Company has provided for income taxes at appropriate rates on applicable taxable income.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. COSTS AND ESTIMATED EARNINGS ON CONTRACTS

At year end, the Company has several uncompleted construction projects at stages of completion ranging from 5% to 99%. Costs and estimated earnings on these contracts consist of the following at December 31:

Costs incurred on uncompleted contracts	$7,079,266
Estimated earnings on uncompleted contracts	1,133,506
	8,212,772
Less billings to date	(6,014,227)
	$2,198,545

The above amounts are reflected in the financial statements as follows:

Costs and estimated earnings in excess of billings on uncompleted contracts	$3,131,953
Billings in excess of costs and estimated earnings on uncompleted contracts	(933,408)
	$2,198,545

3. INVESTMENTS

Available-For-Sale Securities - Available-for-sale securities consist of investments in a mutual fund at December 31, 1996. The carrying value of the shares approximate the fair market value at December 31, 1996. The mutual fund paid $38,732 in dividends during 1996.

Debt Securities to be Held-to-Maturity - Debt securities to be held-to-maturity at December 31 consist of the following:

Zero coupon municipal bonds, carried at amortized cost maturing through March, 1998.	$745,363
Notes receivable	7,500
	$752,863

The face amount and fair value of the municipal bonds were $800,000 and $729,487 at December 31, 1996, respectively.

4. REVOLVING LINE OF CREDIT

The Company has available through July 11, 1997, a $6,000,000 line-of-credit which bears interest at the bank's prime rate (8.25% at December 31, 1996). The Company has the option at any time to adjust the interest rate to the London Inter-Bank offered rate (LIBOR) plus 200 basis points. The line-of-credit is unsecured and, at December 31, 1996, had no outstanding borrowings.

5. LONG-TERM DEBT

Long-term debt at December 31 consists of the following:

Notes payable to the beneficiaries of an estate of a former shareholder in annual installments of $10,000 plus interest at 6% with payment of the remaining principal and interest due in 1998, secured by 40,000 shares of treasury common stock.	$733,670
Less current portion	(10,000)
	$723,670

Future maturities of long-term debt are as follows:

Year Ending December 31,	
1997	$ 10,000
1998	723,670
	$733,670

6. CAPITAL LEASE OBLIGATIONS

The Company leases equipment under capital lease obligations expiring through 2001. The assets are being amortized over the related lease terms. The cost included in machinery and

6. CAPITAL LEASE OBLIGATIONS (Continued)

equipment and accumulated amortization is $890,982 and $585,059 at December 31, 1996, respectively.

Future minimum lease payments under the capital lease agreements as of December 31, 1996 for each of the next five years and in the aggregate are:

Year Ending December 31,	
1997	$156,552
1998	156,552
1999	156,552
2000	87,845
2001	23,961
	581,462
Less amount representing interest	(64,160)
	517,302
Less current portion	(127,448)
	$389,854

7. RELATED PARTY TRANSACTIONS

Accounts Receivable - The Company has a non-interest bearing receivable due from an entity which is related through common ownership. The receivable results from expenses paid by the Company on behalf of the related entity, including 401(k) contributions, utility expenses and insurance expenses. The Company also leases space on a month-to-month basis to the related entity for $1,500 per month. Rental income for this related entity was $18,000 for the year ended December 31, 1996.

Note Payable - The Company has an unsecured $320,000 demand note payable to The Factory Power Company, an entity in which the Company has stock ownership. Interest is due monthly at the London Inter-Bank offered rate (LIBOR) (5.5% at December 31, 1996) plus .75%.

8. COMMON STOCK AND SUBSEQUENT EVENT

Under agreements with certain employee/shareholders, the Company is required to redeem their holdings of common stock in the event of the employee's death, desire to sell, termination of employment, or retirement. Shares purchased by the employee/shareholders prior to December 14, 1969 (1,750 shares) are redeemable at 75% of the book value per share of the Company for the fiscal year end preceding the date of the transaction.

8. COMMON STOCK AND SUBSEQUENT EVENT (Continued)

Under agreements with certain other shareholders, the Company has the right of first refusal regarding the sale or other transfer of the Company's common stock.

On March 19, 1997, the Company amended its Articles of Incorporation and authorized 300,000 shares of no par value common stock, of which 75,000 shares are Class A voting and 225,000 shares of Class B non-voting common stock. Each shareholder has the same rights and privileges except that the Class B non-voting shareholders cannot vote. The Company issued 188,010 shares of Class B non-voting common stock.

9. LEASE COMMITMENTS

The Company is committed under noncancelable operating lease agreements to lease certain plant facilities, computer equipment and other equipment through January, 1998.

Future minimum annual operating lease payments are approximately as follows:

Year Ending December 31,	
1997	$ 96,000
1998	4,000
	$100,000

Total rental expense was approximately $1,107,000 for 1996.

10. PENSION AND PROFIT SHARING PLANS

The Company sponsors a noncontributory defined benefit pension plan for certain union employees. The plan is funded in accordance with the funding requirements of the Employee Retirement Income Security Act of 1974.

Net periodic pension cost for the fiscal period ended December 31, 1996 is as follows:

Service cost	$155,400
Interest cost	183,700
Return on plan assets	(168,300)
Net amortization and deferral	(47,600)
Net periodic pension cost	$123,200

10. PENSION AND PROFIT SHARING PLANS (Continued)

The following reconciles the funded status of the defined benefit plan with amounts recognized in the accompanying balance sheet at December 31:

Actuarial present value of benefit obligations:

Vested benefits	$2,641,360
Nonvested benefits	44,712
Accumulated benefit obligation	2,686,072
Effect of anticipated future events	393,515
Projected benefit obligation	3,079,587
Plan assets at fair value	(2,594,413)
Unfunded excess of projected benefit obligation over plan assets	$ 485,174

The unfunded excess consists of the following:

Unamortized prior service costs	$188,333
Unrecognized net asset at transition	(158,800)
Unrecognized net loss	694,848
Prepaid pension asset	(239,207)
	$485,174

Unamortized prior service cost	$188,333
Unrecognized net asset at transition	(158,800)
Unrecognized net loss	694,848
Prepaid pension asset	(239,207)
	$485,174

The Company has recognized the excess of the accumulated benefit obligation in excess of the plan assets, the minimum liability, of $91,659, in the balance sheet at December 31, 1996.

The weighted average discount rate used in determining the net periodic pension income and the projected benefit obligation was 7% for the year ended December 31, 1996. The expected rate of return on plan assets utilized was 8.5% for the year ended December 31, 1996. Benefits under the plan are not based on wages and, therefore, future wage adjustments have no effect on the projected benefit obligation.

The Company also sponsors a post retirement health care plan for office employees. Effective January 1, 1990, the plan was amended and retirees after that date are not eligible to receive benefits under the plan. The plan allows retirees who have attained the age of 65 to elect the type of coverage desired. The following amounts relate to the Company's defined benefit post retirement health care plan at December 31, 1996.

10. PENSION AND PROFIT SHARING PLANS (Continued)

Benefit obligation	$686,349
Fair value of plan assets	-
Funded status	($686,349)
Accrued benefit cost recognized in the statement of financial position	$686,349
Weighted average assumption - discount rate	7%

Benefits under the plan are not based on wages and, therefore, future wage adjustments have no effect on the projected benefit obligation. For measurement purposes, a 7% annual rate of increase in the cost of health care benefits was assumed for 1996. The rate was assumed to increase through 2004 at 4% to 6%.

Benefit cost	$113,150
Company distributions	121,225
Benefits paid	121,225

In addition to the above, the Company contributes to several multi-employer defined benefit plans. These plans cover substantially all of its contracted union employees not covered in the aforementioned plan. If the Company were to withdraw from its participation in these multi-employer plans at that time, the Company will be required to contribute its share of the Plan's unfunded benefit obligation. Management has no intention of withdrawing from any plan and, therefore, no liability has been provided for in the accompanying financial statements.

The Company also sponsors a profit sharing and 401(k) savings retirement plan for non-union employees. The plan covers substantially all employees who have completed one year of service, completed 1,000 hours of service and who have attained 21 years of age. The plan allows the Company to make discretionary contributions and provides for employee salary reductions of up to 15%. The Company provides matching contributions of 25% of the first 5% of employee contributions. Matching contributions during 1996 were $57,185. Discretionary contributions for the year ended December 31, 1996 were $542,815.

Amounts charged to pension expense under the above plans totaled approximately $1,224,000 for the year ended December 31, 1996.

11. SELF-INSURANCE COVERAGES

The Company is self-insured for workers compensation coverage in the state of Ohio, in accordance with the requirements of the state. In Ohio, the Company will pay all eligible workers

11. SELF-INSURANCE COVERAGES (Continued)

compensation claims up to $350,000 per individual and the statutory limit in the aggregate for the state. All eligible claims in excess of these amounts are covered under a policy with an insurance company. The balance sheet includes a liability of $440,263 at December 31, 1996 for claims incurred.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 1996 consist of the following:

Land	$ 247,773
Buildings and improvements	4,749,771
Machinery and equipment	8,204,993
Automotive	733,332
Office furniture and fixtures	1,223,776
	15,159,645
Less accumulated depreciation and amortization	(12,197,255)
Net property, plant and equipment	$ 2,962,390

13. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 1996 includes unbilled amounts of $2,477,066. Unbilled amounts at year end represent work performed during the year which are not billed until January of the following year.

14. PRIOR PERIOD ADJUSTMENT

Shareholders' equity at December 31, 1995 has been adjusted to correct an error for not previously recording a minimum pension liability relating to a defined benefit plan for union employees. The accumulated benefit obligation exceeded the plan assets at December 31, 1995. The error had no effect on net income for 1996.

The accompanying 1996 financial statements have been restated to correct for errors associated with the underrecording of liabilities related to self insured workers compensation for the State of Ohio and benefits due under a retiree health care plan. The net effect was to decrease net income for 1996 by $121,898. Retained earnings at the beginning of 1996 has been decreased by $1,004,714 for the effects of not recording the liabilities at December 31, 1995.

THE KIRK & BLUM MANUFACTURING COMPANY

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997
with

INDEPENDENT AUDITORS' REPORT

RIPPE & KINGSTON CO PSC
Certified Public Accountants
& Consultants
Rookwood Building o 1077 Celestial Street
Cincinnati, Ohio 45202-1696
(513) 241-1375
Fax: (513) 241-7843

The Shareholders
The Kirk & Blum Manufacturing Company

Independent Auditors' Report

We have audited the accompanying balance sheet of The Kirk & Blum Manufacturing Company as of December 31, 1998 and 1997, and the related statements of income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of The Kirk & Blum Manufacturing Company as of December 31, 1998 and 1997 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Rippe & Kingston Co.PSC

March 11, 1999

THE KIRK & BLUM MANUFACTURING COMPANY

BALANCE SHEET

December 31, 1998 and 1997

ASSETS	1998	1997
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,359,776	$ 1,129,544
Available-for-sale securities	-	1,025,808
Securities to be held-to-maturity	-	745,740
Accounts receivable:		
Trade	14,681,985	14,328,645
Employee advances and other	46,880	83,453
Related party	44,118	44,232
	14,772,983	14,456,330
Less allowance for doubtful accounts	(125,000)	(87,000)
	14,647,983	14,369,330
Inventories:		
Raw materials and supplies	626,920	752,693
Work in process and finished products	460,505	399,781
	1,087,425	1,152,474
Costs and estimated earnings in excess of billings on uncompleted contracts	2,029,373	2,207,121
Prepaid expenses and deposits	211,305	191,303
Total current assets	19,335,862	20,821,320
PROPERTY, PLANT AND EQUIPMENT	2,762,749	2,782,558
INVESTMENTS AND OTHER ASSETS:		
Capital stock of The Factory Power Company, at cost	24,300	24,300
Intangible pension asset	186,467	173,934
Cash surrender value of life insurance, net of policy loans of $117,731 at December 31, 1998 and 1997	2,741,442	2,578,544
Total investments and other assets	2,952,209	2,776,778
	$25,050,820	$26,380,656

LIABILITIES AND SHAREHOLDERS' EQUITY	1998	1997
CURRENT LIABILITIES:		
Accounts payable	$ 2,817,657	$ 2,218,846
Accrued liabilities:		
Salaries and wages	1,842,472	1,652,361
Taxes	165,857	164,026
Workers compensation	98,000	109,000
Profit sharing contribution	432,557	390,538
Other	784,463	402,718
	3,323,349	2,718,643
Billings in excess of costs and estimated earnings on uncompleted contracts	364,446	1,536,410
Current portion of long-term debt	-	723,670
Current portion of capital lease obligations	144,470	135,691
Current portion of post retirement healthcare liability	40,000	40,000
Total current liabilities	6,689,922	7,373,260
LINE OF CREDIT	4,000,000	-
CAPITAL LEASE OBLIGATIONS, less current portion	107,521	254,164
WORKERS COMPENSATION LIABILITY less current portion	147,529	245,708
POST RETIREMENT HEALTHCARE LIABILITY, less current portion	627,699	656,244
PENSION LIABILITY	-	161,710
SHAREHOLDERS' EQUITY:		
Class A common stock, no par value, 105,000 shares, authorized, 102,670 issued	62,670	62,670
Class B nonvoting common stock, no par value, 225,000 shares authorized, 188,010 shares issued and outstanding	188,010	188,010
Accumulated other comprehensive income	-	(214,226)
Retained earnings	13,227,469	17,653,116
Total shareholders' equity	13,478,149	17,689,570
	$25,050,820	$26,380,656

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF INCOME

For The Years Ended December 31, 1998 and 1997

	1998	1997
NET SALES	$69,443,929	$63,420,741
COST OF SALES:		
Materials purchased (less discounts and scrap sales)	23,474,968	23,236,675
Direct labor	18,261,258	15,222,995
Direct costs	9,647,061	8,149,281
Manufacturing expenses	5,143,569	5,025,975
Change in ending inventories and percentage of completion costs	265,462	316,941
	56,792,318	51,951,867
Gross profit	12,651,611	11,468,874
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:		
Selling	3,719,505	3,410,621
General and administrative	5,134,988	4,953,749
	8,854,493	8,364,370
Income from operations	3,797,118	3,104,504
OTHER INCOME (EXPENSE):		
Interest income	90,096	193,414
Interest expense	(263,584)	(90,345)
Rental income	21,600	21,700
Other	26,694	185,808
	(125,194)	310,577
Income before taxes	3,671,924	3,415,081
PROVISION FOR INCOME TAXES	62,571	60,110
Net income	$ 3,609,353	$ 3,354,971

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF SHAREHOLDERS' EQUITY

For the Years Ended December 31, 1998 and 1997

	Common Stock - Class A			Common Stock Class B		Accumulated Other Comprehensive Income - Minimum Pension Liability Adjustment
	Held in Treasury	Out-Standing	Amount	Out-Standing	Amount	
BALANCE, December 31, 1996, as previously reported	40,000	64,420	$64,420			($142,533)
Prior period adjustment - retiree health care	-	-	-			-
Prior period adjustment - self insured workers compensation	-	-	-			-
BALANCE, December 31, 1996, as restated	40,000	64,420	64,420			(142,533)
Comprehensive income:						
Net income (Note 14)	-	-	-			-
Other comprehensive income:						
Minimum pension liability adjustment	-	-	-			(71,693)
Comprehensive income						
Purchase and retirement of common stock	-	(1,750)	(1,750)			-
Issuance of common stock	-	-	-	188,010	$188,010	-
Distributions	-	-	-	-	-	-
BALANCE, December 31, 1997	40,000	62,670	62,670	188,010	188,010	(214,226)
Comprehensive income:						
Net income	-	-	-	-	-	-
Other comprehensive income:						
Minimum pension liability adjustment	-	-	-	-	-	214,226
Comprehensive income						
Distributions	-	-	-	-	-	-
BALANCE, December 31, 1998	40,000	62,670	$62,670	188,010	$188,010	$ -

[RESTUBBED TABLE]

	Retained Earnings	Total Shareholders' Equity
BALANCE, December 31, 1996, as previously reported	$19,369,455	$19,291,342
Prior period adjustment - retiree health care	(686,349)	(686,349)
Prior period adjustment - self insured workers compensation	(440,263)	(440,263)
BALANCE, December 31, 1996, as restated	18,242,843	18,164,730
Comprehensive income:		
Net income (Note 14)	3,354,971	3,354,971
Other comprehensive income:		
Minimum pension liability adjustment	-	(71,693)
Comprehensive income		3,283,278
Purchase and retirement of common stock	(116,360)	(118,110)
Issuance of common stock	(188,010)	-
Distributions	(3,640,328)	(3,640,328)
BALANCE, December 31, 1997	17,653,116	17,689,570
Comprehensive income:		
Net income	3,609,353	3,609,353
Other comprehensive income:		
Minimum pension liability adjustment	-	214,226
Comprehensive income		3,823,579
Distributions	(8,035,000)	(8,035,000)
BALANCE, December 31, 1998	$13,227,469	$13,478,149

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF CASH FLOWS

For The Years Ended December 31, 1998 and 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$3,609,353	$3,354,971
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain (loss) on sale of equipment	(17,763)	(4,004)
Depreciation and amortization	740,303	751,574
Allowance for doubtful accounts	38,000	-
Amortization of bond discount	(4,260)	(50,377)
Changes in assets - (increase) decrease:		
Accounts receivable	(316,653)	195,153
Inventories	65,049	148,854
Prepaid expenses and deposits	19,981	(113,474)
Cash surrender value of life insurance	(162,898)	(93,588)
Changes in liabilities - increase (decrease):		
Accounts payable	598,811	(1,344,701)
Accrued liabilities	506,527	(227,088)
Billings in excess of costs and estimated earnings and costs and estimated earnings in excess of billings	(994,216)	1,527,834
Post retirement healthcare liability	(28,545)	9,895
Net cash provided by operating activities	4,053,689	4,155,049
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of equipment	17,763	13,165
Capital expenditures	(720,494)	(580,903)
Collections on note receivable	-	1,900
Proceeds from redemption of securities held to maturity	750,000	50,000
Purchases of available-for-sale securities	-	(1,335,360)
Proceeds from sale of available-for-sale securities	1,025,808	2,600,000
Net cash provided by investing activities	1,073,077	748,802
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings on line of credit	4,000,000	-
Principal payments on long-term debt	(723,670)	(330,000)
Principal payments on capital lease obligation	(137,864)	(127,447)
Distributions paid to shareholders	(8,035,000)	(3,640,328)
Payments to purchase common stock	-	(118,110)
Net cash used in financing activities	(4,896,534)	(4,215,885)
Net increase in cash and cash equivalents	230,232	687,966

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF CASH FLOWS (CONTINUED)

For The Years Ended December 31, 1998 and 1997

	1998	1997
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,129,544	441,578
End of year	$1,359,776	$1,129,544

	1998	1997
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 91,795	$ 99,600
Income taxes	$ 56,573	$ 109,564

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 1998 and 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The Company manufactures and fabricates custom sheet metal products which include dust and fume control systems, automotive paint booths, tanks and sheet metal component parts. Sales are made on an unsecured basis to customers located throughout the United States.

Revenue Recognition - For financial reporting purposes, the Company records revenue on all significant contracts using the percentage-of-completion method of accounting. The percentage-of-completion is determined by experienced company personnel on a contract-by-contract basis based in part on costs incurred, efforts expended and results achieved. The specific method chosen is the most applicable based on the nature of each contract. Because of inherent uncertainties in estimating, it is at least reasonably possible that the estimates used will change within the near term. The contract price is recognized as revenue based upon the percentage of completion. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, which are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. General and administrative expenses are charged to expense when incurred.

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed. The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized.

The Company uses the completed-contract method of accounting for all contracts where nominal costs have been incurred prior to year-end or the total contract value is relatively insignificant.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Inventories - The labor content of work-in-process and finished products and all inventories of steel of the Company are valued at the lower of cost or market using the last-in, first-out (LIFO) method. All other inventories of the Company are accounted for at the lower of average cost or market. If the first-in, first-out (FIFO) method of inventory valuation had been used by the Company for all classes of inventory, the carrying value of inventories would have been

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

approximately $2,026,000 and $1,978,000 higher than that reported at December 31, 1998 and 1997, respectively.

Depreciation - Depreciation and amortization are computed generally on accelerated methods over the estimated useful lives of the related assets.

Credit Risk - As of December 31, 1998 and 1997, the Company's cash on deposit with its bank exceeded the federally insured amount.

Income Taxes - The Company's shareholders have elected to be treated as an S-Corporation for income tax reporting purposes and, thereby, have the Company's taxable income pass through to its shareholders to be taxed on their individual returns. Certain state and local taxing authorities do not recognize S-Corporation status as allowed under the Internal Revenue Code. In these situations, the Company has provided for income taxes at appropriate rates on applicable taxable income.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising - The Company expenses all advertising costs as incurred. Advertising expense was approximately $150,000 and $100,000 for 1998 and 1997, respectively.

2. COSTS AND ESTIMATED EARNINGS ON CONTRACTS

At year end, the Company has several uncompleted construction projects at stages of completion ranging from 5% to 99%. Costs and estimated earnings on these contracts consist of the following at December 31:

	1998	1997
Costs incurred on uncompleted contracts	$6,645,680	$6,492,702
Estimated earnings on uncompleted contracts	1,214,520	871,535
	7,860,200	7,364,237
Less billings to date	(6,195,273)	(6,693,526)
	$1,664,927	$ 670,711

2. COSTS AND ESTIMATED EARNINGS ON CONTRACTS (Continued)

The above amounts are reflected in the financial statements as follows:

	1998	1997
Costs and estimated earnings in excess of billings on uncompleted contracts	$2,029,373	$2,207,121
Billings in excess of costs and estimated earnings on uncompleted contracts	(364,446)	(1,536,410)
	$1,664,927	$ 670,711

3. INVESTMENTS

Available-For-Sale Securities - Available-for-sale securities consist of investments in a mutual fund at December 31, 1997. The carrying value of the shares approximate the fair market value at December 31, 1997. The account was closed during 1998. The mutual fund paid $18,847 and $85,360 in dividends during 1998 and 1997, respectively.

Debt Securities to be Held-to-Maturity - Debt securities to be held-to-maturity at December 31 consist of the following:

	1998	1997
Zero coupon municipal bonds, carried at amortized cost maturing through March, 1998.	$ -	$745,740

The face amount and fair value of the municipal bonds were $750,000 and $745,193 at December 31, 1997.

4. REVOLVING LINE OF CREDIT

The Company has available through April 30, 2001, a $12,000,000 line-of-credit ($6,000,000 at December 31, 1997) which bears interest at either the bank's prime rate minus 125 basis points or the London Inter-Bank offered rate (LIBOR) plus 100 basis points. The Company may elect the LIBOR rate on all or any portion of the outstanding line of credit balance, in minimum amounts of $250,000. If elected, the Company must select a LIBOR interest period between 30 and 360 days. Interest is due at the end of the selected period at the applicable LIBOR rate. The Company has elected the LIBOR rate and a 30 day interest period at December 31, 1998. The 30 day LIBOR rate at December 31, 1998 was 5.06%. The line-of-credit is unsecured. The Company is required to meet certain financial covenants regarding minimum net worth and debt to equity under this agreement.

5. LONG-TERM DEBT

Long-term debt at December 31 consists of the following:

	1998	1997
Notes payable to the beneficiaries of an estate of a former shareholder in annual installments of $10,000 plus interest at 6% with payment of the remaining principal and interest due in 1998, secured by 40,000 shares of treasury common stock.	$ -	$723,670
Less current portion	-	(723,670)
	$ -	$ -

6. CAPITAL LEASE OBLIGATIONS

The Company leases equipment under capital lease obligations expiring through 2001. The assets are being amortized over the related lease terms. The cost included in machinery and equipment and accumulated amortization is $890,982 and $751,962 at December 31, 1998, respectively and $890,982 and $672,464 at December 31, 1997, respectively.

Future minimum lease payments under the capital lease agreements as of December 31, 1998 for each of the next five years and in the aggregate are:

Year Ending December 31,	
1999	$156,552
2000	87,845
2001	21,788
	266,185
Less amount representing interest	(14,194)
	251,991
Less current portion	(144,470)
	$107,521

7. RELATED PARTY TRANSACTIONS

Accounts Receivable - The Company has a non-interest bearing receivable due from an entity which is related through common ownership. The receivable results from expenses paid by the Company on behalf of the related entity, including 401(k) contributions, utility expenses and insurance expenses. The Company also leases space on a month-to-month basis to the related entity for approximately $1,800 per month. Rental income from this related entity was $21,600 and $21,700 for the years ended December 31, 1998 and 1997, respectively.

8. COMMON STOCK

Under agreements with certain employee/shareholders, the Company is required to redeem their holdings of common stock in the event of the employee's death, desire to sell, termination of employment, or retirement. Shares purchased by the employee/shareholders prior to December 14, 1969 (1,750 shares) are redeemable at 75% of the book value per share of the Company for the fiscal year end preceding the date of the transaction.

Under agreements with certain other shareholders, the Company has the right of first refusal regarding the sale or other transfer of the Company's common stock.

On March 19, 1997, the Company amended its Articles of Incorporation and authorized 300,000 shares of no par value common stock, of which 75,000 shares are Class A voting and 225,000 shares of Class B non-voting common stock. Each shareholder has the same rights and privileges except that the Class B non-voting shareholders cannot vote. The Company issued 188,010 shares of Class B non-voting common stock.

On March, 16, 1998, the Company amended the Articles of Incorporation and increased the number of authorized Class A voting common stock to 105,000 shares.

9. LEASE COMMITMENTS

The Company is committed under noncancelable operating lease agreements to lease certain plant facilities and office equipment through June, 2001.

Future minimum annual operating lease payments are approximately as follows:

Year Ending December 31,	
1999	$142,000
2000	96,000
2001	10,000
	$248,000

Total rental expense was approximately $1,238,000 and $1,144,000 for 1998 and 1997, respectively.

10. PENSION AND PROFIT SHARING PLANS

The Company sponsors a noncontributory defined benefit pension plan for certain union employees. The plan is funded in accordance with the funding requirements of the Employee

Retirement Income Security Act of 1974.

The Company also sponsors a postretirement health care plan for office employees. Effective January 1, 1990, the Plan was amended and retirees after that date are not eligible to receive benefits under the plan. The Plan allows retirees who have attained the age of 65 to elect the type of coverage desired.

The following amounts relate to the Company's defined benefit pension and postretirement health care plans:

	Pension Benefits		Postretirement Benefits	
	1998	1997	1998	1997
Benefit obligation at December 31	$3,255,529	$3,297,069	$667,699	$696,244
Fair value of plan assets at December 31	2,959,800	2,756,614	-	-
Funded status	($ 295,729)	($ 540,455)	($667,699)	($696,244)
Unamortized prior service costs	$ 186,467	$ 173,934		
Unrecognized net asset at transition	(78,200)	(118,500)		
Unrecognized net loss	423,252	711,471		
Prepaid pension asset	(235,790)	(226,450)		
	($ 295,729)	($ 540,455)		

The Company has recognized the excess of the accumulated benefit obligation in excess of the plan assets, the minimum liability, of $161,710 in the balance sheet at December 31, 1997.

	Pension Benefits		Postretirement Benefits	
	1998	1997	1998	1997
Accrued benefit cost recognized in the statement of financial position			$667,699	$696,244
Weighted average assumptions as of December 31:				
Discount rate	7%	7%	7%	7%
Expected return on plan assets	8.5%	8.5%	-	-
Rate of compensation increase	-	-	-	-

Benefits under the plans are not based on wages and, therefore, future wage adjustments have no effect on the projected benefit obligations. For measurement purposes, a 7% annual

10. PENSION AND PROFIT SHARING PLANS (Continued)

rate of increase in the cost of health care benefits was assumed for 1999. The rate was assumed to increase through 2004 at 4% to 6%.

	Pension Benefits		Postretirement Benefits	
	1998	1997	1998	1997
Benefit cost	$ 91,300	$105,800	$118,602	$117,498
Company contributions	100,000	93,966	99,996	88,723
Benefits paid	163,494	143,721	99,996	88,723

In connection with collective bargaining agreements, the Company participates with other companies in defined benefit pension plans. These plans cover substantially all of its contracted union employees not covered in the aforementioned plan. If the Company were to withdraw from its participation in these multi-employer plans at that time, the Company will be required to contribute its share of the Plan's unfunded benefit obligation. Management has no intention of withdrawing from any Plan and, therefore, no liability has been provided for in the accompany-ing financial statements.

The Company also sponsors a profit sharing and 401(k) savings retirement plan for non-union employees. The plan covers substantially all employees who have completed one year of service, completed 1,000 hours of service and who have attained 21 years of age. The plan allows the Company to make discretionary contributions and provides for employee salary reductions of up to 15%. The Company provides matching contributions of 25% of the first 5% of employee contributions. Matching contributions during 1998 and 1997 were $56,178 and $59,462, respectively. Discretionary contributions for the years ended December 31, 1998 and 1997 were $434,806 and $390,538, respectively.

Amounts charged to pension expense under the above plans totaled approximately $2,038,177 and $1,495,700 for the years ended December 31, 1998 and 1997, respectively.

11. SELF-INSURANCE COVERAGES

The Company is self-insured for workers compensation coverage in the state of Ohio, in accordance with the requirements of the state. In Ohio, the Company will pay all eligible workers compensation claims up to $225,000 per individual and the statutory limit in the aggregate for the state. All eligible claims in excess of these amounts are covered under a policy with an insurance company. The balance sheet includes a liability of $245,529 and $354,708 at December 31, 1998 and 1997, respectively, for claims incurred.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31:

	1998	1997
Land	$ 247,772	$ 247,773
Buildings and improvements	4,841,033	4,841,033
Machinery and equipment	8,850,776	8,449,371
Automotive	918,377	786,345
Office furniture and fixtures	1,216,227	1,249,832
	16,074,185	15,574,354
Less accumulated depreciation and amortization	(13,311,436)	(12,791,796)
Net property, plant and equipment	$ 2,762,749	$ 2,782,558

13. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 1998 and 1997 includes unbilled amounts of $1,785,411 and $2,314,550, respectively. Unbilled amounts at year end represent work performed during the year which are not billed until January of the following year.

14. PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for 1997 have been restated to correct for errors associated with the underrecording of liabilities related to self insured workers compensation for the State of Ohio, additional insurance premiums and benefits due under a retiree health care plan. The net effect of the restatements was to decrease net income for 1997 by $72,709. Retained earnings at the beginning of 1997 has been decreased by $1,126,612 for the effects not recording the liabilities at December 31, 1996.

(b) Pro Forma Financial Information.

The pro forma financial information required by section (b) of Item 7 of Form 8-K will be filed by amendment to this Form 8-K on or before February 18, 2000.

(c) Exhibits.

The following Exhibits are attached to this Form 8-K numbered as set forth below.

10.1 Stock Purchase Agreement, dated as of December 7, 1999, among CECO Environmental Corp., CECO Filters, Inc and the Stockholders of The Kirk & Blum Manufacturing Company and kbd/Technic, Inc. and Richard J. Blum, Lawrence J. Blum and David D. Blum.

10.2 Employment Agreement, dated as of December 7, 1999, between Richard J. Blum and CECO Group, Inc.

10.3 Stock Purchase Warrant, dated as of December 7, 1999, granted by CECO Environmental Corp. to Richard J. Blum

10.4 Employment Agreement, dated as of December 7, 1999, between Lawrence J. Blum and The Kirk & Blum Manufacturing Company.

10.5 Stock Purchase Warrant, dated as of December 7, 1999, granted by CECO Environmental Corp. to Lawrence J. Blum

10.6 Employment Agreement, dated as of December 7, 1999, between David D. Blum and The Kirk & Blum Manufacturing Company.

10.7 Stock Purchase Warrant, dated as of December 7, 1999, granted by CECO Environmental Corp. to David D. Blum

10.8 Credit Agreement, dated as of December 7, 1999, among PNC Bank, National Association, The Fifth Third Bank, and Bank One, N.A. and PNC Bank, National Association as agent, and CECO Group, Inc., CECO Filters, Inc., Air Purator Corporation, New Busch Co., Inc., The Kirk & Blum Manufacturing Company and kbd\Technic, Inc.

10.9 Promissory Note in the amount of $4,000,000, dated as of December 7, 1999, made by CECO Environmental Corp. and payable to Green Diamond Oil Corp.

10.10 Promissory Note in the amount of $500,000, dated as of December 7, 1999, made by CECO Environmental Corp. and payable to Harvey Sandler

10.11 Promissory Note in the amount of $500,000, dated as of December 7, 1999, made by CECO Environmental Corp. and payable to ICS Trustee Services, Ltd.

10.12 Warrant Agreement, dated as of December 7, 1999, among CECO Environmental Corp. and Green Diamond Oil Corp., Harvey Sandler and ICS Trustee Services, Ltd.

10.13 KDB\Technic, Inc. Voting Trust Agreement, dated as of December 7, 1999, Richard J. Blum, trustee

10.14 Consulting Agreement, dated as of June 1, 1999, between CECO Environmental Corp. and CECO Filters, Inc.

23.1 Consent of Independent Public Accountants, dated as of December 14, 1999

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CECO Environmental Corp.

CECO ENVIRONMENTAL CORP.

Dated: December 16, 1999

/s/ Phillip DeZwirek

Phillip DeZwirek
Chief Executive Officer and
Chief Financial Officer

EXHIBITS INDEX

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23.1 Consent of Independent Public Accountants, dated as of December 14, 1999

STOCK PURCHASE AGREEMENT

Dated as of December 7, 1999

by and among

CECO ENVIRONMENTAL CORP.,
a New York corporation,

CECO GROUP, INC.,
a Delaware corporation,

and

THE STOCKHOLDERS
OF
THE KIRK & BLUM MANUFACTURING COMPANY
AND
kdb/TECHNIC, INC.

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Exhibit B - Legal Opinion of Counsel to the Stockholders

Exhibit C - Form of Noncompetition Agreement

Exhibit D - Forms of Employment Agreements

D-1 - Richard J. Blum
D-2 - Lawrence J. Blum
D-3 - David D. Blum

Exhibit E - Form of Mutual Release

Exhibit F - Legal Opinion of Counsel to CECO Environmental Corp. and CECO Group, Inc.

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT, dated as of December 7, 1999 (this "Agreement"), is by and among CECO Environmental Corp., a New York corporation ("CEC"), CECO Group, Inc., a Delaware corporation ("Buyer"), and the persons whose names are listed on the signature page of this Agreement (collectively, the "Stockholders"). (The term "Stockholders" shall refer to Richard J. Blum, Lawrence J. Blum and David D. Blum, both individually (notwithstanding that they do not individually own shares), and in their capacity as trustees of various trusts that hold shares in the Companies, as defined below, along with the other stockholders of the Companies.)

RECITALS:

A. The Stockholders own, of record and beneficially, all of the issued and outstanding capital stock of The Kirk & Blum Manufacturing Company, an Ohio corporation ("KBM"), which is engaged in the air pollution control business.

B. Certain of the Stockholders, The David D. Blum Irrevocable Stock Trust, u/a/d July 21, 1998, Richard J. Blum, trustee; The Lawrence J. Blum Irrevocable Stock Trust, u/a/d July 21, 1998, Richard J. Blum, trustee; and Richard J. Blum (collectively, the "kbd Stockholders"), own of record, all of the issued and outstanding capital stock of kbd/Technic, Inc., an Indiana corporation ("KTI" and collectively with KBM, the "Companies" and each a "Company") engaged in the pollution control consulting business.

C. Buyer desires to purchase from the Stockholders, and the Stockholders desire to sell to Buyer, on the terms and conditions set forth herein, all of the issued and outstanding capital stock of each of the Companies.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements, representations, warranties and covenants contained herein, and for other good and valuable consideration set forth herein, the parties hereto agree as follows:

SECTION 1. CERTAIN DEFINITIONS.

For purposes of this Agreement, the following terms shall have the respective meanings set forth below:

"Accounts Receivable" means invoiced accounts of the Companies.

"Actions" mean any claims, actions, suits, proceedings and investigations, whether at law or in equity, before any court, arbitrator, arbitration panel or Governmental Authority.

"Affiliate" of a party means any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such party.

"Balance Sheets" has the meaning specified in Section 3.6 below.

"Balance Sheet Date" means September 30, 1999.

"Business" means, with respect to a Company, the business of such Company as presently conducted.

"Closing" means the closing of the transactions contemplated hereby.

"Closing Date" means December__, 1999, or such other date as the parties may agree upon in writing.

"Closing Financial Statements" has the meaning specified in Section 2.4(c)

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder.

"Contracts" mean all contracts, agreements, indentures, licenses, leases, commitments, plans, arrangements, sales orders and purchase orders of every kind, whether written or oral and whether express or implied, that are legally binding.

"Copyrights" has the meaning specified in Section 3.13.

"Damages" mean losses, liabilities, obligations, penalties, costs, damages, claims and expenses (including reasonable costs of (i) investigation and (ii) attorneys' fees and disbursements).

"Disclosure Letter" means the disclosure letter delivered by the Stockholders to Buyer concurrently with the execution and delivery of this Agreement.

"Employment Agreements" have the meaning specified in Section 7.7.

"Environmental Law" has the meaning specified in Section 3.18(e).

"Equipment" means all of the furniture, fixtures, furnishings, machinery, automobiles, trucks, spare parts, tools, supplies, equipment and other tangible personal property owned by a Company and used in connection with its business.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means a Company and each corporation, partnership or other trade or business, whether or not incorporated, which is or has been treated as a single employer or controlled group member with a Company pursuant to Code Section 414 or ERISA Section 4001.

"Escrow Agreement" has the meaning specified in Section 2.3 hereof.

"Escrow Account" means the account established pursuant to the Escrow Agreement.

"Facilities" shall mean the real property, leaseholds and other real property interests owned, leased or operated by a Company and related facilities which are owned or leased by a Company.

"Financial Statements" means those financial statements of the Companies referred to in Section 3.6.

"GAAP" means generally accepted United States accounting principles, applied on a basis consistent with the basis on which the Balance Sheets and the other financial statements referred to in Section 3.6 were prepared.

"Governmental Authority" means any agency, instrumentality, department, commission, court, tribunal or board of any government, whether foreign or domestic and whether national, Federal, state, provincial or local.

"Indebtedness" of a Person shall mean such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade, (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances or other instruments, (v) capitalized lease obligations and (vi) obligations for which such Person is obligated pursuant to a guaranty.

"Intellectual Property Assets" has the meaning specified in Section 3.13.

"Inventory" means all of a Company's inventory held for resale and all of such Company's new, repair or replacement parts, supplies and packaging items and similar items with respect to its Business, in each case wherever the same may be located.

"Laws" mean laws, rules, regulations, codes, orders, ordinances, judgments, injunctions, decrees and policies.

"Legal Requirement" has the meaning set forth in Section 3.18(a).

"Liabilities" mean debts (including interest thereon and any prepayment penalties applicable thereto), liabilities, claims, obligations, duties and responsibilities of any kind and description, whether absolute or contingent, monetary or non-monetary, direct or indirect, known or unknown, matured or unmatured, or of any other nature.

"Lien" means any security interest, lien, mortgage, claim, charge, pledge, restriction, equitable interest or encumbrance of any nature, or any community property interest, condition, equitable interest, option, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"Marks" has the meaning specified in Section 3.13.

"Material" with respect to a Company means an event, change or effect substantially related to the condition (financial or otherwise), operations or prospects of the Business of such Company as currently conducted.

"Material Adverse Effect" means an event, change or effect that substantially and adversely affects the condition (financial or otherwise), operations or prospects of the Business of either Company, as currently conducted.

"Multi-Employer Plans" means every "multiemployer plan" as defined in Section 3(37) of ERISA to which a Company contributes or has contributed.

"Noncompetition Agreement" shall have the meaning specified in Section 7.6.

"Patents" has the meaning specified in Section 3.13.

"Permits and Licenses" mean those municipal, state and federal consents, orders, filings, franchises, permits, licenses, agreements, waivers and authorizations used in the Business of either Company.

"Person" means any natural person, corporation, trust, business trust, joint venture, association, company, firm, partnership, limited liability company or other entity or Governmental Authority.

"Plan" has the meaning specified in Section 3.22.

"Proportionate Share" with respect to a Company means, for each Stockholder, that Stockholder's percentage interest in the capital stock of such Company, determined by dividing the number of Shares of capital stock of such Company (whether voting or non-voting common) held by that Stockholder by the number of Shares of such Company (both voting and non-voting common) that are outstanding.

"Related Person" means with respect to a particular individual:

(a) each other member of such individual's Family;

(b) any Person that is directly or indirectly controlled by such individual or one or more members of such individual's Family;

(c) any Person in which such individual or members of such individual's Family hold (individually or in the aggregate) a Material Interest; and

(d) any Person with respect to which such individual or one or more members of such individual's Family serves as a director, officer, partner, executor, or trustee (or in a similar capacity).

With respect to a specified Person other than an individual:

(a) any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person;

(b) any Person that holds a Material Interest in such specified Person;

(c) each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity);

(d) any Person in which such specified Person holds a Material Interest;

(e) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity); and

(f) any Related Person of any individual described in clause (b) or (c).

For purposes of this definition, (a) the "Family" of an individual includes (i) the individual, (ii) the individual's spouse and former spouses, if any, (iii) any other natural person who is related to the individual or the individual's spouse within the second degree, and (iv) any other natural person who resides with such individual, and (b) "Material Interest" means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of voting securities or other voting interests representing at least 5% of the outstanding voting power of a Person or equity securities or other equity interests representing at least 5% of the outstanding equity securities or equity interests in a Person.

"Returns" mean all returns, declarations, reports, forms, estimates, information returns and statements required to be filed with or supplied to any Governmental Authority in connection with any Taxes.

"Shares" mean all of the issued and outstanding shares of common stock of the Companies.

"Stock Warrants" means the stock warrants for 1,000,000 shares of CEC common stock in the aggregate being granted to Richard J. Blum, Lawrence J. Blum and David D. Blum in connection with their entering into Employment Agreements with Buyer.

"Taxes" mean all taxes, charges, fees, levies, customs, duties or other assessments, including, without limitation, income, gross receipts, excise, real and personal property, sales, transfer, license, payroll and franchise taxes imposed by any Governmental Authority and shall include any interest, penalties or additions to tax attributable to any of the foregoing.

"Trade Secrets" has the meaning specified in Section 3.13.

As used in this Agreement, the terms "to the knowledge," "known to," and other phrases of like substance are to be construed (i) to include the knowledge of Richard J. Blum, Lawrence J. Blum, David D. Blum and Lawrence Kallmeyer acting for all of the Stockholders, and (ii) to represent that these individuals, on behalf of all the Stockholders, have caused such inquiry and investigation to be made into the matters represented as is appropriate in their roles as officers and directors of the Companies and Stockholders selling two corporations and attempting in good faith to accurately make representations and warranties, including, without limitation of the foregoing, that such individuals have asked members of senior management of the Companies about the representations and warranties of the Stockholders in Section 3 of this Agreement related to such members of senior management's area of responsibility; provided that the Stockholders shall be deemed to have knowledge of any fact that any of the named individuals should have known if they had caused such inquiry and investigation to have been made as provided above. As used in this Agreement, the term "actual knowledge" means actual knowledge of the person making the representation without having conducted any inquiry.

SECTION 2. TRANSFER OF SHARES AND PAYMENT OF PURCHASE PRICE.

2.1 Transfer of Shares. Based upon and subject to the terms, agreements, warranties, representations and conditions of this Agreement, the Stockholders hereby agree to sell, convey, transfer, assign and deliver to Buyer on the Closing Date, and Buyer hereby agrees to buy and accept on the Closing Date, all of the Shares held by the Stockholders. Subject to the provisions of Section 14, failure to consummate the purchase and sale provided for in this Agreement on the Closing Date as provided herein will not result in the termination of this Agreement and will not relieve any party of any obligation under this Agreement.

2.2 Amount of Purchase Price. The total consideration (the "Purchase Price") to be paid by Buyer for the Shares shall be the aggregate of:

$24,997,000;

minus the difference of (i) $12,325,721 minus (ii) the aggregate stockholders equity of the Companies as of the Closing Date (which difference will not result in an increase in the Purchase Price if the aggregate stockholders' equity as of such date is greater than $12,325,721);

minus the amount by which the aggregate Indebtedness of the Companies exceeds $5,000,000 as of the Closing Date;

plus any amount payable to the Stockholders pursuant to Section 9.13(a) hereof.

2.3 Payment of Purchase Price. On the Closing Date, Buyer shall as an estimate of the Purchase Price, (a) pay to each Stockholder of KBM by means of a wire transfer to the account number and depository previously designated by such Stockholder (or otherwise as directed by each Stockholder) his Proportionate Share of $23,074,960, (b) pay to each kbd Stockholder by means of a wire transfer to the account number and depository previously designated by such Stockholder (or otherwise as directed by each Stockholder) one third of $672,040, and (c) deposit $1,250,000 in an Escrow Account established pursuant to the Escrow Agreement in the form of Exhibit A hereto.

2.4 Purchase Price Adjustment.

(a) Adjustment Amount. The Stockholders and the Buyer recognize that the $24,997,000 paid at the Closing is only an approximation of the Purchase Price and the Purchase Price can only be accurately calculated after the Closing. The Adjustment Amount will be equal to $24,997,000 minus the Purchase Price calculated pursuant to Section 2.2 in accordance with the Closing Financial Statements, as defined below.

(b) Closing Financial Statements. Stockholders will prepare and will cause Rippe & Kingston Co. PSC, the Companies' certified public accountants, to audit the financial statements ("Closing Financial Statements") of the Companies as of the Closing Date and for the period from January 1, 1999 through the Closing Date, including a computation of aggregate stockholders' equity of the Companies as of the Closing Date. In calculating the aggregate stockholders' equity of the Companies as of the Closing Date, any prepayment penalty required to pay any debt of the Companies in connection with the acquisition of the Companies and an appropriate accrual for unpaid bonuses and commissions which relate to the 1999 fiscal year pro rated for the period from January 1, 1999 to the Closing Date shall reduce the aggregate stockholders' equity of the Companies. Stockholders will deliver the Closing Financial Statements to Buyer within sixty days after the Closing Date. If within thirty days following delivery of the Closing Financial Statements, Buyer has not given the Stockholders notice of its objection to the Closing Financial Statements (such notice must contain a statement of the basis of Buyer's objection), then the combined stockholders' equity reflected in the Closing Financial Statements will be used in computing the Adjustment Amount. If Buyer gives such notice of objection, then the issues in dispute will be submitted to the Cincinnati, Ohio office of Deloitte and Touche, certified public accountants (the "Accountants"), for resolution. If issues in dispute are submitted to the Accountants for resolution, (i) each party will furnish to the Accountants such workpapers and other documents and information relating to the disputed issues as the Accountants may request and are available to that party (or its independent public accountants), and will be afforded the opportunity to present to the Accountants any material relating to the determination and to discuss the determination with the Accountants; (ii) the determination by the Accountants, as set forth in a notice delivered to both parties by the Accountants, will be binding and conclusive on the parties; and (iii) Buyer and Stockholders will each bear 50% of the fees of the Accountants for such determination.

(c) Payment of Adjustment Amount. On the tenth business day following the final determination of the Adjustment Amount, an amount equal to the Adjustment Amount shall be paid to the Buyer from the Escrow Account with the earnings thereon. The Stockholders shall pay to the Buyer any portion of the Adjustment Amount not released to the Buyer from the Escrow Account and the Stockholders shall be jointly and severally liable therefore. All payments of the Adjustment Amount not paid out of the Escrow Account will be made together with interest at 8% compounded annually beginning on the Closing Date and ending on the date of payment. Payments must be made in immediately available funds. Payments to Stockholders will be made in the manner and will be allocated in such proportions that the Stockholders' Agent may specify. Payments to the Buyer shall be made by wire transfer to such bank account as the Buyer will specify.

(d) If the amount of any Adjustment Amount is not promptly paid from the Escrow Account or exceeds the amount of the initial deposit in the Escrow Account, Buyer shall have the right to collect promptly from the Stockholders, in cash, the amount of such Adjustment Amount or the portion thereof that has not been paid from the Escrow Account.

2.5 Closing. The Closing provided for in this Agreement will take place at the offices of Ballard Spahr Andrews & Ingersoll LLP, 1735 Market Street, Philadelphia, Pennsylvania 19103-7599, at 9:00 a.m. (local time) on December __, 1999, or at such other time and place as the parties may agree. The closing shall be effective as of the close of business on the Closing Date. Subject to the provisions of Section 14, failure to consummate the purchase and sale provided for in this Agreement on the date and time and at the place determined pursuant to this Section 2.5 will not result in the termination of this Agreement and will not relieve any party of any obligation under this Agreement. The obligation of the parties to have the Closing shall be subject to the conditions set forth in Sections 5 and 6 and the deliveries required by Section 7 and 8 of this Agreement. All deliveries at the Closing will be deemed to be made and effected simultaneously and all such deliveries will be deemed to be in escrow until all such deliveries have been made and effected.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS.

The Stockholders hereby jointly and severally warrant and represent to and agree with Buyer as of the date hereof and as of the Closing Date as follows:

3.1 Organization and Authorization.

(a) Each Company is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has all requisite corporate power and authority to own, lease and operate its properties and assets and to conduct its Business as now being conducted, and to perform its obligations under all contracts to which it is a party. Each Company owns, leases and operates properties, and conducts business only in the states set forth on Part 3.1 of the Disclosure Letter. Each Company is qualified or licensed to do business in the states set forth in Part 3.1 of the Disclosure Letter and the failure to be qualified in any other state will not have a Material Adverse Affect on such Company.

(b) This Agreement, the Escrow Agreement, the Noncompetition Agreements, the Employment Agreements and the other agreements and documents required to be delivered by the Stockholders in accordance with the provisions hereof, have been duly executed and delivered by or on behalf of the Stockholders and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) constitute valid and binding obligations of the Stockholders, enforceable against them in accordance with their respective terms. Any Stockholders that are trustees of trusts have the power and authority to duly execute and deliver this Agreement, the Escrow Agreement and the other agreements to be delivered by such trusts pursuant to this Agreement. Copies of portions of the trust agreements of such trusts setting forth the powers of the trustees have been delivered to Buyer.

3.2 Articles of Incorporation; Code of Regulations; Minute Books. The Stockholders have delivered to Buyer true and complete copies of the articles of incorporation and Code of Regulations of the Companies, as amended to and including the Closing Date. The minute books, stock books and stock transfer records of the Companies, true and complete copies of which have been delivered to Buyer, contain true and complete minutes and records of all issuances and transfers of Shares of the Companies and of all minutes and records of all meetings, consents, proceedings and other actions of the Stockholders, board of directors and committees of the board of directors of the Companies since their respective dates of incorporation. The execution and delivery of the Agreement by the Stockholders and their consummation or performance of the transactions contemplated hereby will not violate the articles of incorporation or Code of Regulations of the Companies or any resolution adopted by the board of directors or stockholders of any of the Companies.

3.3 Consents - Conflicts. Except as provided on Part 3.3 of the Disclosure Letter, no consent of any lender, trustee, trust beneficiary, trust grantor or other Person is required for the Stockholders to enter into and deliver this Agreement or to consummate the transactions contemplated hereby, nor does any Contract, mortgage or other instrument to which any of the Companies or any of the Stockholders is a party or by which any of the Companies or any of the Stockholders is bound or affecting any of its or his properties restrict the execution and delivery of this Agreement or the consummation or performance of the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation or performance of the transactions contemplated hereby does not contravene, conflict with or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any material Contract to which either Company is a party.

3.4 Authorized Capitalization. The authorized capital stock of KBM consists solely of 105,000 shares of Class A voting common stock, with no par value, of which 62,670 shares are issued and outstanding, and 225,000 shares of Class B nonvoting common stock, with no par value, of which 188,010 shares are issued and outstanding. The authorized capital stock of KTI consists solely of 1,000 shares of common stock, with no par value, of which 930 shares are issued and outstanding. All Shares are validly issued and outstanding, fully paid and nonassessable, and are owned beneficially and of record by the Stockholders as set forth on the signature page of this Agreement. The social security number or federal employer identification number of each Stockholder has been previously delivered to the Buyer. The Shares are not subject to any Lien or to any restriction on their transfer other than the stock restriction agreement set forth on Part 3.4 of the Disclosure Letter and, as of the Closing Date, will be free and clear of all Liens. There are no outstanding Contracts, warrants, options or rights (preemptive or otherwise) or other securities, plans or agreements that give the holder or any other Person the right to purchase or otherwise acquire (whether from a Company, the Stockholders, or any Affiliate of a Company or the Stockholders) any Shares or any securities convertible into, or exchangeable or exercisable for, Shares or under which any such warrant, option, right or security may be issued in the future. There are no contracts relating to the issuance, sale or transfer of any Shares of any of the Companies. None of the Shares was issued in violation of the Securities Act of 1993, as amended, or any applicable state securities law.

3.5 Subsidiaries; Investments; Affiliate Notes and Transactions. The Companies do not have any directly or indirectly owned subsidiaries and, except as set forth on Part 3.5 of the Disclosure Letter, has made no advances to or investments in, and does not own any securities of or other interests in any Person. Part 3.5 of the Disclosure Letter contains a list of all notes held by the Companies issued by any Stockholder or any Affiliate of any Stockholder. Except as set forth in Part 3.5 of the Disclosure Letter, none of the Stockholders and no Affiliates of the Stockholders has, or during the last three (3) years has had, any business relations with either of the Companies or any direct or indirect interest in any competitor, customer, supplier or other person, firm or corporation which has had any business relationship or material transaction with the Companies during the past three (3) years, except for (i) ownership of up to one percent of the equity securities of any publicly-held company; (ii) reasonable compensation as an employee of a Company; and (iii) reimbursement of reasonable business expenses.

3.6 Financial Statements. The Stockholders have delivered to Buyer (a) unaudited financial statements of each of the Companies for the partial fiscal year period ending on July 31, 1999 and for the partial fiscal year period ending on the Balance Sheet Date including a balance sheet of each of the Companies as of the Balance Sheet Date (the "Balance Sheets") and (b) audited financial statements of each of the Companies as of and for the fiscal years ended December 31, 1996, 1997 and 1998. The financial statements referred to in the preceding sentence and the accompanying notes thereto are referred to collectively as the "Financial Statements." Except as set forth on Part 3.6 of the Disclosure Letter, such Financial Statements and the notes thereto fairly present the financial condition and the results of operations, changes in stockholders' equity, and cash flow of the Companies as at the respective dates of and for the periods referred to in such Financial Statements, all in accordance with GAAP, subject, in the case of interim financial statements, to normal recurring year-end adjustments (the effect of which will not, individually or in the aggregate, be materially adverse) and the absence of notes (that, if presented, would not differ materially from those included in the Balance Sheets), and the Financial Statements referred to in this Section 3.6 reflect the consistent application of such accounting principles throughout the periods involved. The Financial Statements in each case have been prepared on an accrual basis of accounting consistently applied throughout the periods covered thereby. Since December 31. 1998, each Company has conducted its Business in a consistent manner without change of policy or procedure including, without limitation, its practices in connection with the treatment of revenue recognition, capitalization policies, reserves and expenses. No financial statements of any Person other than each of the applicable Companies are required by GAAP to be included in the consolidated financial statements of each of the Companies.

3.7 Records and Books of Account. The books of account, minute books, stock record books and other records of the Companies, all of which have been made available to Buyer, are complete and correct in all material respects and have been maintained in accordance with sound business practices. At the Closing, all of those books and records will be in the possession of the Companies.

3.8 Liabilities. On December 31, 1998 and the Balance Sheet Date, there were no Liabilities of the Companies that would have been required under GAAP to be included on the balance sheets of the Companies as of such dates which were not so included in the Financial Statements other than those Liabilities (including, without limitation, product liabilities and Taxes) disclosed or reserved for on such Financial Statements or those described in Part 3.8 of the Disclosure Letter. There are no other Liabilities of the Companies (whether known or unknown, and whether absolute, accrued, contingent or otherwise) except (i) those incurred since the Balance Sheet Date in the ordinary course of business consistent with past practice and not in violation of or in conflict with any of the terms, agreements, warranties, representations and conditions of the Stockholders contained in this Agreement, (ii) those set forth on Part 3.8 of the Disclosure Letter or (iii) those that would not, individually or in the aggregate, have a Material Adverse Effect on either of the Companies.

3.9 Title to Assets; Liens and Encumbrances. Each Company is the owner of, and has good and marketable title to, or a valid leasehold interest in, or has the legally enforceable right to use in its Business, all of the assets, properties and rights currently used in the operation of the Business of such Company, free and clear of all Liens except for the Liens, if any, set forth on the Balance Sheets or on Part 3.9 of the Disclosure Letter. The assets, properties and rights referred to in the preceding sentence include, without limitation, all assets, properties, rights and Business of each Company and are shown or reflected on the Balance Sheet of such Company or were acquired by such Company since the Balance Sheet Date. Each Company owns or has the legally enforceable right to use in its Business all of the assets used by it in the operation and conduct of its Business, or required by it for the normal conduct of its Business. All material properties and assets reflected in the Balance Sheets are free and clear of all Liens and are not, in the case of real property, subject to any rights of way, building use restrictions, exceptions, variances, reservations, or limitations of any nature except, with respect to all such properties and assets, (a) mortgages or security interests shown on the Balance Sheets as securing specified liabilities or obligations, with respect to which no default (or event that, with notice or lapse of time or both, would constitute a default) exists, (b) mortgages or security interests incurred in connection with the purchase of property or assets after the date of the Balance Sheets (such mortgages and security interests being limited to the property or assets so acquired), with respect to which no default (or event that, with notice or lapse of time or both, would constitute a default) exists, (c) liens for current taxes not yet due, and (d) with respect to real property, (i) minor imperfections of title, if any, none of which is substantial in amount, materially detracts from the value or impairs the use of the property subject thereto, or impairs the operations of any Company; (ii) zoning laws and other land use restrictions that do not impair the present or anticipated use of the property subject thereto; (iii) normal easements and restrictions that do not interfere with the current and intended future use of the real estate of any of the Companies; and (iv) matters disclosed on any title reports, title commitments or surveys attached to the Disclosure Letter. All buildings, plants, and structures owned by the Companies lie wholly within the boundaries of the real property owned by the Companies and do not encroach upon the property of, or otherwise conflict with the property rights of, any other Person.

3.10 Tangible Assets. The buildings, plants, structures and equipment of the Companies are structurally sound, are in operating condition and repair and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, or equipment is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The building, plants, structures and equipment of the Companies are sufficient for the continued conduct of the Companies' businesses after the Closing in substantially the same manner as conducted prior to the Closing.

3.11 Facilities.

(a) Each parcel of real property owned or leased by any of the Companies, including the address thereof, is listed on Part 3.11 of the Disclosure Letter, and copies of all deeds, purchase documents, mortgages, other encumbrances and title insurance policies or lawyer's title opinions relating to such parcels have been provided to Buyer as well as a current title search with respect to each of the Facilities. Except as set forth in Part 3.11 of the Disclosure Letter, each Company, or to the Stockholders' knowledge, its lessor, has good and marketable title to the real property, and such real property is subject only to normal easements and restrictions that do not interfere with such Company's current use and intended future use of the real estate.

(b) Except for the leases of the Facilities described on Part 3.11 of the Disclosure Letter, none of the Companies leases any real property. Each Company enjoys peaceful and undisturbed possession of its Facilities.

(c) The Facilities and the improvements thereon, including without limitation all Equipment (including all fixtures) and other tangible assets owned, leased or used by the Companies at their Facilities are insured to the extent and manner customary in the industry, are sufficient for the operation of the Business as presently conducted and are in conformity, in all Material respects, with all applicable laws, ordinances, orders, regulations and other requirements currently in effect. None of the improvements is subject to any commitment or other arrangement for their sale or use by any Affiliate of a Company or third parties.

3.12 Leased Assets. Each lease of tangible assets or real estate to which either Company is a party is in full force and effect without any default or breach thereof by an applicable Company or any other party thereto. Except as set forth on Part 3.12 of the Disclosure Letter, no consent of any lessor or any other party is required under any such lease by reason of or in connection with the sale of Shares to Buyer as provided for in this Agreement and to keep such lease in full force and effect after the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

3.13 Trademarks, Service Marks. Trade Names, Patents and Copyrights.

(a) Intellectual Property Assets. The term "Intellectual Property Assets" includes:

(i) the names Kirk & Blum Manufacturing and kbd/Technic, all fictional business names, trading names, registered and unregistered trademarks, service marks, and applications listed on Part 3.13(e) of the Disclosure Letter (collectively, "Marks");

(ii) all patents, patent applications, and inventions and discoveries that may be patentable (collectively, "Patents");

(iii) all copyrights in both published works and unpublished works (collectively, "Copyrights");

(iv) all domain names, e-mail addresses, web sites, internet service agreements and other internet related assets, rights and contracts, whether owned or licensed listed on Part 3.13(h) of the Disclosure Letter (collectively, "Internet Related Rights");

(v) all know-how, trade secrets, confidential information, customer lists, software created and owned by either Company, technical information, data, process technology, plans, drawings, and blue prints (collectively, "Trade Secrets"); and

(vi) all other software, owned, used, or licensed by any Company as licensee or licensor.

(b) Agreements. Part 3.13(b) of the Disclosure Letter contains a complete and accurate list and summary description, including any royalties paid or received by the Companies, of all Contracts relating to all material Intellectual Property Assets to which any Company is a party or by which any Company is bound, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available software programs with a value of less than $1000 per user under which a Company is the licensee ("Commercial Software"). There are no outstanding and, to the Stockholders' knowledge, no threatened disputes or disagreements with respect to any such agreement.

(c) Know-How Necessary for the Business

(i) The Intellectual Property Assets are all those necessary for the operation of the Companies' businesses as they are currently conducted. One or more of the Companies is the owner of all right, title and interest in and to each of the Intellectual Property Assets (other than Commercial Software), free and clear of all liens, security interests, charges, encumbrances, equities, and other adverse claims, and has the right to use without payment to a third party all of the Intellectual Property Assets.

(ii) No employee of any Company has entered into any Contract that restricts or limits in any way the scope or type of work in which the employee may be engaged or requires the employee to transfer, assign, or disclose information concerning his work to anyone other than one or more of the Companies.

(iii) Each Company has taken reasonable security measures to protect the secrecy, confidentiality and value of the trade secrets developed or acquired by such Company. To the knowledge of the Companies, none of the Trade Secrets, know-how or other confidential or proprietary information owned by the Companies has been transferred to any person or disclosed to any person unless such disclosure was made pursuant to an appropriate confidentiality agreement or a proper corporate purpose.

(d) Patents

Except as set forth on Part 3.13(d) of the Disclosure Letter, none of the Companies owns any Patents that have not expired or licenses any Patents. None of the products manufactured and sold, nor any process or know-how used, by any Company infringes or is alleged to infringe any patent or other proprietary right of any other Person.

(e) Trademarks

(i) Part 3.13(e) of the Disclosure Letter contains a complete and accurate list and summary description of all Marks. One or more of the Companies is the owner of all right, title, and interest in and to each of the Marks, free and clear of all liens, security interests, charges, encumbrances, equities, and other adverse claims except as disclosed on Part 3.9 of the Disclosure Letter.

(ii) No Mark used by the Companies has been registered with the United States Patent and Trademark Office or any state authority. No Mark is infringed or, to the Stockholders knowledge, has been challenged or threatened in any way. None of the Marks used by the Company infringes or is alleged to infringe any trade name, trademark or service mark of any third party.

(f) Copyrights

(i) Neither of the Companies has registered any Copyrights. One or more of the Companies is the owner of all right, title, and interest in and to each of the Copyrights, free and clear of all liens, security interests, charges, encumbrances, equities, and other adverse claims.

(ii) No Copyright is infringed or, to the Stockholders' Knowledge, has been challenged or threatened in any way. None of the subject matter of any of the Copyrights infringes or is alleged to infringe any copyright of any third party or is a derivative work based on the work of a third party.

(g) Trade Secrets

(i) The Companies have taken all reasonable precautions to protect the secrecy, confidentiality and value of their Trade Secrets.

(ii) One or more of the Companies has good title and an absolute (but not necessarily exclusive) right to use the Trade Secrets. The Trade Secrets are not part of the public knowledge or literature, and, to Stockholders' knowledge, have not been used, divulged or appropriated either for the benefit of any Person (other than one or more of the Companies) or to the detriment of the Companies. No Trade Secret is subject to any adverse claim or has been challenged or threatened in any way.

(h) Internet Related Rights. Part 3.13(h) of the Disclosure Letter sets forth each Internet Related Right. All domain name registrations are valid and in full force, are held of record by one of the Companies and are not the subject of any cancellation or othe proceeding or Action challenging their validity.

3.14 Contracts; Customers. Part 3.14(a) of the Disclosure Letter sets forth a list of all of the following Contracts to which either Company is a party or by which it or any of its assets are bound (collectively, the "Material Contracts"): (i) Contracts with any director, officer or manager of either Company that will not terminate on or prior to the Closing Date without further obligation or liability on the part of any party thereto; (ii) Contracts for the sale of any assets (other than in the ordinary course of business or as set forth on another schedule), or for the grant to any Person of any preferential rights to purchase any of its assets or requiring any Person to purchase or sell all or a fixed portion of its requirements or output to or from another Person; (iii) Contracts containing covenants of a Company or any employee of a Company not to compete in any line of business or with any Person in any geographical area or covenants of any other Person not to compete with a Company in any line of business or in any geographical area; (iv) Contracts relating to the acquisition by a Company of any operating business or the capital stock of any other Person; (v) Contracts relating to the borrowing of money or the issuance of guarantees; (vi) Contracts under which a Company acts as a distributor, dealer, franchisor, licensor, licensee, agent, sales representative, or authorized service Person other than Commercial Software licenses; (vii) each contract between each Company and any of its Affiliates or Related Parties; (viii) each Contract between KBD and a customer with a sales price of $1,000,000 or more and each Contract between KTI and a customer with a sales price of $100,000 or more and, with respect to each Contract, has not been substantially performed; (ix) all contracts (other than purchase orders) with respect to the purchase by KBM of iron, steel or products made from iron and steel and with an aggregate purchase price in excess of $100,000; (x) each lease, rental or occupancy agreement, license, installment and conditional sale agreement, and other Contract affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in, any real property; (xi) each licensing agreement or other contract with respect to Patents, Marks, Copyrights, or other Intellectual Property Assets, including agreements with current or former employees, consultants, or contractors regarding the appropriation or the non-disclosure of any of the Intellectual Property Assets not set forth on Part 3.13 of the Disclosure Letter; (xii) each collective bargaining agreement and other contract to or with any labor union or other employee representative of a group of employees; (xiii) each joint venture, partnership, and other contract (however named) involving a sharing of profits, losses, costs, or liabilities by any Company with any other Person; (xiv) each Contract providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods; (xv) each power of attorney that is currently effective and outstanding; (xvi) each contract with a Company for capital expenditures in excess of $100,000; and (xvii) all other Contracts not made in the ordinary course of business. Except as set forth on Part 3.14(b) of the Disclosure Letter, no Contract to which a Company is a party or to which it is subject or by which it is bound conflicts with, would be terminated by, would allow for the acceleration or termination of, would be in default as a result of, would result in a Lien on any of such Company's assets as a result of, would be breached as a result of, would be materially modified or changed by, or requires the consent of any other Person by reason of, the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, other than such Contracts the loss of which, individually or in the aggregate, would not have a Material Adverse Effect on either Company, or the loss of which would involve a loss of less than $15,000 ("Immaterial Contracts"). To the best of the Stockholders' knowledge, each of the Contracts to which a Company is a party or to which it is subject or by which it is bound (including, without limitation, those set forth on Part 3.14(a) of the Disclosure Letter) is a valid and existing Contract of all of the parties thereto in full force and effect without modification, other than Immaterial Contracts. Each Company has performed all obligations required to be performed by it and is not in default under any Contract, instrument or other document to which it is a party or to which it is subject or by which it is bound, and no event has occurred thereunder which, with or without the lapse of time or the giving of notice, or both, would constitute a default by it thereunder, other than Immaterial Contracts.

3.15 Labor Relations; Employees. Except as set forth on Part 3.15 of the Disclosure Letter, there are no labor strikes, disputes, slow downs, work stoppages or other labor troubles or grievances pending or, to the Stockholders' knowledge, threatened against either Company. No unfair labor practice complaint before the National Labor Relations Board, no charges pending before the Equal Employment Opportunity Commission and no complaint, charge or grievance of any nature before any similar or comparable Governmental Authority, in any case relating to either Company or the conduct of its Business, is pending or, to the knowledge of the Stockholders, threatened. Neither Company has received notice, nor has any knowledge, of the intent of any Governmental Authority responsible for the enforcement of labor or employment laws to conduct any investigation of or relating to either Company or the conduct of its Business. Except as set forth in Part 3.15 of the Disclosure Letter, neither Company is a party to any collective bargaining agreement relating to any of its employees and has not recognized, is not required to recognize and during the past five (5) years has not received a demand for recognition by any collective bargaining representative or experienced any strikes, work stoppages or slowdowns. Except as set forth on Part 3.15 of the Disclosure Letter, to the knowledge of the Stockholders, no officer or key employee of any Company has any plan to terminate his or her employment with either Company. Part 3.15 of the Disclosure Letter is a true and correct list of all grievances that employees of the Companies or any union have filed with either Company's unions or any labor dispute resolution agency since December 31, 1997, whether or not such grievance has been resolved. No employee or director of any Company is a party to, or is otherwise bound by, any agreement or arrangement, including any confidentiality, noncompetition, or proprietary rights agreement, between such employee or director and any other Person ("Proprietary Rights Agreement") that will have a Material Adverse Effect on (i) the performance of his duties as an employee or director of the Companies or (ii) the ability of any Company to conduct its business, including any Proprietary Rights Agreement with Stockholders or the Companies by any such employee or director. Neither Janet Chap, Marilyn Donovan, Mary Beth Hines, William J. Hines, John C. Donovan, Alan R. Chap, Nancy I. Blum, Margaret K. Blum nor Deborah J. Blum has ever been a director, officer, employee or consultant to either of the Companies except (i) as a summer job and (ii) as the foregoing have received fees for attending stockholders' meetings.

3.16 Legal Proceedings. Except as set forth on Part 3.16 the Disclosure Letter, there are no Actions (whether or not purportedly on behalf of either Company) pending or, to the knowledge of the Stockholders, threatened against either Company or any of their properties, rights or Business or relating to the transactions contemplated by this Agreement. To the knowledge of the Stockholders, no event has occurred or circumstance exists that may give rise to or serve as the basis for the commencement of any such action. Neither Company is in default with respect to any order, writ, injunction or decree of any Governmental Authority. None of the Actions referred to on Part 3.16 of the Disclosure Letter, individually or in the aggregate, will have a Material Adverse Effect on a Company.

3.17 Orders, Decrees, Etc. There are no orders, decrees, injunctions, rulings, publications, decisions, directives, consents, pronouncements or regulations of any court or any Governmental Authority issued against or, to the knowledge of the Stockholders, binding on, either Company which do or may affect, limit or control such Company's method or manner of doing business, except for laws, statutes, ordinances, orders and regulations that affect all similarly situated businesses.

3.18 Compliance With Law; Permits and Licenses.

(a) Each Company has complied with and is in compliance with all Laws of any Governmental Authority applicable to it, and to its assets, property and operations ("Legal Requirement") including, without limitation, Laws relating to zoning, building codes, licensing, permits, antitrust, occupational safety and health, environmental protection and conservation, water or air pollution, toxic and hazardous waste and substance control, consumer product safety, product liability, hiring, wages, hours, employee benefit plans and programs, collective bargaining and withholding and social security taxes, except where any non-compliance will not have a Material Adverse Effect on any Company.

(b) No event has occurred or circumstance exists that (with or without notice or lapse of time) (A) may constitute or result in a violation by any Company of, or a failure on the part of any Company to comply with, any Legal Requirement, or (B) may give rise to any obligation on the part of any Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature, except where such event or circumstance will not have a Material Adverse Effect on any Company.

(c) No Company has received, at any time since January 1, 1994, any notice or other communication (whether oral or written) from any Governmental Authority or any other Person regarding (A) any actual, alleged, possible, or potential violation of, or failure to comply with, any Legal Requirement or Permit and License, except where any non-compliance will not have a Material Adverse Effect on any Company, or (B) any actual, alleged, possible, or potential obligation on the part of any Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(d) Each Company presently holds all Permits and Licenses that are necessary for or Material to its current and known future use, occupancy or operation of its assets and properties and the conduct of the Business; each Company is, and at all times since January 1, 1994 has been, in full compliance with all of the terms and requirements of such Permits and Licenses and no notice of violation of any applicable zoning regulations, ordinances or other similar Laws binding on any Company with respect to its assets, properties or Business has been received by such Company, the Stockholders or any of their agents or Affiliates.

(e) No Company has violated nor is any Company alleged to have violated, nor is in violation of, any Environmental Law, nor has released, treated, stored, disposed of or transported, or arranged or contracted for the release, treatment, storage, disposal or transportation of any Hazardous Substance in violation of any Environmental Law. Except as set forth on Part 3.18(e) of the Disclosure Letter, there are no Hazardous Substances located at, in, on, within or under the surface of any Company's assets, properties or Facilities in violation of applicable Environmental Law. Neither the Stockholders nor has any Company received, or has any knowledge of, any request for information, notice of claim, demand, lawsuit, action or other notification from any Governmental Authority or any third party that they or it may be responsible for any threatened or actual release of Hazardous Substances, or be in violation of or in noncompliance with any Environmental Law, and neither the Stockholders nor any Company is subject to any agreement, consent, decree, administrative order, notice or enforcement action brought under any Environmental Law. (With respect to each item set forth in Part 3.18(e) of the Disclosure Letter, the Stockholders shall quantify the cost of remedying the problem so disclosed including all possible remediation efforts that may be required to be undertaken, disclose all regulatory action taken with respect to the problem, state all possible fines and other legal sanctions associated with the item any and otherwise provide such other reports and information with respect to the item as Buyer may reasonably request.) For purposes of this paragraph 3.18(e), "Environmental Law" means any applicable Federal, state or local law, rule, regulation, ordinance, program, permit, guidance, order, consent, decree or notice of violation pertaining to the protection of natural resources, the environment and the health and safety of employees and the general public; and "Hazardous Substances" means any material, chemical, compound, mixture, substance or waste which is regulated by any Governmental Authority having jurisdiction over any premises, including, but not limited to (a) any oil or petroleum compounds, flammable substances, explosives, radioactive materials or any other materials or pollutants which pose a hazard to any Company's properties or Business or Facilities or to any persons on or about the premises of any Company's Facility or which cause any of the Facilities to be in violation of any legal requirements, (b) asbestos, (c) polychlorinated biphenyls, (d) any material or substance designated as a hazardous substance, pursuant to Section 311 of the Clean Waters Act, 33 USC Section 1251, (e) pesticides as defined in the Federal Insecticide and Environmental Pesticide Control Act, 7 USC Section 136, (f) new chemical substance or mixture pursuant to Sections 3, 6, and 7 of the Toxic Substance Control Act, 15 USC Section 2601, (g) hazardous substances pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 9601 and (h) hazardous substances pursuant to section 1004 of Resource Conservation and Recovery Act, 42 USA Section 6901.

(f) Except as set forth on Part 3.18(f) of the Disclosure Letter, there is not now and has not been at any time in the past any underground or above-ground storage tank or pipeline at any Facility of any Company where the installation, use, maintenance, repair, testing, closure or removal of such tank or pipeline was not in compliance with all Environmental Laws and there has been no release from or rupture of any such tank or pipeline, including without limitation any release from or in connection with the filling or emptying of such tank.

3.19 Changes Since December 31, 1998. Except as set forth on Part 3.19 of the Disclosure Letter, since December 31, 1998, each Company has conducted its business only in the ordinary and usual course and has not experienced any Material Adverse Effect. Without limiting the generality of the foregoing sentence, since December 31, 1998, except as set forth in Part 3.19 of the Disclosure Letter, neither Company has (i) incurred any Liability, except current liabilities incurred in the ordinary course of business consistent with past practice; (ii) discharged or satisfied any Lien or paid any Liability, other than current liabilities shown on the Balance Sheets and current liabilities incurred since the Balance Sheet Date in the ordinary course of business consistent with past practice; (iii) sold, transferred or allowed to become subject to any Lien any Material assets or written off any Accounts Receivable or notes, except for the collection of Accounts Receivable in the ordinary course of business and except for the transactions listed on Part 3.19 of the Disclosure Letter; (iv) mortgaged, pledged or subjected to any other Lien any of its assets or properties, other than Liens reflected on the Balance Sheets or as set forth on Part 3.9 of the Disclosure Letter; (v) suffered any Material damage, destruction or loss (whether or not covered by insurance) or waived any rights or claims of substantial value; (vi) granted any bonuses or commissions or increased the compensation payable to any of its employees, directors or officers or increased the aggregate payment of any fees to independent contractors except for customary bonuses and regular salary increases made in accordance with each Company's past practices as summarized on Part 3.19 of the Disclosure Letter or in accordance with the employee benefit plans described on Part 3.22 of the Disclosure Letter or granted any severance or termination pay, or entered into or varied the terms of any employment agreement with any such person; (vii) made any loans to any individuals, firms, corporations or other entities; (viii) declared, made, set aside or paid any dividend, distribution or payment on, or any purchase or redemption of, any Shares or any commitment therefor, other than as described on Part 3.19 of the Disclosure Letter; (ix) made any Material change in any method of accounting (for book or tax purposes), (x) written down the value of any Inventory other than in the ordinary and usual course of business; (xi) suffered any labor dispute or work stoppage; (xii) entered into any transaction other than in the ordinary course of business, (xiii) increased the payments to or benefits under any profit sharing bonus deferred compensation, savings, insurance pension, retirement or other employee benefit plan for or with any of the employees of either of the Companies; or (xiv) agreed (whether or not in writing) to do any of the foregoing. Since July 31, 1999 the Companies have not declared nor paid dividends which in the aggregate exceed $1,600,000. Except as otherwise disclosed herein, since December 31, 1998 the Business of each Company has been operated only in the regular and ordinary course consistent with past practice.

3.20 No Material Adverse Change. Except as set forth on Part 3.19 or 3.20 of the Disclosure Letter, since December 31, 1998, there has not been any Material adverse change in the condition (financial or otherwise), Business, prospects of the Business as currently conducted, or operations, of the Companies, and there has not been any damage, destruction or loss to property owned by the Companies, whether or not covered by insurance, that, individually or in the aggregate, has or will have a Material Adverse Effect on the Business of either Company. No event has occurred or circumstance exists that the Stockholders know is reasonably likely to result in a Material adverse change in the condition (financial or otherwise), Business or the prospect of the Companies.

3.21 Capital Projects and Expenditures. All capital expenditures of the Companies since December 31, 1998, and all capital projects and capital expenditures committed for or undertaken by any Company that have not been completed by the Closing Date (as well as the terms of any and all financing arranged in connection therewith and details for payments, if any, made with respect thereto), and which have a net cost of $50,000, or $150,000 in the aggregate, are listed on Part 3.19 or 3.21 of the Disclosure Letter.

3.22 Employee Benefits.

(a) Except for the plans of the Companies set forth on Part 3.22 of the Disclosure Letter (the "Plans") and Multi-Employer Plans, neither Company nor any of their ERISA Affiliates maintains or contributes to or has any liability with respect to any "employee benefit plan" as that term is defined in Section 3(3) of ERISA, or any other bonus, incentive, compensation, profit sharing, stock, severance, retirement, health, life, disability, group insurance, vacation, holiday, fringe benefit, employment, stock option, stock purchase, stock appreciation right, supplemental unemployment, layoff or consulting plan, agreement, policy or understanding (whether written or oral, qualified or nonqualified, currently effective or terminated). True and complete copies of all the Plan documents and summary plan descriptions have been furnished to Buyer other than with respect to any Multi-Employer Plan (together with all related trust agreements, insurance contracts or other funding agreements which implement each Plan, investment manager and investment adviser contracts, and agreements with third-party administrators, actuaries, consultants, and other independent contractors, and all other documents, records (including, without limitation, records accurately setting forth the history of each participant and beneficiary in connection with each such Plan and accurately stating the benefits earned and owed to such person under each such Plan) or other materials related thereto which have been requested by Buyer) other than with respect to any Multi-Employer Plan.

(b) Each Plan (other than Multi-Employer Plans) has been administered in compliance with its terms and with all filing, reporting, disclosure and other requirements of ERISA, the Code (including, without limitation Part 6 and Part 7 of Subtitle B of Title I of ERISA and Sections 105(h) and 4980B and Subtitle K of the Code) and all other applicable laws in all respects, and no Stockholder has any knowledge that the foregoing is not true with respect to the Multi-Employer Plans, and copies of all filings with the Internal Revenue Service, the Department of Labor and any other applicable Governmental Authority, all audit reports, financial statements and actuarial reports for the three most recent plan years for the Plans, and a statement of the annual cost of providing coverage, and a statement of liability of the Company and ERISA affiliate made in accordance with Financial Accounting Statement 106 of the Financial Accounting Standard Board, under any Plan that is a welfare benefit plan (as defined at Section 3(1) of ERISA) for former employees of any Company and the dependents of former employees for the three most recent plan years, have been furnished to Buyer. Except as set forth on Part 3.22 of the Disclosure Letter, no written or oral representations have been made to any employee or former employee of any Company promising or guaranteeing any employee benefit, payment or funding for the continuation of medical, dental, life or disability coverage for any period of time beyond the end of the current plan year (except to the extent coverage is required under Section 4980B of the Code). All oral and written communications with respect to each Plan currently and in the past reflect and have reflected the documents and operations of the Plan and no Person has or had any liability by reason of any such communication or any failure to communicate with respect to the Plan.

(c) Except as set forth on Part 3.22 of the Disclosure Letter, neither any Company nor any ERISA Affiliate has ever maintained or contributed to any plan subject to Section 412 of the Code and Section 302 of ERISA, and to the knowledge of the Stockholders, neither Company nor any ERISA Affiliate has effected either a "complete withdrawal" or a "partial withdrawal," as those terms are defined in Sections 4203 and 4205, respectively, of ERISA, from any such multi-employer plan which has resulted in a material liability that has not

been paid. Each Company and each other ERISA Affiliate has made all contributions required in connection with any multi-employer plan as of the date hereof by the terms of such multi-employer plan or by the terms of any collective bargaining agreement. The Stockholders have no knowledge that any withdrawal liability would occur if a Company withdrew from such Multi-Employee Plan in a complete withdrawal (as defined in Section 4203 of ERISA) or a partial withdrawal (as defined in Section 4205 of ERISA) as of the Closing Date. Except as set forth Part 3.22 of the Disclosure Letter hereof, none of the Companies nor any ERISA Affiliate has terminated or withdrawn from, or expect to terminate or withdraw from, (in a complete withdrawal as defined in Section 4203 of ERISA or a partial withdrawal as defined in Section 4205 of ERISA) which has or will result in a withdrawal liability (as defined in Section 4201 of ERISA), or is aware of any withdrawal liability (as defined in Section 4201 of ERISA) assessed against any Company or any other ERISA Affiliate with respect to, any Multi-Employer Plan.

(d) Except as set forth on Part 3.22 of the Disclosure Letter, at the Balance Sheet Date and at the date hereof, there was no bonus, profit sharing, incentive, commission or other compensation of any kind with respect to work done prior to the Balance Sheet Date or the date hereof due to or expected by present or former employees of any Company not paid prior to such date or, with respect to compensation for work done prior to the Balance Sheet Date, not fully accrued on the Balance Sheets.

(e) Each Plan that is an "employee pension benefit plan" (as defined in Section 3(2) of ERISA), together with its related trust (if any), meets the requirements of a "qualified plan" under Section 401 in form and in operation and is tax exempt under Section 501 of the Code and has received a favorable determination letter, or a favorable determination letter has been applied for, from the Internal Revenue Service as to the qualification under the Code of such Plan and the tax-exempt status of such related trust, and nothing has occurred since the date of such determination letter, or request therefor, that could reasonably be expected to adversely affect the qualification of such Plan or the tax-exempt status of such related trust. Each fiduciary and official of each such Plan is bonded to the extent required by Section 412 of ERISA.

(f) There are no unfunded liabilities existing under any Plan and, subject to compliance with applicable notice requirements under ERISA and state laws, each Plan (other than the Kirk & Blum Manufacturing Company Sheet Metal Workers Local Union 183 Pension Plan) can be terminated promptly following the Closing Date with no liability to Buyer, any Company, any ERISA Affiliate or any Person that is under common control, or is treated as a single employer, with Buyer under Section 414 of the Code or ERISA Section 4001.

(g) With respect to each Plan (i) there have been no prohibited transactions as defined in Section 406 of ERISA or Section 4975 of the Code other than such transactions to which an exemption applies, (ii) no fiduciary (as defined in Section 3(21) of ERISA) has liability for a breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of assets in such Plan, and (iii) no actions, investigations, suits or claims with respect to the assets thereof (other than routine claims for benefits) are pending or, to the knowledge of the Stockholders, threatened, and the Stockholders have no knowledge of any facts that would give rise to or could reasonably be expected to give rise to any such actions, suits or claims.

(h) To the knowledge of the Stockholders, no Multi-Employer Plan is in Reorganization as defined in Section 4241 of ERISA nor insolvent.

3.23 Governmental Approvals. No governmental authorization, approval, order, license, permit, franchise or consent and no registration, declaration or filing by any Company or the Stockholders with any Governmental Authority is required in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, nor does the foregoing violate any Laws or rulings of any Governmental Authority.

3.24 Tax Matters.

(a) Each Company has duly and timely filed all Returns required to be filed by it. Neither Company is currently the beneficiary of any extension of time within which to file any Return. No claim has ever been made by an authority in a jurisdiction where a Company does not file Returns that it is or may be subject to taxation by that jurisdiction. All Returns filed by the Companies were correct and complete in all material respects. Each Company has paid in full all Taxes (whether or not shown on a Return) required to be paid by such Company before such payment became delinquent. Each Company has made adequate provision in the Financial Statements, in conformity with an accrual method of accounting, consistently applied from period to period, for the payment of all accrued Taxes not yet payable as of the respective dates of such Financial Statements. All Taxes that a Company has been required to collect or withhold have been duly collected or withheld and, to the extent required when due, have been or will be duly and timely paid to the proper taxing authority.

(b) There are no audits, inquiries, investigations or examinations relating to any of the Companies' Returns pending or threatened, and there are no claims that have been or may be asserted relating to any of Companies' Returns filed for any year which if determined adversely would result in the assertion by any Governmental Authority of any Tax deficiency against a Company. There have been no waivers or extensions of statutes of limitations with respect to Taxes by a Company, or any agreements to extend the time with respect to a Tax assessment or deficiency.

(c) Neither Company is a party to any tax-sharing Contract or similar arrangement with any Person. Company has not made a disclosure on a Return pursuant to Code Section 6662(d)(2)(B)(ii) and the Regulations thereunder.

(d) Each Company has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, Stockholder or other third party.

(e) Neither Company has been a member of an affiliated group filing consolidated Federal income tax returns, or has any liability for Taxes of any other person under Treasury Regulation section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, or otherwise.

(f) Neither Company has filed a consent under Code Section 341(f) concerning collapsible corporations.

(g) Neither Company is obligated to make any payments and is not a party to any agreement that under certain circumstances could obligate it to make any payments that will not be deductible under Code Section 280G.

(h) Each Company has satisfied all filing and notification requirements for sales and use taxes and related taxes.

3.25 Insurance Coverage. Buyer has previously been provided with a copy of each insurance policy (specifying the insured, the insurer, the amount of coverage, the type of insurance, the policy number, the expiration date, the annual premium, and any pending claims thereunder) maintained by either Company. Neither Company is in default with respect to any provisions contained in any such insurance policies, and has not failed to give any notice or present any presently existing Material claim under any such insurance policy in due and timely fashion.

3.26 Accounts Receivable. Buyer has been previously provided with an aging report for Accounts Receivables as of September 30, 1999. Accounts Receivable reflected in the Balance Sheets, and all Accounts Receivable arising since the Balance Sheet Date, represent bona fide claims of a Company against debtors for sales actually made, services actually performed or other charges arising on or before the date hereof, and all the goods delivered and services performed which gave rise to said Accounts Receivable were delivered or performed in accordance with applicable orders, Contracts or customer requirements. Unless paid prior to the Closing Date, to the knowledge of the Stockholders, the Accounts Receivable are or will be as of the Closing Date collectible net of the respective reserves shown on the Balance Sheets or on the accounting records of the Companies as of the Closing Date (which reserves are adequate and calculated consistent with past practice and, in the case of the reserves as of the Closing Date, will not be less than $125,000. Subject to such reserves, to the knowledge of the Stockholders, each of the Accounts Receivable either has been or will be collected in full, without any set-off, within 90 days (except for those Accounts Receivable which the Stockholders have disclosed generally are collected over a longer period of time) after the day on which it first becomes due and payable. There is no contest, claim, or right of set-off, other than returns in the ordinary course of business, under any Contract with any obligor of an Accounts Receivable relating to the amount or validity of such Accounts Receivable.

3.27 Product Quality, Warranty Claims. To the best knowledge of the Stockholders, all products and services sold, rented, leased, provided or delivered by the Companies to customers on or prior to the Closing Date conform or will conform to applicable contractual commitments, express and implied warranties, product and service specifications and quality standards and, to the best knowledge of the Stockholders, neither Company has any Liability and there is no basis for any present or future Action against any Company which might give rise to any Liability for replacement or repair thereof or other damages in connection therewith.

3.28 Product Liability. Neither Company has any known Liability (and to the best knowledge of the Stockholders, there is no basis for any present or future Action against either Company which might give rise to any Liability) arising out of any injury to a Person or property or violation of any Environmental Law as a result of the ownership, possession, provision or use of any product or service sold, rented, leased, provided or delivered by such Company on or prior to the Closing Date. All product liability claims that have been asserted against either Company since December 31, 1995, whether covered by insurance or not and whether litigation has resulted or not, are listed and summarized on Part 3.28 of the Disclosure Letter.

3.29 Inventory. All inventory of the Companies reflected in the Balance Sheets consists of a quality and quantity usable and salable in the ordinary course of business, except for obsolete items which are not reflected on the Balance Sheet and items of below-standard quality, all of which have been written off or written down to net realizable value in the Balance Sheets or on the accounting records of the Companies as of the Closing Date, as the case may be. All inventories not written off have been priced at the lower of cost or market on a last in, first out basis. The quantities of each item of inventory (whether raw materials, work-in-process, or finished goods) are not excessive, but are reasonable in the present circumstances of the Companies.

3.30 Certain Payments. Since January 1, 1996, no Company nor any director, officer, agent, or employee of any Company, or any other Person associated with or acting for or on behalf of any Company, has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, (iii) to obtain special concessions or for special concessions already obtained, for or in respect of any Company or any affiliate of any Company, or (iv) in violation of any Legal Requirement, or (b) established or maintained any fund or asset that has not been recorded in the books and records of the Companies.

3.31 Relationships with Related Persons. Except as set forth in Part 3.31 of the Disclosure Letter, no Stockholder or any Related Person of Stockholder or of any Company has, or since January 1, 1994 has had, any interest in any property (whether real, personal, or mixed and whether tangible or intangible), used in or pertaining to the Companies' businesses. No Stockholder or any Related Person of Stockholders or of any Company owns, or since January 1, 1994 has owned (of record or as a beneficial owner), an equity interest or any other financial or profit interest in, a Person that has (i) had business dealings or a material financial interest in any transaction with any Company, or (ii) engaged in competition with any Company with respect to any line of the products or services of such Company. Except as set forth in Part 3.31 of the Disclosure Letter, no Stockholder or any Related Person of Stockholders or of any Company is a party to any Contract with, or has any claim or right against, any Company.

3.32 Brokers or Finders. Other than set forth on Part 3.32 of the Disclosure Letter, the Stockholders, the Companies and their agents have incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement.

3.33 Bank Accounts. Part 3.33 of the Disclosure Letter is a complete and accurate list, as of the Closing Date, of:

(a) the name of each bank in which any Company has accounts or safe deposit boxes and the account or safe deposit box numbers;

(b) the name(s) in which the accounts or boxes are held;

(c) the type of account; and

(d) the name of each person authorized to draw thereon or have access thereto.

3.34 Powers of Attorney. Neither Company has granted any power of attorney or entered into any agency or similar agreement whereby a third party may bind or commit such Company in any manner.

3.35 Year 2000 Compliance.

(i) Definitions. For purposes of this Section 3.35, the following definitions will apply:

"Software" - means all computer software and subsequent versions thereof, including but not limited to, source code, object code, objects, comments, screens, user interfaces, report formats, templates, menus, buttons and icons, and all files, data, materials manuals, design notes and other items and documentation related thereto or associated therewith.

"Malfunction" - means the failure to: (a) accurately recognize dates falling before, on or after the year 2000; (b) accurately record, store, retrieve and process data input and date information; (c) function in a manner which does not create any ambiguity as to century; and (d) accurately manage and manipulate single century and multi-century formulae, including leap year calculations.

(ii) Performance. Section 3.35 of the Disclosure Letter contains a complete and accurate description of all activities undertaken by the Companies in connection with their determining that the Year 2000 will not create a Malfunction of any Software (the "Program"). The Program constitutes a review of the areas within the Companies' businesses and operations which could be adversely affected by a Malfunction. Based solely on the results of the Program, to the best of the Company's knowledge and except as referenced in the Disclosure Letter, all of the Companies' Software, computer hardware, and equipment, owned or used by either of them or used and operated by third parties on behalf of the Companies, which performs or is or may be required to perform functions involving dates or the computation of dates, or containing date related data, has the programming, design and performance capabilities to ensure that:

(A) it will not suffer any Malfunction;

(B) it will not be adversely affected by, nor require changes in inputting or operating practices nor produce invalid or incorrect output or results, nor cause any abnormal ending scenario or suffer any diminution in functionality or performance as a result of the date change at the end of the twentieth century or the input, processing, storage or use of dates up to and including December 31, 2000; and

(C) all date-related data stored electronically by or on behalf of both Companies is in such form that its input, processing, storage or use by or on behalf of the either of the Companies will not, directly or indirectly, cause any Malfunction in any Software, computer hardware or computer equipment.

(iii) Repair Plans. The Disclosure Letter contains a brief summary of the Companies' plans for dealing with all exceptions to the representations and warranties contained in this Section 3.35. Such plans address the risks that certain computer applications used by the Companies (or any of their material suppliers, customers or vendors) may suffer a Malfunction. To the best of the Stockholders' knowledge, no Malfunction will result in a Material Adverse Effect.

3.36 Bank Representations. The Stockholders have reviewed the most recent draft of Section 3 of the Credit Agreement (the "Credit Agreement"), dated as of the date hereof, among Buyer, CECO Filters, Inc., Air Purator Corporation, New Busch Co, Inc., U.S. Facilities Management Company, Inc. KBM and KTI, the several banks and other financial institutions party to such agreement and PNC Bank, National Association, as agent, and upon execution of the Credit Agreement by KBM and KTI, except with respect to Section 3.10(c) of the Credit Agreement, the representations and warranties in Section 3 of such Credit Agreement, solely as they apply to KBM and KTI, shall be true and correct to the best knowledge of the Stockholders. With respect to Section 3.10(c), the Stockholders acknowledge that there would be withdrawal liability if KBM or KTI were to completely withdraw from one or more of the Multi-Employer Plans, but that the Stockholders have no actual knowledge that any such withdrawal liability, either individually, or in the aggregate, would cause a Material Adverse Effect, as such term is defined in the Credit Agreement.

3.37 Representations and Warranties. The representations and warranties contained in this Section 3 do not contain any untrue statement of a fact or omit to state a fact necessary to be stated in order to make the statements made not misleading. There are no other facts or circumstances known to the Stockholders not disclosed herein that may Materially and adversely affect the value of either Company's assets, business prospects, financial condition or result of operations that have not been set forth in this Agreement or the Disclosure Letter.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF BUYER.

CEC and Buyer jointly and severally warrant and represent to and agree with the Stockholders as follows:

4.1 Organization And Good Standing.

(a) Buyer is a corporation organized, validly existing, and in good standing under the laws of Delaware, with the requisite corporate power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations.

(b) CEC is a corporation organized, validly existing, and in good standing under the laws of New York, with the requisite corporate power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations.

4.2 Buyer Authority; No Conflict.

(a) Buyer has the right, power and authority to execute and deliver this Agreement, the Escrow Agreement, the Non-Competition Agreements and the Employment Agreements and to perform its obligations under this Agreement, the Escrow Agreement, the Non-Competition Agreement and the Employment Agreements. The execution, delivery and performance of this Agreement, the Escrow Agreement, the Non-Competition Agreements and the Employment Agreements and the consummation of the transactions contemplated by this Agreement have been duly authorized and approved by all necessary corporate action of Buyer. This Agreement, the Escrow Agreement, the Non-Competition Agreements and the Employment Agreements have been duly and validly executed and delivered by Buyer. Assuming the due authorization, execution and delivery of this Agreement, the Escrow Agreement, the Non-Competition Agreements, and the Employment Agreements by the other parties thereto, this Agreement, the Escrow Agreement, the Non-Competition Agreements, and the Employment Agreements each constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms.

(b) Neither the execution and delivery of this Agreement, the Escrow Agreement, the Non-Competition Agreements and the Employment Agreements by Buyer nor the consummation or performance of any of the transactions contemplated by Buyer will, directly or indirectly (with or without notice or lapse of time):

(i) violate any provision of Buyer's articles of incorporation or bylaws;

(ii) violate any resolution adopted by the board of directors or the stockholders of Buyer;

(iii) violate any Laws to which Buyer is or may be subject; or

(iv) violate any material Contract to which Buyer is a party or by which Buyer may be bound.

Except as previously disclosed in writing by Buyer to Stockholders, Buyer is not and will not be required to obtain any consent from any Person in connection with the execution and delivery of this Agreement, the Escrow Agreement, the Non-Competition Agreement and the Employment Agreements or the consummation or performance of any of the transactions contemplated by this Agreement.

4.3 CEC Authority; No Conflict.

(a) CEC has the right, power, and authority to execute and deliver this Agreement and the Stock Warrants and to perform its obligations hereunder and under the Stock Warrants. The execution and delivery of this Agreement and the Stock Warrants and the performance by CEC hereunder and under the Stock Warrants have been duly authorized and approved by all necessary corporate action of CEC. This Agreement has been, and the Stock Warrants will be, duly and validly executed and delivered by CEC. Assuming the due authorization, execution and delivery of this Agreement by the Stockholders, the occurrence of the Closing and the due completion of the Stock Warrants as provided therein, this Agreement and the Stock Warrants will constitute the legal, valid, and binding obligation of CEC, enforceable against CEC in accordance with its terms.

(b) Neither the execution and delivery of this Agreement or the Stock Warrants by CEC nor the consummation or performance of any of the transactions contemplated by this Agreement by CEC will, directly or indirectly (with or without notice or lapse of time):

(i) violate any provision of CEC's articles of incorporation or bylaws;

(ii) violate any resolution adopted by the board of directors or the stockholders of CEC;

(iii) violate any Laws to which CEC is or may be subject; or

(iv) violate any material Contract to which CEC is a party or by which CEC may be bound.

4.4 Warrant Shares. At the Closing, the shares of CEC common stock initially issuable upon the exercise of the Stock Warrants will have been duly and validly authorized and reserved for issuance, and such shares, when issued and delivered in accordance with the provisions of the Stock Warrants, will be validly issued, fully paid and nonassessable.

4.5 Commission Reports. Since January 1, 1998, CEC has timely filed all required forms, reports, statements and documents with the Commission, all of which have complied in all material respects with all applicable requirements of the Securities Act of 1933, as amended, and the Securities and Exchange Act of 1934, as amended. Buyer has delivered or made available to Stockholders true and complete copies of (i) CEC's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1998, (ii) all other forms, reports, statements and documents filed by CEC with the Commission since January 1, 1998, and (iii) all reports, statements and other information provided by CEC to its stockholders since January 1, 1998 (collectively, the "CEC Reports"). CEC is and has been subject to the reporting requirements of the Exchange Act of 1934, as amended, and has timely filed with the Commission all periodic reports required to be filed by it pursuant thereto and all reports required to be filed under Sections 13, 14 or 15(d) of the Exchange Act since January 1, 1998.

4.6 Investment Intent. Buyer is acquiring the Shares for its own account and not with a view to their distribution within the meaning of Section 2(11) of the Securities Act of 1933, as amended.

4.7 Certain Actions. There is no pending Action that has been commenced against Buyer or CEC and that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the transactions contemplated by this Agreement. To CEC's and Buyer's knowledge, no such Action has been threatened.

4.8 Governmental Approvals. No governmental authorization, approval, order, license, permit, franchise or consent and no registration, declaration or filing by Buyer or CEC with any Governmental Authority is required in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby other than the filing by CEC of a Form 8-K with the Securities and Exchange Commission.

SECTION 5. CONDITIONS OF BUYER'S OBLIGATIONS TO CLOSE

The obligations of Buyer under this Agreement are, at the option of Buyer, subject to the conditions set forth below, which conditions may be waived by Buyer without releasing or waiving any of its rights hereunder.

5.1 Agreements and Conditions. On or before the Closing Date, the Stockholders shall have complied with and duly performed all agreements and conditions on their part to be complied with and performed pursuant to or in connection with this Agreement on or before the Closing Date.

5.2 Representations and Warranties. All of the Stockholders' representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), must have been accurate in all material respects as of the date of this Agreement, and must be accurate in all material respects as of the Closing Date as if made on the Closing Date, without giving effect to any supplement to the Disclosure Letter.

5.3 No Legal Proceeding. No Action shall have been instituted or threatened to restrain or prohibit the acquisition by Buyer of the Companies, and on the Closing Date there are no Actions pending or threatened against any Stockholders, any Company or any Company's assets that involve a demand for any judgment or Liability, whether or not covered by insurance, and that may result in any Material Adverse Effect on any Company.

5.4 Deliveries. Buyer shall have received the deliveries to be made by all of the Stockholders pursuant to Section 7.

5.5 Consents. Each of the consents identified in Part 3.3 of the Disclosure Letter must have been obtained and must be in full force and effect.

5.6 Financing. Buyer shall have obtained the financing necessary for the purchase of the shares contemplated hereby as well as such financing as is necessary for the operation of the businesses of the Buyer and the Companies on terms reasonably satisfactory to the Buyer.

SECTION 6. CONDITIONS OF THE STOCKHOLDERS' OBLIGATION TO CLOSE

The obligations of the Stockholders under this Agreement are, at the option of the Stockholders, subject to the following express conditions, which conditions may be waived by the Stockholders without releasing or waiving any of their rights hereunder.

6.1 Agreements and Conditions. On or before the Closing Date, Buyer shall have complied with and duly performed all of the agreements and conditions on its part required to be complied with or performed pursuant to this Agreement on or before the Closing Date.

6.2 Representations and Warranties. The representations and warranties of Buyer contained in this Agreement, or otherwise made in writing in connection with the transactions contemplated hereby, shall be true and correct on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

6.3 Deliveries. The Stockholders shall have received the deliveries to be made by Buyer pursuant to Section 8.

6.4 No Legal Proceeding. No Action shall have been initiated or threatened to restrain or prohibit the acquisition by Buyer of the Companies, and on the Closing Date there are no Actions pending or threatened against or affecting Buyer or Buyer's assets that involve a demand for any judgment or Liability, whether or not covered by insurance, and that may result in any Material Adverse Effect on Buyer.

SECTION 7. DELIVERIES OF THE STOCKHOLDERS ON THE CLOSING DATE

The Stockholders agree to deliver to Buyer on the Closing Date the following:

7.1 Stock Certificates. Certificates representing all of the Shares being acquired by Buyer hereunder, duly endorsed in blank for transfer or with appropriate stock powers duly executed in blank, with signatures guaranteed by a commercial bank or by a member firm of the New York Stock Exchange.

7.2 Appointment. Appointment of Phillip DeZwirek as a trustee of any Plan sponsored by either Company with any amendment to such Plan required for such appointment, and resignation of any directors required to allow Phillip DeZwirek to be elected a director of KBM and KTI immediately following the Closing.

7.3 Consents. All consents required in connection with the execution and delivery of this Agreement and the transactions contemplated hereby.

7.4 Possession of Assets. Possession of the assets and properties of the Companies held by the Stockholders.

7.5 Legal Opinion. The legal opinion of Dinsmore & Shohl LLP in the form of Exhibit B attached hereto.

7.6 Noncompetition Agreements. Noncompetition Agreements between Buyer and Richard J. Blum, Lawrence J. Blum and David D. Blum (the "Noncompetition Agreements") in the form of Exhibit C attached hereto, providing that for a period of five (5) years from the Closing Date the foregoing individuals shall not enter into competition with any Company or Buyer.

7.7 Employment Agreements. Employment Agreements between Buyer or an affiliate and each of Richard J. Blum, Lawrence J. Blum and David D. Blum in the form of Exhibit D-1, D-2 and D-3, respectively (collectively, the "Employment Agreements").

7.8 Escrow Agreement. Copies of the Escrow Agreement duly executed by each of the Stockholders.

7.9 Buy-Sell Agreement. Fully executed agreement terminating the buy-sell agreement to which the Shares of KBM are subject.

7.10 Form 3. A Form 3 executed by each of Richard J. Blum, Lawrence J. Blum and David D. Blum in a form suitable for filing with the Securities and Exchange Commission.

7.11 Closing Certificate. A certificate executed by Richard J. Blum, Lawrence J. Blum and David D. Blum to the effect that the Stockholders representations and warranties in this Agreement was accurate in all material respects as of the date of this Agreement and is accurate in all material respects as of the Closing Date as if made on the Closing Date (giving full effect to any supplements to the Disclosure Schedule that were delivered by Stockholders to Buyer prior to the Closing Date in accordance with Section 9.5 hereof), the fulfillment of all of the Stockholders' covenants in all material respects, and the satisfaction of all conditions to the Closing to be satisfied by the Stockholders.

7.12 Articles of Incorporation. The Articles of Incorporation of KMB with all amendments thereto certified by the Secretary of State of the State of Ohio and the Articles of KTI with all amendments thereto, certified by the Secretary of State of the State of Indiana, each certified as of a date within 10 days of the Closing Date.

7.13 Good Standing Certificate. Certificates as to the good standing of KTI and KBM in Indiana and Ohio, respectively, and in each state in which such corporations are required to be qualified as a foreign corporation, issued by the appropriate state authority, as of a date within 10 days of the Closing Date.

7.14 Secretary Certificate of KBM. Certificate of the corporate secretary of KBM as to the articles of incorporation, bylaws, officers and directors of KBM.

7.15 Secretary Certificate of KTI. Certificate of the corporate secretary of KTI as to the articles of incorporation, bylaws, officers and directors of KTI.

7.16 Release of Lien. UCC-3 Termination Statements with respect to certain of the liens on the assets of KTI.

7.17 Payoff Letter. Pay-off letters from The Fifth Third Bank, for debt of KBM and KTI in the form provided to Stockholders by Buyer.

7.18 New Trust. A trust organized by Buyer to hold the stock of KTI executed by Richard J. Blum as trustee and proof that Richard J. Blum is currently licensed as an engineer in the States of Indiana and Ohio.

7.19 Mutual Releases. Mutual releases (the "Releases") executed by all the Stockholders and the Companies in the form of Exhibit E releasing the Companies from all liabilities except as set forth on Part 7.19 of the Disclosure Letter and pursuant to this Agreements and the agreements entered into at the Closing.

7.20 Financial Statements. Audited Financial Statements of the Companies for the three one-year periods ending December 31, 1996, 1997 and 1998, respectively, a consent of the accountants preparing such statements to their inclusion in a Form 8-K to be filed by CEC with the Securities and Exchange Commission and unaudited financial statements for the nine-month period ending September 30, 1999 prepared in accordance with GAAP and which the chief financial officers of the Companies have certified are true and correct and accurately reflect the financial condition of the Companies.

7.21 Additional Deliveries. Such other documents, instruments and certificates as counsel for Buyer or counsel for the lender or lenders providing financing to Buyer for the purchase of Shares hereunder shall reasonably request.

SECTION 8. DELIVERIES OF BUYER ON THE CLOSING DATE

Buyer agrees to deliver to the Stockholders on the Closing Date the following:

8.1 Purchase Price. The Purchase Price described in Section 2.3.

8.2 Noncompetition Agreements. Copies of the Noncompetition Agreements for Richard J. Blum, Lawrence J. Blum and David D. Blum executed by Buyer.

8.3 Employment Agreements. Employment Agreements for each of Richard J. Blum, Lawrence J. Blum and David D. Blum executed by Buyer and the Stock Warrants provided for therein.

8.4 Escrow Agreement. The Escrow Agreement executed by Buyer and the escrow agent.

8.5 Noncompetition Agreement Payments. The amounts payable pursuant to the Noncompetition Agreements shall be paid to each of Richard J. Blum, Lawrence J. Blum and David D. Blum by wire transfer to the accounts specified by such parties.

8.6 Good Standing Certificates. Certificates as to the good standing of CEC and Buyer issued by the Secretary of State of the State of New York and Delaware respectively.

8.7 Buyer's Closing Certificate. A certificate executed by CEC and Buyer to the effect that each of CEC's and Buyer's representations and warranties in this Agreement was accurate in all material respects as of the date of this Agreement and is accurate in all material respects as of the Closing Date as if made on the Closing Date, the fulfillment of all CEC's and Buyer's covenants in all material respects, and the satisfaction of all conditions to the Closing to be satisfied by Buyer and CEC.

8.8 Legal Opinion. The legal opinion of Sugar, Friedberg & Felsenthal in the form of Exhibit F hereto.

SECTION 9. ADDITIONAL COVENANTS

9.1 Access and Investigation. Between the date of this Agreement and the Closing Date, Stockholders will, and will cause each Company and its representatives to, (a) afford Buyer and its representatives and prospective lenders and their representatives (collectively, "Buyer's Advisors") full and free access to each Company's personnel, properties (including subsurface testing), contracts, books and records, and other documents and data, (b) furnish Buyer and Buyer's Advisors with copies of all such contracts, books and records, and other existing documents and data as Buyer may reasonably request, and (c) furnish Buyer and Buyer's Advisors with such additional financial, operating, and other data and information as Buyer may reasonably request.

9.2 Operation of the Businesses of the Companies. Between the date of this Agreement and the Closing Date, Stockholders will, and will cause each Company to:

(a) conduct the business of such Company only in the ordinary course of business;

(b) use their best efforts to preserve intact the current business organization of such Company, keep available the services of the current officers, employees, and agents of such Company, and maintain the relations and goodwill with suppliers, customers, landlords, creditors, employees, agents, and others having business relationships with such Company;

(c) confer with Buyer concerning operational matters of a material nature; and

(d) otherwise report periodically to Buyer concerning the status of the business, operations, and finances of such Company.

9.3 Negative Covenant. Except as otherwise expressly permitted by this Agreement, between the date of this Agreement and the Closing Date, the Stockholders will not, and will cause each Company not to, without the prior consent of Buyer, take any affirmative action, or fail to take any reasonable action within their or its control, as a result of which any of the changes or events listed in Section 3.19 is likely to occur. Neither Company shall incur any additional Indebtedness.

9.4 Required Approvals. As promptly as practicable after the date of this Agreement, Stockholders will, and will cause each Company to, make all filings required by Legal Requirements to be made by them in order to consummate the transactions contemplated hereby. Between the date of this Agreement and the Closing Date, Stockholders will, and will cause each Company to, cooperate with Buyer with respect to all filings that Buyer elects to make or is required by Legal Requirements to make in connection with the transactions contemplated by this Agreement.

9.5 Notification. Between the date of this Agreement and the Closing Date, each Stockholder will promptly notify Buyer in writing if such Stockholder or any Company becomes aware of any fact or condition that causes or constitutes a breach of any of Stockholders' representations and warranties as of the date of this Agreement, or if such Stockholder or any Company becomes aware of the occurrence after the date of this Agreement of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or condition require any change in the Disclosure Letter if the Disclosure Letter were dated the date of the occurrence or discovery of any such fact or condition, Stockholders will promptly deliver to Buyer a supplement to the Disclosure Letter specifying such change. During the same period, each Stockholder will promptly notify Buyer of the occurrence of any breach of any covenant of Stockholders in this Section 9 or of the occurrence of any event that may make the satisfaction of the conditions in Section 5 impossible or unlikely.

9.6 Payment of Indebtedness By Related Persons. Except as expressly provided in this Agreement, Stockholders will cause all indebtedness owed to a Company by any Stockholder or any Related Person of any Stockholder to be paid in full prior to Closing.

9.7 No Negotiation. Until such time, if any, as this Agreement is terminated pursuant to Section 14, Stockholders will not, and will cause each Company and each of their representatives not to, directly or indirectly solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any unsolicited inquiries or proposals from, any Person (other than Buyer) relating to any transaction involving the sale of the business or assets (other than in the ordinary course of business) of any Company, or any of the capital stock of any Company, or any merger, consolidation, business combination, or similar transaction involving any Company.

9.8 Stockholders Best Efforts. Between the date of this Agreement and the Closing Date, Stockholders will use their best efforts to cause the conditions in Sections 5 and 6 to be satisfied.

9.9 Buyer's Best Efforts. Between the date of this Agreement and the Closing Date, Buyer will use its best efforts to cause the conditions in Sections 5 and 6 to be satisfied.

9.10 Post-Closing Cooperation of Buyer and the Stockholders. The Stockholders shall cooperate with Buyer, and the Buyer shall use all reasonable efforts to have the officers, directors and other employees of the Companies cooperate with the Stockholders, at the Stockholder's request and expense, after the Closing, in furnishing information, evidence, testimony and other assistance in connection with any Actions involving the Stockholders and a Company and based upon Contracts or acts of any Company that were in effect or occurred on or prior to the Closing. Buyer and the Stockholders shall each cooperate fully, as and to the extent reasonably requested by the other party, in connection with any audit, litigation or other Action, or the preparation of Returns with respect to Taxes or other matters, relating to the period prior to the Closing Date, at the Stockholders' cost. Such cooperation shall include the retention and (upon the other party's reasonable request) the provision of records and information, including work papers of the Companies and their independent auditors, but excluding records and information that are protected by recognized professional privilege, related to Tax periods on or prior to the Closing Date, which are reasonably relevant to any such audit, litigation or other Action, or any Returns. Buyer and the Stockholders agree (i) to retain all books and records with respect to Tax matters pertinent to the Companies relating to the six-year period (or portion thereof) prior to the Closing, and (ii) to give the other party reasonable written notice prior to destroying or discarding any such books and records and, in such event and if the other party so requests, Buyer, the Companies or the Stockholders, as the case may be, shall allow the other party to take possession of such books and records.

9.11 Further Assurances of the Stockholders and Buyer. The Stockholders agree at any time and from time to time after the Closing, upon the request of Buyer, to do, execute, acknowledge and deliver, or to cause to be done, executed, acknowledged and delivered, all such further acts, assignments, transfers, powers of attorney and assurances as may be required and to carry out the terms and conditions of this Agreement.

9.12 No Disparagement. Except as otherwise required by law, including without limitation, when a Stockholder is testifying as a result of legal process served on a Stockholder, and then only upon 10 days prior written notice to CEC, no Stockholder shall from and after the date hereof, in any way or to any person, criticize, ridicule, disparage, denigrate or derogate any of the Companies, CEC or Buyer or any of their Affiliates, or any person who was at any time an officer or director of any of the Companies, CEC or Buyer or any of their affiliates, or any products, services or procedures of or rendered by any of the Companies, CEC or Buyer or any of their Affiliates, regardless of whether such denigrating or derogatory statements are true and regardless of whether the acts or omissions or purported acts or omissions on which such statements are based occurred before or after the date hereof. As used in this section, "disparage" shall include, in addition to its common law meaning, negative comments concerning the past, present, or future business ethics or management decisions, or the quality or effectiveness of the goods or services of Buyer, CEC, the Companies or any of its Affiliates'.

9.13 Tax Matters.

(a) Code Section 338 Election. At Buyer's option, the Stockholders will join with Buyer in making an election under Code Sections 338 (and any corresponding elections under state, local or foreign tax law) (collectively, a "Section 338 Election") with respect to the purchase and sale of the stock of either Company or both Companies. In connection therewith, the Stockholders shall cooperate in executing and filing all returns, reports, documents or elections required to be executed and filed. Buyer covenants and agrees to indemnify and hold the Stockholders harmless from any and all Taxes incurred by the Stockholders as a result of making the Section 338 Election.

(b) S Election. The status of both Companies as S Corporations (within the meaning of Code Section 1361(a)(1)) shall be maintained to permit a Section 338 Election to be made at the Buyer's option.

9.14 Company Covenants. The Stockholders shall cause the Companies to act in accordance with the covenants hereof which require the Stockholders to cause the Companies to act in certain ways and a failure of the Companies to act or refrain from acting in accordance with such requirements for any reason shall be deemed a breach by the Stockholders of one of their covenants under this Agreement.

9.15 Taxes and Short Period Return. The Stockholders shall be solely responsible for all Taxes of the Companies resulting from the operation of the Companies prior to the Closing. The Stockholders shall, at their sole cost and expense, cause the accountants regularly retained by the Companies to prepare all federal, state, county and local tax returns of the Companies with respect to the short period from January 1, 1999 to the Closing Date. Such return shall be prepared in a fiscally responsible and conservative manner and shall be delivered to the Buyer together with all necessary supporting schedules within 45 days of the Closing Date for its approval. Such approval shall not relieve the Stockholders of their responsibility for the preparation of the return and all tax liability thereunder shall be the responsibility of the Stockholders. Buyer shall cause the Companies to sign the approved returns and cause such returns to be timely filed with the appropriate authorities if delivered to Buyer as required above. Such returns shall be reviewed and approved by the Buyer's accountants, which approval shall not be unreasonably withheld, prior to their due date provided that such returns are delivered to the Buyer as provided above.

SECTION 10. INDEMNIFICATION

10.1 Indemnification by the Stockholders. The Stockholders jointly and severally agree to indemnify, defend and hold harmless CEC, Buyer and every Affiliate of Buyer, (including from and after the Closing Date, the Companies) and the directors, officers, employees, stockholders, affiliates, agents and successors and assigns of each such indemnified party (collectively "Buyer Indemnified Parties") from any and all Damages that such person may sustain at any time by reason of:

(a) the breach or inaccuracy (or alleged breach or inaccuracy) of, or failure to comply with (or alleged failure to comply with), or a failure to cause the Companies to comply with any of the warranties, representations, covenants or agreements of the Stockholders contained in this Agreement or in the exhibits or schedules hereto. As used in this Agreement, the terms "alleged breach or inaccuracy" or "alleged failure to comply with" shall only apply to allegations by parties other than Buyer or its Affiliates as to such matters;

(b) any abatement order, compliance order, consent order, remediation order, clean-up order or exhumation order, potentially responsible party notification or Action against a Company arising out of any fact or condition described or referenced in Part 3.18(e) or (f) of the Disclosure Letter, including without limiation of the foregoing, the implementation of the environmental remediation programs under the terms of the plan presented by KBM to the lenders financing the transaction contemplated hereunder at the Closing (the "Remediation Plan");

(c) any Accounts Receivable in existence on the Closing Date that are not collected within 1 year after the Closing to the extent that the aggregate face value of such uncollected Accounts Receivable exceed the allowance for doubtful accounts receivables set forth on the Closing Financial Statements of the Companies.

(d) any liability of either of the Companies for the litigation set forth on Part 3.16 of the Disclosure Letter;

(e) any actions incident to any of the foregoing.

10.2 Indemnification by Buyer. CEC and Buyer jointly and severally agree to indemnify and hold the Stockholders harmless from and against any and all Damages that the Stockholders may sustain at any time by reason of the breach or inaccuracy (or alleged breach or inaccuracy) of, or failure to comply with (or alleged failure to comply with) any warranties, representations, conditions, covenants or agreements of Buyer or CEC contained in this Agreement or in any exhibit or schedule hereto, or for any acts or omissions of Buyer or CEC after the Closing Date.

10.3 Indemnity Limitations on the Buyer.

(a) Buyer Indemnified Parties shall not have any right to indemnification under Section 10.1 unless and until such parties shall have incurred, on a cumulative basis and in the aggregate since the Closing Date, Damages to which they otherwise are entitled to indemnification under Section 10.1, which in an aggregate amount equal $300,000 (excluding amounts with respect to which the Buyer Indemnified Parties have been indemnified pursuant to the next succeeding sentence), in which event the right of Buyer Indemnified Parties to be so indemnified shall apply only to the extent that such Damages exceed $300,000 (excluding amounts with respect to which the Buyer Indemnified Parties have been indemnified pursuant to the next succeeding sentence). Notwithstanding the foregoing, to the extent that the Buyer Indemnified Parties have incurred, on a cumulative basis and in the aggregate since the Closing Date, Damages to which the Buyer Indemnified Parties otherwise are entitled to indemnification under Section 10.1(b), which in an aggregate amount equal $100,000 (including without limitation of the foregoing, all amounts expended by the Buyer or any of the Companies in conformity with the Remediation Plan), the right of Buyer Indemnified Parties to be so indemnified shall apply only to the extent that such Damages (including without limitation of the foregoing, all amounts expended by the Buyer or any of the Companies in conformity with the Remediation Plan) exceed $100,000.

(b) Buyer Indemnified Parties shall have no right to seek indemnification under Section 10.1 for Damages which in the aggregate exceed the Purchase Price other than for Damages resulting from or related to fraud or intentional misconduct of any Stockholder, in which case no limit shall apply.

(c) Neither Section 10.3(a) nor Section 10.3(b) shall apply to Buyer's right to indemnification under Section 10.1(d) nor to Buyer's right to any adjustments to the Purchase Price pursuant to Section 2.4.

10.4 Indemnity Limitations on the Stockholders.

(a) Stockholders shall not have any right to indemnification under Section 10.2 unless and until the Stockholders shall have incurred, on a cumulative basis since the Closing Date, Damages to which they otherwise are entitled to indemnification under Section 10.2, which in an aggregate amount equal $300,000, in which event the right of Stockholders to be so indemnified shall apply only to the extent that such Damages exceed $300,000.

(b) Stockholders shall have no right to seek indemnification under Section 10.2 for Damages which in the aggregate exceed the Purchase Price other than for Damages resulting from or related to fraud or intentional misconduct of CEC or Buyer, in which case no limit shall apply.

10.5 Insurance Coverage. The parties shall make appropriate adjustments for insurance coverage in determining Damages for purposes of this Section 10. Buyer shall use (and shall cause the Companies to use) reasonable efforts to collect the proceeds of any available insurance which would have the effect of reducing any Damages (in which case the net proceeds thereof shall reduce such Damages).

10.6 Sole Remedy. The indemnification provisions set forth in Section 10.1 shall be the Buyer Indemnified Parties' sole remedy for breach by the Stockholders of any representation, warranty or covenant of Stockholders in this Agreement or any certificate delivered to Buyer pursuant to this Agreement except in the case of fraud or intentional misconduct on the part of Stockholders; provided, however, that any claim for indemnification by the Buyer Indemnified Parties against the Stockholders under Section 10.1 may be asserted against the portion of the Purchase Price held in the account created under the Escrow Agreement in accordance with the terms of such Escrow Agreement. The indemnification provisions set forth in Section 10.2 shall be Stockholders' sole remedy for breach by Buyer or CEC of any representation, warranty or covenant of Buyer or CEC in this Agreement or any certificate delivered by Buyer or CEC pursuant to this Agreement except in the case of fraud or intentional misconduct of Buyer or CEC.

10.7 Procedures for Third Party Indemnification. In those instances in which a third party claim is made against any party hereto, or any party hereto is made a party defendant in any action or proceeding, and such claim, action or proceeding involves a matter that is the subject of this indemnification (a "Claim"), then such party (an "Indemnified Party") shall give written notice (a "Claims Notice") to the other party hereto (the "Indemnifying Party") of such claim, action or proceeding, and such Indemnifying Party shall have the right to join in the defense of said claim, action or proceeding at such Indemnifying Party's cost and expense and, if the Indemnifying Party agrees in writing to be bound by and to promptly pay the full amount of any final judgment from which no further appeal may be taken, and if the Indemnified Party is reasonably assured of the Indemnifying Party's ability to vigorously contest such claim and satisfy its obligations under this Agreement, then at the option of the Indemnifying Party, such Indemnifying Party may take over the defense of such claim, action or proceeding with counsel reasonably acceptable to the Indemnified Party, except that, in such case, the Indemnified Party shall have the right to join in the defense of said claim, action or proceeding at its own cost and expense.

10.8 Information. The party assuming the defense of any Claim shall keep the other party reasonably informed at all times of the progress and development of its or their defense of and compromise efforts with respect to such Claim and shall furnish the other party with copies of all relevant pleadings, correspondence and other papers. In addition, the parties to this Agreement shall cooperate with each other and make available to each other and their representatives all available relevant records or other materials required by them for their use in defending, compromising or contesting any Claim. The failure to timely deliver a Claims Notice or otherwise notify the Indemnifying Party of the commencement of such actions in accordance with this Section 10 shall not relieve the Indemnifying Party from the obligation to indemnify hereunder except to the extent that the Indemnifying Party establishes by competent evidence that it has been prejudiced thereby.

10.9 Same Counsel. In the event both the Indemnified Party and the Indemnifying Party are named as defendants in an Action initiated by a third party, they shall both be represented by the same counsel (on whom they shall agree), unless such counsel, the Indemnified Party, or the Indemnifying Party shall determine that such counsel has a conflict of interest in representing both the Indemnified Party and the Indemnifying Party in the same Action and the Indemnified Party and the Indemnifying Party do not waive such conflict to the satisfaction of such counsel, which waiver shall be at the sole and absolute discretion of the parties hereto.

10.10 Right of Set Off. In addition to any other rights Buyer has under this paragraph 10 or elsewhere in this Agreement to indemnification or recoupment, the Stockholders agree that Buyer is entitled to set off any amounts it may owe the Stockholders under this Agreement or any Exhibits hereto, or any other amounts owed to the Stockholders by Buyer, including amounts owed under Section 2.2, against such claims for indemnity or recoupment. Such right of set off may be exercised by Buyer at the time a claim for indemnity or recoupment is made by Buyer. In the event such claim is contested by the Stockholders, and the final resolution of the claim results in a reduction or elimination of such claim, Buyer shall pay to the Stockholders the amount by which the claim is reduced (limited by the amount of the set off applied against such claim) plus interest on such amount at an annual rate equal to the prime rate as announced from time to time by Buyer's primary lender.

SECTION 11. SURVIVAL OF REPRESENTATIONS: EFFECT OF CERTIFICATES

11.1 Right To Indemnification Not Affected By Knowledge. Except as provided in section 11.2 below and except with respect to specific breaches of representations, warranties, covenants or obligations set forth in the Disclosure Letter and identified as a breach of a representation, warranty, covenant or obligation (which breaches are hereby waived by Buyer and CEC), all representations, warranties, covenants, and obligations in this Agreement, the Disclosure Letter, the supplements to the Disclosure Letter, the certificates delivered pursuant to Sections 7.11 and 8.7, and any other certificate or document delivered pursuant to this Agreement will survive the Closing. The right to indemnification, payment of Damages or other remedy based on such representations, warranties, covenants, and obligations will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant, or obligation. Phillip DeZwirek has no knowledge on the date of this Agreement of the breach by the Stockholders of any representations, warranties, covenants or obligations contained in this Agreement. The written waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation shall negate the right to indemnification, payment of Damages, or other remedy based on such waived representations, warranties, covenants and obligations.

11.2 Survival. All of the Stockholders' representations, warranties, and covenants contained in this Agreement, the Disclosure Letter, the supplements to the Disclosure Letter, and any certificate delivered pursuant to this Agreement shall survive the Closing until the date two years from the date hereof; provided, however, that (i) the representations and warranties under Section 3.4 shall survive forever, and (ii) the representations and warranties in Sections 3.18(e), 3.18(f), 3.22 and 3.24 shall survive until the close of business on the 60th day following the expiration of the applicable statute of limitations with respect to the liabilities in question (giving effect to any waiver, mitigation or extension thereof).

All of CEC's and Buyer's representations, warranties, and covenants contained in this Agreement and any certificate delivered pursuant to this Agreement shall survive the Closing until the date two years from the date hereof..

If notice of a claim for indemnification has been given prior to the expiration of the applicable representations and warranties by one party to the other, then the relevant representations and warranties shall survive as to such claim until such claim has been finally resolved.

SECTION 12. BROKERAGE INDEMNITY

Buyer, on the one hand, and the Stockholders, on the other hand, each represent to the other that no broker or finder has been involved with any of the transactions relating to this Agreement other than, in the case of the Stockholders, McDonald Investments. In the event of a claim by any other broker or finder that such broker or finder represented or was retained by a Company or the Stockholders on the one hand, or represented or was retained by Buyer, on the other hand, in connection herewith, the Stockholders or Buyer, as the case may be, agree to indemnify and hold the other (and, in the case of indemnification by the Stockholders, the Companies) harmless from and against any and all loss, liability, cost, damage, claim and expense, including, without limitation, attorneys' fees and disbursements, which may be incurred in connection with such claim.

SECTION 13. NOTICES

All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be deemed to have been given when hand delivered, when received if sent by same day or overnight recognized commercial courier service or three business days after being mailed in any general or branch office of the United States Postal Service, enclosed in a registered or certified postpaid envelope, return receipt requested, addressed to the address of the parties stated below or to such changed address as such party may have fixed by notice:

To the Stockholders:

Richard J. Blum
711 Springhill Lane
Cincinnati, Ohio 45226

- copy to -

George H. Vincent, Esq.
Dinsmore & Shohl LLP
1900 Chemed Center
255 E. Fifth Street
Cincinnati, OH 45202

To Buyer:

c/o CECO Environmental Corp.
505 University Avenue
Suite 1400
Toronto, Ontario M5G 1X3
Canada
Attention: Phillip DeZwirek

- copy to -

Sugar, Friedberg & Felsenthal
30 North LaSalle Street, Suite 2600
Chicago, Illinois 60602-2506
Attention: Leslie J. Weiss, Esq.

provided, that any notice of change of address shall be effective only upon receipt.

SECTION 14. TERMINATION

14.1 Conditions for Termination. This Agreement may be terminated at any time prior to the Closing by any of the following:

(a) By mutual written agreement of Buyer and the Stockholders;

(b) By either Buyer or the Stockholders, if the Closing has not occurred by 11:59 p.m. on the earlier of (i) the date sixty (60) days from the date hereof, or (ii) December 31, 1999, upon written notice by such terminating party, provided that at the time such notice is given a material breach of this Agreement by such terminating party shall not be the reason for the Closing's failure to have occurred;

(c) Subject to the provisions of Section 14.2, by Buyer, by written notice to the Stockholders, if there has been a material violation or breach of any of the Stockholders' covenants or agreements made herein or in connection herewith or if any representation or warranty of the Stockholders made herein or in connection herewith proves to be materially inaccurate or misleading with respect to either Company, taken as a whole; or

(d) Subject to the provisions of Section 14.2, by the Stockholders, by written notice to Buyer, if there has been a material violation or breach of any of Buyer's covenants or agreements made herein or in connection herewith or if any representation or warranty of Buyer made herein or in connection herewith proves to be materially inaccurate or misleading.

14.2 Liability Upon Termination. If this Agreement is terminated as provided in Section 14.1, then there shall be no liability or obligation on the part of any party hereto (or any of their respective officers, directors or employees) except that if Buyer terminates this Agreement pursuant to clause 14.1 (c) or the Stockholders terminate this Agreement pursuant to clause 14.1 (d), the non-terminating party shall remain liable for any breach hereof, but any damages shall be limited to the out of pocket costs of the terminating party.

SECTION 15. MISCELLANEOUS

15.1 Entire Agreement. This Agreement, including the Exhibits and Schedules hereto, sets forth the entire agreement and understanding among the parties and merges and supersedes all prior discussions, agreements and understandings of every kind and nature among them as to the subject matter hereof, and no party shall be bound by any condition, definition, warranty or representation other than as expressly provided for in this Agreement or as may be on a date on or subsequent to the date hereof duly set forth in a writing signed by each party that is to be bound thereby. Unless otherwise expressly defined, terms defined in this Agreement shall have the same meanings when used in any Exhibit or Schedule and terms defined in any Exhibit or Schedule shall have the same meanings when used in this Agreement or in any other Schedule. This Agreement (including the Exhibits and Schedules hereto) shall not be changed, modified or amended except by a writing signed by each party to be charged and this Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by each party to be charged.

15.2 Taxes. Any Taxes in the nature of a sales or transfer tax, and any stock transfer tax, payable on the sale or transfer of the Shares or the consummation of any other transaction contemplated hereby shall be paid by the Stockholders, except as provided in Section 9.13(a) hereof.

15.3 Governing Law. This Agreement and its validity, construction and performance shall be governed in all respects by the laws of the State of Ohio without giving effect to principles of conflicts of law.

15.4 Representation by Counsel. Each party hereto represents and agrees with the other that it has been represented by independent counsel of its own choosing; it has had the full right and opportunity to consult with its respective attorneys and other advisors and has availed itself of this right and opportunity; its authorized officers have carefully read and fully understand this Agreement in its entirety and have had it fully explained to them by such party's counsel; it is fully aware of the contents hereof and the meaning, intent and legal effect thereof; and in the case of a corporation, its authorized officer is competent to execute this Agreement and has executed this Agreement free from coercion, duress or undue influence. Each party and its counsel cooperated in the drafting and preparation of this Agreement and the documents referred to herein. Accordingly, any rule of law or any legal decision that would require interpretation of any ambiguities in this Agreement against the party that drafted it is of no application and is hereby expressly waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intentions of the parties and this Agreement.

15.5 Benefit of Parties; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, legal representatives and permitted assigns. Except as provided below, the Agreement may not be assigned by CEC, Buyer or the Stockholders except with the prior written consent of the other party or parties, and nothing herein contained shall confer or is intended to confer any rights under this Agreement on any third party or entity that is not a party to this Agreement. The parties agree that CEC and Buyer shall have the right to assign their rights under this Agreement to the banks and other financial institutions, if any, providing the financing for the transactions contemplated by the Agreement and their successor and assigns (collectively, the "Banks"); provided, that, CEC and Buyer shall remain liable for all their respective obligations under this Agreement notwithstanding such assignment, and the Banks shall not assume any obligations hereunder as a result of such assignment.

15.6 Pronouns. Whenever the context requires, the use in this Agreement of a pronoun of any gender shall be deemed to refer also to any other gender, the use of the singular shall be deemed to refer also to the plural and the use of the plural shall be deemed to refer also to the singular.

15.7 Headings. The headings in the sections, paragraphs and Schedules of this Agreement are inserted for convenience of reference only and shall not constitute a part hereof. The words "herein," "hereof," "hereto" and "hereunder," and other words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement.

15.8 Expenses. The parties hereto shall pay all of their own expenses relating to the transactions contemplated by this Agreement, including, without limitation, the fees and expenses of their respective counsel, accountants and financial advisors except collection expenses as explicitly set forth in the Notes.

15.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

15.10 Stockholders Agent. Each Stockholder hereby appoints Richard J. Blum as attorney-in-fact for the Stockholders (the "Stockholders' Agent") for purposes of representing the interests of the Stockholders in the resolution of claims for indemnification hereunder and otherwise with respect to this Agreement. Each Stockholder hereby authorizes the Stockholder's Agent to take any and all actions on behalf of all the Stockholders in connection with this Agreement, including but not limited to amending this Agreement, and each Stockholder consents to and agrees to be bound by any and all actions taken by the Stockholders Agent. The Stockholder's Agent shall not be liable to any of the Stockholders for any error of judgment, any mistake of fact or law or any act done or omitted by him or her as the Stockholder's Agent in good faith, unless as the result of his willful misconduct. In case of the resignation, death or inability of Richard J. Blum to serve as the Stockholders' Agent, David D. Blum shall become the Stockholders' Agent. If David D. Blum is unable or unwilling to act as a successor, a successor shall be designated by Stockholders who formerly held a majority of the common stock of K&B (considering voting and non-voting stock as a single group). Any such designation by the Stockholders shall be evidenced by a writing signed by a majority of the Stockholders.

15.11 Attorneys' Fees. In the event of any dispute or controversy between either Company on the one hand and the Stockholders on the other hand relating to the interpretation of this Agreement or to the transactions contemplated hereby, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and expenses incurred by the prevailing party. Such award shall include post-judgment attorney's fees and costs.

15.12 Incorporation by Reference. All Schedules and Exhibits attached hereto are incorporated herein by reference as though fully set forth at each point referred to in this Agreement.

15.13 Waiver. No waiver by any party hereto at any time of any breach of, or compliance with, any condition or provision of this Agreement to be performed by another party hereto may be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time.

15.14 Disclosure Letter.

(a) The disclosures in the Disclosure Letter, and those in any Supplement thereto, shall relate both to the representations and warranties in the Section of the Agreement to which they expressly relate and to any other representation or warranty in this Agreement if such disclosure contains an appropriate cross-reference or where it is apparent from the nature of the disclosure in the Disclosure Letter or any supplement thereto that the item disclosed is responsive to another section of the Disclosure Letter.

(b) In the event of any inconsistency between the statements in the body of this Agreement and those in the Disclosure Letter (other than an exception expressly set forth as such in the Disclosure Letter with respect to a specifically identified representation or warranty), the statements in the body of this Agreement will control.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the day and year first written above.

CEC:
CECO Environmental Corp.

By:/s/ Phillip DeZwirek

Its: President

BUYER:
CECO Group, Inc.
By:/s/ Phillip DeZwirek

Its: President

STOCKHOLDERS:	NUMBER OF SHARES OWNED:	
	KBM	KTI
/s/ Richard J. Blum Richard J. Blum, trustee of The Lawrence J. Blum Irrevocable Stock Trust, u/a/d 7/21/98		310
/s/ Richard J. Blum Richard J. Blum, trustee of The David D. Blum Irrevocable Stock Trust, u/a/d 7/21/98		310
/s/ Richard J. Blum Richard J. Blum, as trustee of	Common A-12,070 Common B-18,610	310
/s/ Richard J. Blum Richard J. Blum, individually		
/s/ Lawrence J. Blum Lawrence J. Blum, as trustee of	Common A-12,070 Common B-18,610	

/s/ Lawrence J. Blum
- ------------------------------------
Lawrence J. Blum, individually

/s/ David D. Blum
- ------------------------------------ Common A-12,070
David D. Blum, as trustee Common B-18,594

/s/ David D. Blum
- ------------------------------------
David D. Blum, individually

/s/ Janet Chap
- ------------------------------------ Common A-8,820
Janet Chap Common B-16,476

/s/ Marilyn Donovan
- ------------------------------------ Common A-8,820
Marilyn Donovan Common B-17,652

/s/ Mary Beth Hines
- ------------------------------------ Common A-8,820
Mary Beth Hines Common B-17,652

- -------------

/s/ Deborah J. Blum
- ------------------------------------ Common B-8,800
Deborah J. Blum Trustee FBO
Jonathon W. Blum

/s/ Deborah J. Blum
- ------------------------------------ Common B-8,800
Deborah J. Blum Trustee FBO
Ann Marie Blum

/s/ Margaret K. Blum
- ------------------------------------ Common B-4,400
Margaret K. Blum, Trustee FBO
Kathryn K. Blum

/s/ Margaret K. Blum
- ------------------------------------ Common B-4,400
Margaret K. Blum, Trustee FBO
Michael R. Blum

/s/ Margaret K. Blum
- ------------------------------------ Common B-4,400
Margaret K. Blum, Trustee FBO
Stephen R. Blum

/s/ Margaret K. Blum
- ------------------------------------ Common B-4,400
Margaret K. Blum, Trustee FBO
Kelsey G. Blum

/s/ Nancy I. Blum
- ------------------------------------ Common B-5,872
Nancy I. Blum, Trustee FBO
Daniel D. Blum

/s/ Nancy I. Blum
- ------------------------------------ Common B-5,872
Nancy I. Blum, Trustee FBO
Jeffrey D. Blum

/s/ Nancy I. Blum
- ------------------------------------ Common B-5,872
Nancy I. Blum, Trustee FBO
Elizabeth M. Blum

/s/ Alan R. Chap
- ------------------------------------ Common B-8,808
Alan R. Chap

/s/ Alan R. Chap
- ------------------------------------ Common B- 294
Alan R. Chap, Trustee FBO
Laura E. Chap

/s/ Alan R. Chap
- ------------------------------------ Common B- 294
Alan R. Chap, Trustee FBO
Alan D. Chap

/s/ Alan R. Chap
- ------------------------------------ Common B- 294
Alan R. Chap, Trustee FBO
Brian A. Chap

/s/ Alan R. Chap
- ------------------------------------ Common B- 294
Alan R. Chap, Trustee FBO
Andrew M. Chap

/s/ John C. Donovan
- ------------------------------------ Common B- 8,808
John C. Donovan

/s/ William J. Hines
- ------------------------------------ Common B-8,808
William J. Hines & Marilyn B.
Donovan, Co-Trustees FBO Mary
Beth Hines Children

Exhibit 10.2

This Document is subject to the terms of a Subordination Agreement in favor of PNC Bank, National Association, as agent for certain banks. Notwithstanding any contrary statement contained in the within instrument, no payment on account of any obligation arising from or in connection with the within instrument or any related agreement (whether of principal, interest or otherwise) shall be made, paid, received or accepted except in accordance with the terms of said Subordination Agreement.

EMPLOYMENT AGREEMENT

This agreement ("Agreement") is made as of December 7, 1999 by and among CECO Group, Inc., a Delaware corporation ("CECO"), and RICHARD J. BLUM (the "Employee").

RECITALS

CECO is a wholly-owned subsidiary of CECO Environmental Corp., a New York corporation ("CEC");

CEC, CECO and the other direct and indirect subsidiaries of CEC, including without limitation of the foregoing The Kirk and Blum Manufacturing Company ("K&B") and kbd/Technic, Inc. ("KTI" and collectively with all of the foregoing, the "Companies") are engaged in the business of acquiring and operating businesses that engage in engineering, designing, manufacturing or installation services in the air pollution control industry including without limitation of the foregoing, (a) fabrication and installation of industrial ventilation, dust, fume and mist control systems, as well as automotive spray booth systems, industrial and process piping and other industrial sheet metal work, (b) fabrication of parts, subassemblies or customized products for air pollution and non-air pollution applications from sheet, plate and structural steel, (c) the provision of standard and non-standard components for contractors and companies that design and/or install their own air pollution control equipment, or (d) engineering services concentrated in the industrial ventilation area (the "Business");

Employee was employed by K&B and KTI, two of the Companies and wholly-owned subsidiaries of CECO, and will be employed by CECO to assist in the Business;

Such employment constitutes a confidential relationship wherein Employee will become familiar with and aware of information as to the specific manner of doing business and the potential acquisition candidates of the Companies and their affiliates and future plans with respect thereto, all of which information is secret and proprietary and constitutes valuable goodwill of the Companies and their affiliates;

Employee recognizes that the success of Companies' Business is dependent upon the maintenance of a number of proprietary trade secrets, including the identity of customers and potential acquisition candidates, the confidential information regarding and analysis of such candidates and the financial data of the Companies or either of them or their affiliates, and that the protection of these proprietary trade secrets is of critical importance to the Companies; and

Employee recognizes that the Companies will sustain great loss and damage if he should violate the provisions of this Agreement. Further, monetary damages for such losses would be extremely difficult to measure and would therefore be likely to be inadequate for any violation of this Agreement by Employee;

TERMS

For good and valuable consideration the parties hereby agree as follows:

1. Employment: CECO hereby employs Employee, and Employee hereby accepts employment with CECO. Employee shall be appointed the President and Chief Executive Officer of CECO. Employee will perform the duties associated with the offices of President and Chief Executive Officer and will perform such others duties as may be assigned to him from time to time by the board of directors of CECO. During his employment, Employee shall devote his full time and best efforts to promote and further the business and services of CECO and the other Companies. Employee shall faithfully adhere to, execute and fulfill all policies established by CECO's board of directors. Employee shall not, during his employment hereunder, be engaged in any business or perform any services in any capacity other than for CECO or the other Companies, whether or not they interfere with his duties to CECO, without the prior approval of the Board of Directors of CECO, expect that no such approval shall be required with respect to volunteer activities for organizations with charitable purposes; provided that such activities do not interfere with his duties for CECO and are only occasionally during business hours. Without limiting the generality of any other provisions hereunder, under no circumstances shall Employee accept any form of remuneration from any business owner or broker with respect to any matter related to the Business of the Companies.

2. Term. This Agreement shall expire five years from the date hereof, unless terminated as herein provided (the "Term").

3. Compensation. During the Term, CECO shall compensate Employee as follows:

a. Salary. For his services during the Term, CECO shall pay to Employee a base salary of $206,000 per year, payable in accordance with CECO's standard payroll practices, but no less frequently than in monthly installments, and which may be increased from time to time in the discretion of the board of directors of CECO. The payment of salary and any bonuses paid hereunder shall be subject to all federal, state and local withholding taxes, social security tax deductions and other general obligations. Employee may be entitled to receive additional compensation from CECO in such form and only to the extent explicitly set forth below.

b. Other Compensation. Employee shall be entitled to participate, on the same terms as other non-union, executive employees of CECO or K&B, in any medical, dental or other health plan, 401(k) plan, stock option plan, profit-sharing plan and life insurance plan that CECO or K&B may adopt or maintain for such employees, any of which plans may be changed, terminated or eliminated by CECO or K&B at any time in their sole discretion.

c. Reimbursement of Expenses. CECO shall reimburse Employee for properly documented expenses that are incurred by Employee on behalf of CECO in accordance with corporate policies in effect from time to time.

d. Stock Purchase Warrants. Employee shall be granted on the date hereof a stock purchase warrant (the "Stock Purchase Warrant") in the form of Exhibit A hereto exercisable for 448,000 shares of CEC's common stock. The such stock purchase warrant shall become exercisable over a period of four (4) years at the rate of one-quarter of the stock that can be purchased under such stock purchase warrant on each of the first four (4) anniversaries of the date immediately prior to the date of this Agreement. Such Stock Purchase Warrant shall have a term of ten (10) years.

e. Bonus. In addition to the foregoing, CECO shall pay a bonus (the "Bonus") to Employee with respect to each the fiscal years ended as of December 31, 2000, 2001, 2002, 2003 and 2004 equal to (i) 44.8% of 25% of the net income before interest and taxes in excess of $4,000,000 of CEC as reported on its audited financial statements filed with the Securities and Exchange Commission ("SEC") with respect to such year, less (ii) the contribution made on behalf of Employee to any profit sharing or 401(k) plan by CEC, CECO, K&B or any affiliate (other than Employee) with respect to such fiscal year. Net income shall be calculated in accordance with generally accepted accounting principles, consistently applied, as such may be modified or mandated by rules and regulations promulgated by the SEC or any other body that may have been delegated such responsibility.

If this Agreement shall be terminated prior to the expiration of its term for any reason (other than a termination of this Agreement by CECO without Cause, as defined below, or Breach by CECO, as defined below), Employee shall only be paid Bonuses for the period through the date of termination. If Employee is terminated without Cause and not as a result of disability, as defined below, or terminates this Agreement as a result of a Breach by CECO, Employee shall continue to receive Bonuses as if he had been employed for the entire term of this Agreement. The Bonus with respect to the year of termination (other than termination without Cause and not as a result of a disability) shall be equal to a fraction of the amount of the Bonus otherwise payable with respect to such year as a whole, where the numerator of such fraction shall be the number of days in the year of termination between January 1 and the date of termination, inclusive, and the denominator shall be 365 or 366 (the number of days in such year) as applicable. The Bonus with respect to each year shall be paid on or prior to May 15, of the year following the year with respect to which such Bonus relates.

Notwithstanding the foregoing, no Bonus shall be paid if CECO or CEC is in default under any financing agreement with any bank or other financial institution or any other material agreement to which CECO or CEC is a party, or the payment of such Bonus would cause CEC or CECO to be in default under any such agreement. If no Bonus is paid as a result of the operation of the foregoing sentence, such Bonus shall accrue interest at the rate of 8% per annum, calculated on the basis of a 365/366 day year from June 30 of the year such Bonus was payable. Any such interest and accrued and unpaid Bonus shall be paid as soon as CEC or CECO ceases to be in default under such agreements and such payment would not cause a default under any such agreement.

4. Vacation. Employee shall be entitled to four (4) weeks of paid vacation in each full calendar year of employment at times mutually acceptable to Employee and CECO. Vacation shall be earned ratably over the course of a calendar year, and unused vacation time cannot be carried forward past December 31 of any year without the prior written consent of CECO.

5. Termination by CECO.

a. Termination for Cause. CECO may terminate this Agreement at any time for Cause, in which case Employee shall be entitled to receive base salary and Bonus accrued through the date of such termination. Any of the following shall constitute "Cause":

(i) any material breach by Employee of any of the terms of this Agreement or his non-competition agreement with CECO or the Employee Innovations and Proprietary Rights Assignment Agreement between Employee and CECO where such breach is not cured within thirty (30) days after written notice of such breach is delivered to Employee;

(ii) intoxication with alcohol or drugs while on the premises of CECO or any of the Companies or any customer or potential customer to the extent that in the reasonable judgment of management, Employee is abusive or his ability to perform his duties and responsibilities under this Agreement is impaired;

(iii) conviction of a felony or any misdemeanor involving dishonesty, theft, the failure to tell the truth, other unethical behavior, racial prejudice, drugs, alcohol, sexual misconduct or any other crime likely to result in public disparagement with respect to any of the Companies;

(iv) intentional misappropriation of property belonging to CECO or any of the Companies;

(v) illegal business practices in connection with any of CECO or the Companies' businesses which could have a material adverse effect on CEC's, CECO's or any of the Companies' or their business or financial position or reputation;

(vi) excessive absence of Employee from his employment during usual business hours for reasons other than vacation, disability or sickness after written notice thereof is delivered to Employee describing the nature of such excess absences and affording Employee one more opportunity to avoid excess absences; or

(vii) failure of Employee to obey directions of the Board of Directors of CECO.

(b) Termination Without Cause. CECO may terminate the employment of Employee, and this Agreement, without Cause at any time, in which event CECO shall pay to Employee, in full satisfaction of CECO's obligations to Employee under this Agreement, the compensation accrued but unpaid through the date of the termination of his employment, and shall continue to pay base salary and Bonuses for the balance of the Term of this Agreement as if he had remained employed by CECO for such term. Such amounts shall be earned and paid rateably over the applicable period in accordance with CECO's regular payroll practices.

(c) Breach by CECO. Employee may terminate his employment with CECO if CECO shall (i) materially breach any of its obligations and responsibilities under this Agreement and such breach shall be continuing, (ii) relocate the location of Employee's regular work place to a location more than 35 miles from its current location in Cincinnati, Ohio (excluding travel in the course of performing Employee's duties), and (iii) demote the Employee to a less prestigious position without the mutual agreement of CECO and the Employee (collectively, "Breach by CECO"); provided, that, Employee shall not terminate his employment under this paragraph (c) unless he shall first have delivered to CEC a written notice setting forth with particularity the basis for such termination and shall have given the Board of Directors of CEC an opportunity to meet with Employee and, if curable, to cure such breach within thirty (30) days following delivery of such written notice. If Employee's employment is terminated by reason of Breach by CECO, CECO shall pay the Employee his full accrued and unpaid compensation through the date of such termination, and shall continue to pay base salary and Bonuses for the balance of the term of this Agreement as if he had remained employed by CECO for such term. Such amounts shall be earned and paid rateably over the applicable period in accordance with CECO's regular payroll practices.

6. Termination on Account of Death or Disability. If Employee dies during the Term, this Agreement shall terminate, and CECO shall pay to the estate of Employee the base salary accrued but unpaid through the date of his death plus any Bonus accrued through the date of death (which shall be payable as provided above). The Board of Directors of CECO may elect to terminate the engagement of Employee for "disability," if Employee is no longer able to perform the duties of his position due to illness, accident or other physical or mental condition and such disability is expected to continue, with or without interruption, for a period of six months, or such greater period as may be required by any applicable law. If the Board of Directors of CECO determines that Employee is so disabled, it shall deliver notice to Employee and CECO shall pay to Employee the base salary accrued but unpaid through the date of the termination of his employment hereunder plus any Bonuses accrued to the date of such termination (which shall be payable as provided above) in full satisfaction of CECO's obligations to Employee under this Agreement.

7. Termination by Employee. Employee may terminate his employment at any time. If he does so other than as a result of a Breach by CECO, CECO shall pay to him the base salary accrued but unpaid through the date of such termination of his employment in full satisfaction of CECO's obligations to Employee under this Agreement and CECO shall only be obligated to pay Employee his Bonus for the period through and ending on the date of termination.

8. a. Confidentiality. Except in the furtherance of the business of the Companies, during and at all times after Employee's employment:

(i) Employee shall not disclose to any person or entity, without CECO's prior written consent, any confidential or secret proprietary information, whether prepared by him or others.

(ii) Employee shall not directly or indirectly use any such proprietary information other than as directed by CECO in writing.

(iii) Employee shall not remove confidential or secret proprietary information from the premises of CECO without the prior written consent of CECO.

Upon termination of his employment for whatever reason, with or without Cause, Employee will promptly deliver to CECO all originals and copies (whether in note, memo or other document form or on video, audio or computer tapes or discs or otherwise) of confidential or secret proprietary information in his possession, custody or control, whether prepared by him or others.

Confidential or secret proprietary information includes, but is not limited to:

(i) the name of any company or business, all or any substantial part of which is or at any time was a candidate for potential acquisition by any of the Companies, together with all analyses and other information which any of the Companies has generated, compiled or otherwise obtained with respect to such candidate, business or potential acquisition, or with respect to the potential effect of such acquisition on the business, assets, financial results or prospects of any of the Companies;

(ii) business, pricing and management methods;

(iii) finances, strategies, systems, research, surveys, plans, reports, recommendations and conclusions;

(iv) names of, arrangements with, or other information relating to, the Companies' customers, equipment suppliers, manufacturers, financiers, owners or operators, representatives and other persons who have business relationships with the Companies or who are prospects for business relationships with any of the Companies;

(v) technical information, work products and know-how; and

(vi) cost, operating, and other management information systems, and other software and programming.

b. Employee Inventions. Employee shall enter into an Employee Innovations and Proprietary Rights Assignment Agreement in the form of Exhibit B attached hereto.

9. Damages, etc. The parties acknowledge that monetary damages will be inadequate and the Companies will be irreparably damaged if the provisions of this Agreement are not specifically enforced. CECO shall be entitled, among other remedies, (a) without any bond or other security being required, to an injunction restraining any violation of this Agreement by Employee and by any person or entity to whom Employee provides or proposes to provide any services in violation of this Agreement, and (b) to require Employee to hold in a constructive trust, account for and pay over to CECO all compensation and other benefits which Employee shall derive as a result of any action or omission which is a violation of any provision of this Agreement.

10. Enforceability. If any provision contained in this Agreement is determined to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect as if the provision which was determined to be void, illegal, or unenforceable had not been contained herein. The courts or other parties enforcing this Agreement shall be entitled to modify the duration and scope of any restriction contained herein to the extent necessary to render such restriction enforceable, and such restriction as so modified shall be enforced.

11. Return of Property. All products, records, designs, plans, manuals, "field guides", memoranda, lists and other property delivered to Employee by or on behalf of any of the Companies or by their customers, including, but not limited to, customers obtained for any of them by Employee, and all records compiled by Employee which pertain to the business of any of the Companies, or any of their customers, whether or not confidential, shall be and remain the property of the Companies, and be subject at all times to the discretion and control of the Companies. Likewise, all correspondence with customers or representatives, reports, records, charts, advertising materials, and any data collected by Employee, or by or on behalf of any of the Companies or their representatives, whether or not confidential, shall be delivered promptly to CECO without request by it upon termination of Employee's employment.

12. Suits Against the Companies. Both during and after the term of his employment hereunder, Employee covenants that he will not bring suit or file counterclaims against the Companies or any of them for corporate misconduct, unless both of the following shall have occurred: (a) Employee shall have first made written demand to the Board of Director of CEC to investigate and deal with such misconduct, and (b) such Board of Directors shall have failed within 45 days after the date of receipt of such demand to establish a Special Litigation Committee, consisting exclusively of outside directors, to investigate and deal with such misconduct. Without limiting the generality of and to further implement the foregoing, Employee irrevocably and unconditionally consents at the option of either of the Companies to the entry of temporary restraining orders and temporary and permanent injunctions, without posting bond or other security, against the filing of any action or counterclaim which is prohibited hereunder. The opinion of such Board of Directors shall be binding and conclusive on the determination of which directors constitute "outside directors", and the determination of the Special Litigation Committee shall be binding and conclusive on all matters relating to the actual or alleged misconduct which is referred to it as aforesaid.

13. Cooperation in Proceedings. During and after the termination of Employee's employment, Employee shall for reasonable compensation consistent with his compensation from CECO cooperate fully and at reasonable times with any of the Companies in all litigation and regulatory proceedings with respect to which any of the Companies seeks Employee's assistance and as to which Employee has any knowledge or involvement. Without limiting the generality of the foregoing, Employee shall be available to testify at such litigations and other proceedings, and will cooperate with counsel to the Companies in preparing materials and offering advice in such litigation and other proceedings. Except as required by law, and then only upon reasonable prior written notice to CECO, Employee shall not in any way cooperate or assist any person or entity in any matter which is adverse to any of the Companies or to any person who was at any time an officer or director of any of the Companies.

14. Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing and will be deemed duly given when personally delivered, the next business day when deposited with Federal Express or other nationally recognized overnight courier service delivery prepaid or five (5) business days after being sent by registered mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to Employee:	Copy to:

- ------------------------	------------------------
- ------------------------	------------------------

If to CECO:	Copy to:
c/o CECO Environmental Corp. 505 University Avenue Suite 1400 Toronto, Ontario M5G 1X3 Canada	Leslie J. Weiss, Esq. Sugar, Friedberg & Felsenthal 30 North LaSalle Street Suite 2600 Chicago, Illinois 60602-2506

Either party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

15. Survival. The provisions of Sections 8 through 18 and 21 shall survive the termination of this Agreement.

16. Other Agreements. Employee represents that he has furnished to CECO copies of all agreements which restrict or limit or could restrict or limit his services for CECO at any time during the term. However, nothing in this Agreement shall be construed to render an opinion as to the interpretation or validity of any agreements with prior employers purporting to restrict or limit Employee's services for CECO.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio without giving effect to any choice or conflict of law provision or rule, whether of the State of Ohio or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than the State of Ohio. In the event of any dispute or claim relating to arising out of Employee's employment relationship with CECO, Employee's stock options, the Stock Purchase Warrant or the termination of Employee's employment relationship with CECO (including, without limitation of the foregoing, any claim of wrongful termination or age, sex disability, race or other discrimination), Employee and CECO agree that (i) all such disputes shall be fully and finally resolved by binding arbitration conducted by the American Arbitration Association in Cook County, Illinois, and (ii) each waives his or its rights to have such dispute tried by a court or a jury. RIGHT TO TRIAL BY JURY IS WAIVED. However, Employee and CECO agree that this arbitration provision shall not apply to any disputes or claims relating to or arising out of the misuse or misappropriation of CECO's or any Companies' trade secrets, proprietary information, other proprietary rights or property. With respect to each such dispute, each of the parties submits to the jurisdiction of any state court sitting in Cincinnati, Ohio or the United States District Court for the Southern District of Ohio.

18. Advice of Counsel. Employee has been advised by his own counsel concerning this Agreement prior to executing this Agreement.

19. Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective heirs, legal representatives, successors and permitted assigns. Employee may not assign either this Agreement or any of Employee's rights, interests or obligations hereunder. CECO may assign any or all of its rights and interests hereunder to any person or entity that acquires the business of CECO or any Company, or to any entity with which such company merges or consolidates.

20 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same agreement.

21 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

22 Waiver. The waiver of a breach of any provision of this Agreement shall not operate or be construed to be a waiver of any other provision or of a subsequent or prior breach of this Agreement.

23 Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous negotiations, correspondence, understandings and agreements between the parties regarding the subject matter of this Agreement. This Agreement may not be amended or modified or any provision waived except in a writing signed by both parties and supported by new consideration.

Executed as of the date first above set forth.

CECO GROUP, INC.

By: /s/ Phillip DeZwirek

Its: President

/s/ Richard J. Blum
- ----------------------------
Richard J. Blum, Employee

GUARANTY

The undersigned corporations hereby guaranty the foregoing obligations of CECO Group, Inc.

CECO ENVIRONMENTAL CORP.

By:/s/ Phillip DeZwirek

Its: President

THE KIRK & BLUM MANUFACTURING COMPANY

By:/s/ Richard J. Blum

Its: President

EXHIBIT 10.3

THE ISSUANCE OF THIS WARRANT AND THE COMMON STOCK THAT MAY BE ACQUIRED UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND THIS WARRANT AND SUCH COMMON STOCK MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER OR OTHER DISPOSITION HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR AN EXEMPTION UNDER THE ACT AND SUCH LAWS IS AVAILABLE FOR THEIR TRANSFER OR OTHER DISPOSITION.

CECO ENVIRONMENTAL CORP.

WARRANT

DATED: December 7, 1999 (the "Grant Date")

NUMBER OF SHARES: 448,000

HOLDER: Richard J. Blum

ADDRESS:

- --

1. Grant of Right to Purchase. THIS CERTIFIES THAT the Holder is entitled to purchase from CECO ENVIRONMENTAL CORP., a New York corporation (hereinafter called the "Company"), the number of shares of the Company's common stock ("Common Stock") set forth above, at an exercise price equal to $2.9375 (the "Exercise Price"). This Warrant may be exercised on or after the one year anniversary of the date hereof and prior to expiration as provided in Section 8 below.

2. Expiration Date. All rights granted under this Warrant shall expire on December 6, 2009 (the "Expiration Date") except as provided in Sections 10, 11 and 12 below.

3. Restricted Securities. Subject to Section 9 below, this Warrant and the Common Stock issuable on exercise of this Warrant (the "Underlying Shares") may be transferred, sold, assigned or hypothecated only if registered by the Company under the Act or if the Company has received from counsel to the Holder, reasonably satisfactory to the Company and its counsel, a written opinion to the effect that registration of the Warrant or the Underlying Shares is not necessary in connection with such transfer, sale, assignment or hypothecation. The Holder shall through his counsel provide such information as is reasonably necessary in connection with such opinion. This Warrant and the Underlying Shares shall be appropriately legended to reflect these restrictions and stop transfer instructions shall apply.

4. Mechanics of Assignment. Subject to Section 9, any permitted assignment of this Warrant shall be effected by the Holder by (i) executing a written assignment with the signature of the Holder guaranteed by a commercial bank or a

member of the New York Stock Exchange; (ii) surrendering this Warrant for cancellation at the office of the Company, accompanied by the opinion of his counsel referred to above; and (iii) unless in connection with an effective registration statement which covers the sale of this Warrant and or the Underlying Shares, delivery to the Company of a statement by the transferee (in a form acceptable to the Company and its counsel) that such Warrant is being acquired by the transferee for investment and not with a view to its distribution or resale; whereupon the Company shall issue, in the name or names specified by the Holder (including the Holder) new Warrants representing in the aggregate rights to purchase the same number of Underlying Shares as are purchasable under the Warrant surrendered. The transferor will pay all relevant transfer taxes arising from the assignment of this Warrant. Replacement warrants shall bear the same legend as is borne by this Warrant.

5. Definition of Holder. The term "Holder" should be deemed to include any permitted record transferee of this Warrant.

6. Underlying Shares. The Company covenants and agrees that all shares of Common Stock which may be issued upon exercise hereof will, upon issuance, be duly and validly issued, fully paid and nonassessable and free of all taxes, liens, and charges with respect to the issue thereof and that no personal liability will attach to the Holder thereof. The Company further covenants and agrees that, during the periods within which this Warrant may be exercised, the Company will at all times have authorized and reserved a sufficient number of shares of Common Stock for issuance upon exercise of this Warrant and all other Warrants.

7. No Voting Rights. This Warrant shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

8. Adjustments.

(a) Whenever the Company shall (i) declare or pay a dividend or make a distribution on shares of Common Stock in shares of Common Stock or in any other shares of capital stock of the Company or in other securities of the Company, (ii) subdivide, split or reclassify the outstanding shares of Common Stock into a greater number of shares of Common Stock or (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares of Common Stock, the Exercise Price in effect at the time of the record date for such dividend or distribution or on the effective date of such subdivision, split, combination or reclassification, shall be proportionately adjusted so that the Holder shall, upon exchange into shares of Common Stock after such time, be entitled to receive the number of shares of Common Stock or other securities of the Company which the Holder would have been entitled to receive immediately after such time had this Warrant been exchanged into shares of Common Stock immediately prior to such time. Such adjustment shall be made successively each time any event described in this paragraph (a) shall occur.

(b) In case of any reclassification, capital reorganization or change by the Company of the outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par

value, or as a result of a subdivision, combination or reclassification of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock (which is treated in paragraph (a) above), but including any change of such shares into one or more other classes or series of shares of capital stock), or in case of any consolidation of the Company with, or merger of the Company with or into, another person (other than a consolidation or merger in which the Company is the continuing entity and which does not result in any reclassification or change of the Company's outstanding shares), or in case of any sale or other conveyance to another person of the property of the Company as an entirety or substantially as an entirety, the Company or such successor or purchasing person shall provide, as a condition to such transaction, that the Holder shall acquire, upon exchange for this Warrant the kind and amount of shares and other securities and property (including cash and evidences of indebtedness) which would have been received by Holder upon such reclassification, reorganization, change, consolidation, merger, or sale or conveyance of assets if the Holder had exchanged this Warrant into shares of Common Stock immediately prior thereto. Such other person, which shall thereafter be deemed to be the Company for purposes of this paragraph (b), shall provide for similar future adjustments as nearly equivalent as may be practicable to the adjustments provided herein. Such adjustment shall be made successively each time any event described above in this paragraph (b) shall occur.

(c) In the event the Company at any time after the date of the original issuance of this Warrant shall distribute shares of stock or other securities of other persons, evidences of indebtedness issued by the Company or other property (other than cash) to the holders of its Common Stock by way of dividend or otherwise, in either case other than in connection with a capital reorganization, consolidation, merger or sale or other conveyance of all or substantially all of the Company's assets (each of which transactions is provided for in paragraph (b) above), then, in each such case, the Holder, upon exchange of this Warrant into shares of Common Stock as provided hereby, shall be entitled to receive, and the Company shall reserve for issuance to the Holder upon such exchange, the shares of stock or other securities, evidences of indebtedness, or other property which it would have been entitled to receive if it had so exchanged and become the holder of record of the shares of Common Stock issued upon such exchange immediately prior to the record date fixed for the determination of the stockholders entitled to receive such dividend or distribution. The foregoing adjustments shall be made successively whenever any event listed above in this paragraph (c) shall occur.

(d) Upon the occurrence of any event requiring an adjustment of the Exercise Price, then and in each such case the Company shall give prompt written notice thereof to the Holder, which notice shall state the Exercise Price resulting from such adjustment, setting forth in reasonable detail the method upon which such calculation is based and stating that such adjustment calculation has been reviewed and approved by the Company's independent certified public accountants.

(e) In case at any time:

- (i) the Company shall declare any dividend upon its Common Stock payable in cash, stock, property or any security (whether of the Company or otherwise) or make any other distribution to the holders of its Common Stock;

- (ii) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights;

- (iii) there shall be any capital reorganization or reclassification of the capital stock of the Company, or a consolidation or merger of the Company with or into, or a sale of all or substantially all its assets to, another entity or entities; or

- (iv) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, in any one or more of said cases, the Company shall give (A) at least ten days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up and (B) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, at least ten days' prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause (A) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto and such notice in accordance with the foregoing clause (B) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Notwithstanding the provisions of this paragraph (e) set forth above, whenever the Company shall be required to give written notice of any event, such notice shall be deemed to have been given if the Company issues a public announcement of such event within the applicable time frame set out above in this paragraph (e).

9. No Transfers Prior to Death. This Warrant shall be neither transferable nor assignable by the Holder, either voluntarily or involuntarily, other than by will or by the laws of descent and distribution and may be exercised, during Holder's lifetime, only by Holder.

10. Vestings. This Warrant shall become exercisable in installments, the Holder having the right to purchase from the Company the following number of Underlying Shares upon exercise of the Warrant, on and after the following dates:

(a) on and after the date that is one (1) year after the Grant Date, not more than twenty-five percent (25%) of the total number of Underlying Shares issuable pursuant to this Warrant; and

(b) on and after the date that is two (2) years after the Grant Date, not

more than fifty percent (50%) of the total number of Underlying Shares issuable pursuant to this Warrant (less any Underlying Shares previously purchased pursuant to prior partial exercises of this Warrant); and

(c) on and after the date that is three (3) years after the Grant Date, not more than seventy-five percent (75%) of the total number of Underlying Shares issuable pursuant to this Warrant (less any Underlying Shares previously purchased pursuant to prior partial exercises of this Warrant); and

(d) on and after the date that is four (4) years after the Grant Date all of the Underlying Shares issuable pursuant to this Warrant (less any Underlying Shares previously purchased pursuant to prior partial exercises of this Warrant).

If the initial Holder (i) voluntarily terminates his employment with the Company or any of its subsidiaries (other than a termination under Section 5(c) of the initial Holder's employment agreement with CECO Group, Inc.), (ii) is terminated for Cause, as defined in and pursuant to the Holder's employment agreement with a subsidiary of the Company, (iii) dies or (iv) ceases to be employed by the Company or any of its subsidiaries as a result of becoming disabled, then the right to purchase additional Underlying Shares hereunder, other than Underlying Shares that the initial Holder then had the right to purchase immediately prior to such event, shall immediately terminate. The right to purchase Underlying Shares that the Holder then has the right to purchase shall be, subject to the provisions of Sections 11 and 12 hereof, exercisable prior to the Expiration Date. Once exercisable, the right to purchase Underlying Shares shall remain so exercisable unless this Warrant is sooner terminated under Sections 11 and 12 of this Warrant.

11. Accelerated Termination of Warrant Term. The Warrant shall cease to be exercisable (a) at the Expiration Date, or (b) prior to the Expiration Date, should one of the following provisions become applicable:

(i) Except as otherwise provided in subparagraphs (ii), (iii), (iv) or (v) below, should the initial Holder cease to be an employee of the Company or any of its subsidiaries at any time prior to the Expiration Date (other than a termination under Section 5(c) of the initial Holder's employment agreement with CECO Group, Inc.), then the remaining period for exercising this Warrant shall be a twelve (12) complete calendar month period commencing on the date of such cessation of employee status, but in no event shall this Warrant be exercisable at any time after the Expiration Date. Upon the expiration of such twelve (12) month period or (if earlier) upon the Expiration Date, this Warrant shall terminate and cease to be outstanding.

(ii) Should the initial Holder die while this Warrant is outstanding, then the executors or administrators of Holder's estate or Holder's heirs or legatees (as the case may be) shall have the right to exercise this Warrant for the number of shares (if any) for which the Warrant is exercisable on the date of such Holder's death. Such right shall lapse and this Warrant shall cease to be exercisable upon the earlier of (i) twelve (12) complete calendar months commencing on the date of the Holder's death or (ii) the Expiration Date.

(iii) Should the initial Holder become permanently disabled and cease by reason thereof to be an employee of the Company or any of its subsidiaries at any time during the Warrant term, then Holder shall have a period of twelve (12) complete calendar months commencing on the date of the Holder's cessation of Employee status during which to exercise this Warrant; provided, however, that in no event shall this Warrant be exercisable at any time after the Expiration Date. The initial Holder shall be deemed to be permanently disabled if Holder is, by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of not less than six months, unable to perform his usual duties for the Company or its subsidiary corporations.

(iv) Should the initial Holder's status as an employee be terminated for cause (including, but not limited to, any act of dishonesty, willful misconduct, failure to perform material duties, fraud or embezzlement or any unauthorized disclosure or use of confidential information or trade secrets or as otherwise defined in the initial Holder's employment agreement with the Company's subsidiary) or should the initial Holder make or attempt to make any unauthorized use or disclosure of the confidential information or trade secrets of the Company or any subsidiary corporations, then in any such event this Warrant shall terminate and cease to be exercisable upon the earlier of (i) the date that is thirty (30) days after the date of such termination of employee status or such unauthorized disclosure or use of confidential or secret information or attempt thereat, or (ii) the Expiration Date. Nothing hereunder shall limit any remedy available to the Company, any subsidiary corporation, at law, in equity or otherwise, recoverable from Holder for any such act, disclosure or use by Holder.

(v) Should the initial Holder's status as an employee of a subsidiary of the Company be terminated by such subsidiary other than for Cause, as defined in the initial Holder's employment agreement with such subsidiary, this Warrant shall not expire until the Expiration Date except as provided in Section 12 below.

12. Special Termination of Warrant.

(a) In the event the Company shall engage in one or more of the following transactions (a "Corporate Transaction"):

(i) a merger, consolidation or acquisition in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state of the Company's incorporation;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company; or

(iii) any other corporate reorganization or business combination in which fifty percent (50%) or more of the Company's outstanding voting stock is purchased by, exchanged with or otherwise transferred to new holders in a single transaction or a series of related transactions;

then this Warrant shall expire upon the consummation of such Corporate Transaction and cease to be exercisable, unless the obligations of the Company under this Warrant are expressly assumed by the successor corporation or corporation parent thereof. The Company shall provide the Holder at least thirty (30) days prior written notice of the date of the Corporate Transaction and whether, upon such Corporate Transaction, this Warrant shall expire or be assumed by the successor corporation or parent corporation thereof. The Company can give no assurance that this Warrant shall be assumed by the successor corporation or its parent company and it may occur that some of the Company's stock purchase warrants and stock options outstanding on or prior to the date of a Corporate Transaction will be assumed or otherwise modified while this Warrant is terminated or vice versa. Such termination or assumption will not necessary be on the same terms on which other substantially similar warrants are terminated or assumed.

(b) In the event of a Corporate Transaction, the Company shall accelerate the vesting schedule contained in Section 10 hereof, and the Holder shall have the right to exercise the Warrant with respect to all Underlying Shares not then subject to purchase pursuant to Section 10 for a period of not less than five (5) days ending on the date of the consummation of the Corporate Transaction. The Company shall give the Holder written notice of such period.

(c) This Warrant shall not in any way affect the right of the Company to make changes in its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

13. Mechanics of Exercise. The rights represented by this Warrant may be exercised at any time within the period above specified by (i) surrender of this Warrant, endorsed to the Company, with signature guaranteed by a commercial bank or a member firm of the New York Stock Exchange, at the principal executive office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company), accompanied by a statement signed by the Holder stating the extent to which the Holder is exercising this Warrant; (ii) payment to the Company of the exercise price for the number of Underlying Shares specified in the above-mentioned writing together with applicable stock transfer taxes, if any; and (iii) unless in connection with an effective registration statement which covers the sale Underlying Shares, the delivery to the Company of a statement by the Holder (in a form acceptable to the Company and its counsel) that such Underlying Shares are being acquired by the Holder for investment and not with a view to their distribution or resale.

14. Miscellaneous. This Warrant shall be governed by and construed in accordance with the laws of the state of New York. The federal and state courts in Chicago, Illinois shall have exclusive jurisdiction over this instrument and the enforcement thereof. Service of process shall be effective if by certified mail, return receipt requested. All notices shall be in writing and shall be deemed given upon receipt by the party to whom addressed. This instrument shall be enforceable by decrees of specific performances well as other remedies.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer, and to be dated as of the date set forth above.

CECO ENVIRONMENTAL CORP.

By: /s/ Phillip DeZwirek

Name: Phillip DeZwirek

Its: President

EXHIBIT 10.4

This Document is subject to the terms of a Subordination Agreement in favor of PNC Bank, National Association, as agent for certain banks. Notwithstanding any contrary statement contained in the within instrument, no payment on account of any obligation arising from or in connection with the within instrument or any related agreement (whether of principal, interest or otherwise) shall be made, paid, received or accepted except in accordance with the terms of said Subordination Agreement.

EMPLOYMENT AGREEMENT

This agreement ("Agreement") is made as of December 7, 1999 by and among The Kirk & Blum Manufacturing Company, an Ohio corporation ("K&B"), and LAWRENCE J. BLUM (the "Employee").

RECITALS

K&B is a wholly-owned subsidiary of CECO Group, Inc., a Delaware corporation. CECO is a wholly-owned subsidiary of CECO Environmental Corp., a New York corporation ("CEC");

CEC, CECO and the other direct and indirect subsidiaries of CEC, including without limitation of the foregoing K&B and kbd/Technic, Inc. ("KTI" and collectively with all of the foregoing, the "Companies") are engaged in the business of acquiring and operating businesses that engage in engineering, designing, manufacturing or installation services in the air pollution control industry including without limitation of the foregoing, (a) fabrication and installation of industrial ventilation, dust, fume and mist control systems, as well as automotive spray booth systems, industrial and process piping and other industrial sheet metal work, (b) fabrication of parts, subassemblies or customized products for air pollution and non-air pollution applications from sheet, plate and structural steel, (c) the provision of standard and non-standard components for contractors and companies that design and/or install their own air pollution control equipment, or (d) engineering services concentrated in the industrial ventilation area (the "Business");

Employee was employed by K&B and KTI, two of the Companies and wholly-owned subsidiaries of CECO, and will be employed by CECO to assist in the Business;

Such employment constitutes a confidential relationship wherein Employee will become familiar with and aware of information as to the specific manner of doing business and the potential acquisition candidates of the Companies and their affiliates and future plans with respect thereto, all of which information is secret and proprietary and constitutes valuable goodwill of the Companies and their affiliates;

Employee recognizes that the success of Companies' Business is dependent upon the maintenance of a number of proprietary trade secrets, including the identity of customers and potential acquisition candidates, the confidential information regarding and analysis of such candidates and the financial data of the Companies or either of them or their affiliates, and that the protection of these proprietary trade secrets is of critical importance to the Companies; and

Employee recognizes that the Companies will sustain great loss and damage if he should violate the provisions of this Agreement. Further, monetary damages for such losses would be extremely difficult to measure and would therefore be likely to be inadequate for any violation of this Agreement by Employee;

TERMS

For good and valuable consideration the parties hereby agree as follows:

1. Employment: K&B hereby employs Employee, and Employee hereby accepts employment with K&B. Employee shall be appointed the Vice President of K&B. Employee will perform the duties associated with such office and will perform such others duties as may be assigned to him from time to time by the board of directors, president or chief executive officer of K&B. During his employment, Employee shall devote his full time and best efforts to promote and further the business and services of K&B and the other Companies. Employee shall faithfully adhere to, execute and fulfill all policies established by K&B's board of directors. Employee shall not, during his employment hereunder, be engaged in any business or perform any services in any capacity other than for K&B or the other Companies, whether or not they interfere with his duties to K&B, without the prior approval of the Board of Directors of K&B, expect that no such approval shall be required with respect to volunteer activities for organizations with charitable purposes; provided that such activities do not interfere with his duties for K&B and are only occasionally during business hours. Without limiting the generality of any other provisions hereunder, under no circumstances shall Employee accept any form of remuneration from any business owner or broker with respect to any matter related to the Business of the Companies.

2. Term. This Agreement shall expire five years from the date hereof, unless terminated as herein provided (the "Term").

3. Compensation. During the Term, K&B shall compensate Employee as follows:

a. Salary. For his services during the Term, K&B shall pay to Employee a base salary of $100,000 per year, payable in accordance with K&B's standard payroll practices, but no less frequently than in monthly installments, and which may be increased from time to time in the discretion of the board of directors of K&B. The payment of salary and any bonuses paid hereunder shall be subject to all federal, state and local withholding taxes, social security tax deductions and other general obligations. Employee may be entitled to receive additional compensation from K&B in such form and only to the extent explicitly set forth below.

b. Other Compensation. Employee shall be entitled to participate, on the same terms as other non-union, executive employees of K&B, in any medical, dental or other health plan, 401(k) plan, stock option plan, profit-sharing plan and life insurance plan that K&B may adopt or maintain for such employees, any of which plans may be changed, terminated or eliminated by K&B at any time in their sole discretion.

c. Reimbursement of Expenses. K&B shall reimburse Employee for properly documented expenses that are incurred by Employee on behalf of K&B in accordance with corporate policies in effect from time to time.

d. Stock Purchase Warrants. Employee shall be granted on the date hereof a stock purchase warrant (the "Stock Purchase Warrant") in the form of Exhibit A hereto exercisable for 217,000 shares of CEC's common stock. The such stock purchase warrant shall become exercisable over a period of four (4) years at the rate of one-quarter of the stock that can be purchased under such stock purchase warrant on each of the first four (4) anniversaries of the date immediately prior to the date of this Agreement. Such Stock Purchase Warrant shall have a term of ten (10) years.

e. Bonus. In addition to the foregoing, K&B shall pay a bonus (the "Bonus") to Employee with respect to each the fiscal years ended as of December 31, 2000, 2001, 2002, 2003 and 2004 equal to (i) 21.7% of 25% of the net income before interest and taxes in excess of $4,000,000 of CEC as reported on its audited financial statements filed with the Securities and Exchange Commission ("SEC") with respect to such year, less (ii) the contribution made on behalf of Employee to any profit sharing or 401(k) plan by CEC, CECO, K&B or any affiliate (other than Employee) with respect to such fiscal year. Net income shall be calculated in accordance with generally accepted accounting principles, consistently applied, as such may be modified or mandated by rules and regulations promulgated by the SEC or any other body that may have been delegated such responsibility.

If this Agreement shall be terminated prior to the expiration of its term for any reason (other than a termination of this Agreement by K&B without Cause, as defined below, or Breach by K&B, as defined below), Employee shall only be paid Bonuses for the period through the date of termination. If Employee is terminated without Cause and not as a result of disability, as defined below, or terminates this Agreement as a result of a Breach by K&B, Employee shall continue to receive Bonuses as if he had been employed for the entire term of this Agreement. The Bonus with respect to the year of termination (other than termination without Cause and not as a result of a disability) shall be equal to a fraction of the amount of the Bonus otherwise payable with respect to such year as a whole, where the numerator of such fraction shall be the number of days in the year of termination between January 1 and the date of termination, inclusive, and the denominator shall be 365 or 366 (the number of days in such year) as applicable. The Bonus with respect to each year shall be paid on or prior to May 15, of the year following the year with respect to which such Bonus relates.

Notwithstanding the foregoing, no Bonus shall be paid if K&B, CECO or CEC is in default under any financing agreement with any bank or other financial institution or any other material agreement to which K&B, CECO or CEC is a party, or the payment of such Bonus would cause K&B,CEC or CECO to be in default under any such agreement. If no Bonus is paid as a result of the operation of the foregoing sentence, such Bonus shall accrue interest at the rate of 8% per annum, calculated on the basis of a 365/366 day year from June 30 of the year such Bonus was payable. Any such interest and accrued and unpaid Bonus shall be paid as soon as CEC, K&B or CECO ceases to be in default under such agreements and such payment would not cause a default under any such agreement.

4. Vacation. Employee shall be entitled to four (4) weeks of paid vacation in each full calendar year of employment at times mutually acceptable to Employee and K&B. Vacation shall be earned ratably over the course of a calendar year, and unused vacation time cannot be carried forward past December 31 of any year without the prior written consent of K&B.

5. Termination by K&B.

a. Termination for Cause. K&B may terminate this Agreement at any time for Cause, in which case Employee shall be entitled to receive base salary and Bonus accrued through the date of such termination. Any of the following shall constitute "Cause":

(i) any material breach by Employee of any of the terms of this Agreement or his non-competition agreement with K&B or the Employee Innovations and Proprietary Rights Assignment Agreement between Employee and K&B where such breach is not cured within thirty (30) days after written notice of such breach is delivered to Employee;

(ii) intoxication with alcohol or drugs while on the premises of K&B or any of the Companies or any customer or potential customer to the extent that in the reasonable judgment of management, Employee is abusive or his ability to perform his duties and responsibilities under this Agreement is impaired;

(iii) conviction of a felony or any misdemeanor involving dishonesty, theft, the failure to tell the truth, other unethical behavior, racial prejudice, drugs, alcohol, sexual misconduct or any other crime likely to result in public disparagement with respect to any of the Companies;

(iv) intentional misappropriation of property belonging to K&B or any of the Companies;

(v) illegal business practices in connection with any of K&B or the Companies' businesses which could have a material adverse effect on CEC's, CECO's, K&B's or any of the Companies' or their business or financial position or reputation;

(vi) excessive absence of Employee from his employment during usual business hours for reasons other than vacation, disability or sickness after written notice thereof is delivered to Employee describing the nature of such excess absences and affording Employee one more opportunity to avoid excess absences; or

(vi) failure of Employee to obey directions of the Board of Directors of K&B, the president or chief executive officer of K&B.

(b) Termination Without Cause. K&B may terminate the employment of Employee, and this Agreement, without Cause at any time, in which event K&B shall pay to Employee, in full satisfaction of K&B's obligations to Employee under this Agreement, the compensation accrued but unpaid through the date of the termination of his employment, and shall continue to pay base salary and Bonuses for the balance of the Term of this Agreement as if he had remained employed by K&B for such term. Such amounts shall be earned and paid rateably over the applicable period in accordance with K&B's regular payroll practices.

(c) Breach by K&B. Employee may terminate his employment with K&B if K&B shall (i) materially breach any of its obligations and responsibilities under this Agreement and such breach shall be continuing, (ii) relocate the location of Employee's regular work place to a location more than 35 miles from its current location in Cincinnati, Ohio (excluding travel in the course of performing Employee's duties), and (iii) demote the Employee to a less prestigious position without the mutual agreement of K&B and the Employee (collectively, "Breach by K&B"); provided, that, Employee shall not terminate his employment under this paragraph (c) unless he shall first have delivered to CEC a written notice setting forth with particularity the basis for such termination and shall have given the Board of Directors of CEC an opportunity to meet with Employee and, if curable, to cure such breach within thirty (30) days following delivery of such written notice. If Employee's employment is terminated by reason of Breach by K&B, K&B shall pay the Employee his full accrued and unpaid compensation through the date of such termination, and shall continue to pay base salary and Bonuses for the balance of the term of this Agreement as if he had remained employed by K&B for such term. Such amounts shall be earned and paid rateably over the applicable period in accordance with K&B's regular payroll practices.

6. Termination on Account of Death or Disability. If Employee dies during the Term, this Agreement shall terminate, and K&B shall pay to the estate of Employee the base salary accrued but unpaid through the date of his death plus any Bonus accrued through the date of death (which shall be payable as provided above). The Board of Directors of K&B may elect to terminate the engagement of Employee for "disability," if Employee is no longer able to perform the duties of his position due to illness, accident or other physical or mental condition and such disability is expected to continue, with or without interruption, for a period of six months, or such greater period as may be required by any applicable law. If the Board of Directors of K&B determines that Employee is so disabled, it shall deliver notice to Employee and K&B shall pay to Employee the base salary accrued but unpaid through the date of the termination of his employment hereunder plus any Bonuses accrued to the date of such termination (which shall be payable as provided above) in full satisfaction of K&B's obligations to Employee under this Agreement.

7. Termination by Employee. Employee may terminate his employment at any time. If he does so other than as a result of a Breach by K&B, K&B shall pay to him the base salary accrued but unpaid through the date of such termination of his employment in full satisfaction of K&B's obligations to Employee under this Agreement and K&B shall only be obligated to pay Employee his Bonus for the period through and ending on the date of termination.

8. a. Confidentiality. Except in the furtherance of the business of the Companies, during and at all times after Employee's employment:

(i) Employee shall not disclose to any person or entity, without K&B's prior written consent, any confidential or secret proprietary information, whether prepared by him or others.

(ii) Employee shall not directly or indirectly use any such proprietary information other than as directed by K&B in writing.

(iii) Employee shall not remove confidential or secret proprietary information from the premises of K&B without the prior written consent of K&B.

Upon termination of his employment for whatever reason, with or without Cause, Employee will promptly deliver to K&B all originals and copies (whether in note, memo or other document form or on video, audio or computer tapes or discs or otherwise) of confidential or secret proprietary information in his possession, custody or control, whether prepared by him or others.

Confidential or secret proprietary information includes, but is not limited to:

(i) the name of any company or business, all or any substantial part of which is or at any time was a candidate for potential acquisition by any of the Companies, together with all analyses and other information which any of the Companies has generated, compiled or otherwise obtained with respect to such candidate, business or potential acquisition, or with respect to the potential effect of such acquisition on the business, assets, financial results or prospects of any of the Companies;

(ii) business, pricing and management methods;

(iii) finances, strategies, systems, research, surveys, plans, reports, recommendations and conclusions;

(iv) names of, arrangements with, or other information relating to, the Companies' customers, equipment suppliers, manufacturers, financiers, owners or operators, representatives and other persons who have business relationships with the Companies or who are prospects for business relationships with any of the Companies;

(v) technical information, work products and know-how; and

(vi) cost, operating, and other management information systems, and other software and programming.

b. Employee Inventions. Employee shall enter into an Employee Innovations and Proprietary Rights Assignment Agreement in the form of Exhibit B attached hereto.

9. Damages, etc. The parties acknowledge that monetary damages will be inadequate and the Companies will be irreparably damaged if the provisions of this Agreement are not specifically enforced. K&B shall be entitled, among other remedies, (a) without any bond or other security being required, to an injunction restraining any violation of this Agreement by Employee and by any person or entity to whom Employee provides or proposes to provide any services in violation of this Agreement, and (b) to require Employee to hold in a constructive trust, account for and pay over to K&B all compensation and other benefits which Employee shall derive as a result of any action or omission which is a violation of any provision of this Agreement.

10. Enforceability. If any provision contained in this Agreement is determined to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect as if the provision which was determined to be void, illegal, or unenforceable had not been contained herein. The courts or other parties enforcing this Agreement shall be entitled to modify the duration and scope of any restriction contained herein to the extent necessary to render such restriction enforceable, and such restriction as so modified shall be enforced.

11. Return of Property. All products, records, designs, plans, manuals, "field guides", memoranda, lists and other property delivered to Employee by or on behalf of any of the Companies or by their customers, including, but not limited to, customers obtained for any of them by Employee, and all records compiled by Employee which pertain to the business of any of the Companies, or any of their customers, whether or not confidential, shall be and remain the property of the Companies, and be subject at all times to the discretion and control of the Companies. Likewise, all correspondence with customers or representatives, reports, records, charts, advertising materials, and any data collected by Employee, or by or on behalf of any of the Companies or their representatives, whether or not confidential, shall be delivered promptly to K&B without request by it upon termination of Employee's employment.

12. Suits Against the Companies. Both during and after the term of his employment hereunder, Employee covenants that he will not bring suit or file counterclaims against the Companies or any of them for corporate misconduct, unless both of the following shall have occurred: (a) Employee shall have first made written demand to the Board of Director of CEC to investigate and deal with such misconduct, and (b) such Board of Directors shall have failed within 45 days after the date of receipt of such demand to establish a Special Litigation Committee, consisting exclusively of outside directors, to investigate and deal with such misconduct. Without limiting the generality of and to further implement the foregoing, Employee irrevocably and unconditionally consents at the option of either of the Companies to the entry of temporary restraining orders and temporary and permanent injunctions, without posting bond or other security, against the filing of any action or counterclaim which is prohibited hereunder. The opinion of such Board of Directors shall be binding and conclusive on the determination of which directors constitute "outside directors", and the determination of the Special Litigation Committee shall be binding and conclusive on all matters relating to the actual or alleged misconduct which is referred to it as aforesaid.

13. Cooperation in Proceedings. During and after the termination of Employee's employment, Employee shall for reasonable compensation consistent with his compensation from K&B cooperate fully and at reasonable times with any of the Companies in all litigation and regulatory proceedings with respect to which any of the Companies seeks Employee's assistance and as to which Employee has any knowledge or involvement. Without limiting the generality of the foregoing, Employee shall be available to testify at such litigations and other proceedings, and will cooperate with counsel to the Companies in preparing materials and offering advice in such litigation and other proceedings. Except as required by law, and then only upon reasonable prior written notice to K&B, Employee shall not in any way cooperate or assist any person or entity in any matter which is adverse to any of the Companies or to any person who was at any time an officer or director of any of the Companies.

14. Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing and will be deemed duly given when personally delivered, the next business day when deposited with Federal Express or other nationally recognized overnight courier service delivery prepaid or five (5) business days after being sent by registered mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to Employee:	Copy to:
	______________________________
________________________	______________________________
________________________	______________________________
	______________________________

If to K&B:	Copy to:
c/o CECO Environmental Corp. 505 University Avenue Suite 1400 Toronto, Ontario M5G 1X3 Canada	Leslie J. Weiss, Esq. Sugar, Friedberg & Felsenthal 30 North LaSalle Street Suite 2600 Chicago, Illinois 60602-2506

Either party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

15. Survival. The provisions of Sections 8 through 18 and 21 shall survive the termination of this Agreement.

16. Other Agreements. Employee represents that he has furnished to K&B copies of all agreements which restrict or limit or could restrict or limit his services for K&B at any time during the term. However, nothing in this Agreement shall be construed to render an opinion as to the interpretation or validity of any agreements with prior employers purporting to restrict or limit Employee's services for K&B.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio without giving effect to any choice or conflict of law provision or rule, whether of the State of Ohio or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than the State of Ohio. In the event of any dispute or claim relating to arising out of Employee's employment relationship with K&B, Employee's stock options, the Stock Purchase Warrant or the termination of Employee's employment relationship with K&B (including, without limitation of the foregoing, any claim of wrongful termination or age, sex disability, race or other discrimination), Employee and K&B agree that (i) all such disputes shall be fully and finally resolved by binding arbitration conducted by the American Arbitration Association in Cook County, Illinois, and (ii) each waives his or its rights to have such dispute tried by a court or a jury. RIGHT TO TRIAL BY JURY IS WAIVED. However, Employee and K&B agree that this arbitration provision shall not apply to any disputes or claims relating to or arising out of the misuse or misappropriation of K&B's or any Companies' trade secrets, proprietary information, other proprietary rights or property. With respect to each such dispute, each of the parties submits to the jurisdiction of any state court sitting in Cincinnati, Ohio or the United States District Court for the Southern District of Ohio.

18. Advice of Counsel. Employee has been advised by his own counsel concerning this Agreement prior to executing this Agreement.

19. Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective heirs, legal representatives, successors and permitted assigns. Employee may not assign either this Agreement or any of Employee's rights, interests or obligations hereunder. K&B may assign any or all of its rights and interests hereunder to any person or entity that acquires the business of K&B or any Company, or to any entity with which such company merges or consolidates.

20 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same agreement.

21 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

22 Waiver. The waiver of a breach of any provision of this Agreement shall not operate or be construed to be a waiver of any other provision or of a subsequent or prior breach of this Agreement.

23 Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous negotiations, correspondence, understandings and agreements between the parties regarding the subject matter of this Agreement. This Agreement may not be amended or modified or any provision waived except in a writing signed by both parties and supported by new consideration.

Executed as of the date first above set forth.

THE KIRK & BLUM MANUFACTURING COMPANY

By: /s/ Richard J. Blum

Its: President

Lawrence J. Blum
- -----------------------------------
Lawrence J. Blum, Employee

GUARANTY

The undersigned corporations hereby guaranty the foregoing obligations of The Kirk & Blum Manufacturing Company.

CECO ENVIRONMENTAL CORP.

By: /s/ Phillip DeZwirek

Its: President

CECO GROUP, INC.

By: /s/ Phillip DeZwirek

Its: President

EXHIBIT 10.5

THE ISSUANCE OF THIS WARRANT AND THE COMMON STOCK THAT MAY BE ACQUIRED UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND THIS WARRANT AND SUCH COMMON STOCK MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER OR OTHER DISPOSITION HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR AN EXEMPTION UNDER THE ACT AND SUCH LAWS IS AVAILABLE FOR THEIR TRANSFER OR OTHER DISPOSITION.

CECO ENVIRONMENTAL CORP.

WARRANT

DATED: December 7, 1999 (the "Grant Date")

NUMBER OF SHARES: 217,000

HOLDER: Lawrence J. Blum

ADDRESS:

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1. Grant of Right to Purchase. THIS CERTIFIES THAT the Holder is entitled to purchase from CECO ENVIRONMENTAL CORP., a New York corporation (hereinafter called the "Company"), the number of shares of the Company's common stock ("Common Stock") set forth above, at an exercise price equal to $2.9375 (the "Exercise Price"). This Warrant may be exercised on or after the one year anniversary of the date hereof and prior to expiration as provided in Section 8 below.

2. Expiration Date. All rights granted under this Warrant shall expire on December 6, 2009 (the "Expiration Date") except as provided in Sections 10, 11 and 12 below.

3. Restricted Securities. Subject to Section 9 below, this Warrant and the Common Stock issuable on exercise of this Warrant (the "Underlying Shares") may be transferred, sold, assigned or hypothecated only if registered by the Company under the Act or if the Company has received from counsel to the Holder, reasonably satisfactory to the Company and its counsel, a written opinion to the effect that registration of the Warrant or the Underlying Shares is not necessary in connection with such transfer, sale, assignment or hypothecation. The Holder shall through his counsel provide such information as is reasonably necessary in connection with such opinion. This Warrant and the Underlying Shares shall be appropriately legended to reflect these restrictions and stop transfer instructions shall apply.

4. Mechanics of Assignment. Subject to Section 9, any permitted assignment of this Warrant shall be effected by the Holder by (i) executing a written assignment with the signature of the Holder guaranteed by a commercial bank or a member of the New York Stock Exchange; (ii) surrendering this Warrant for cancellation at the office of the Company, accompanied by the opinion of his counsel referred to above; and (iii) unless in connection with an effective registration statement which covers the sale of this Warrant and or the Underlying Shares, delivery to the Company of a statement by the transferee (in a form acceptable to the Company and its counsel) that such Warrant is being acquired by the transferee for investment and not with a view to its distribution or resale; whereupon the Company shall issue, in the name or names specified by the Holder (including the Holder) new Warrants representing in the aggregate rights to purchase the same number of Underlying Shares as are purchasable under the Warrant surrendered. The transferor will pay all relevant transfer taxes arising from the assignment of this Warrant. Replacement warrants shall bear the same legend as is borne by this Warrant.

5. Definition of Holder. The term "Holder" should be deemed to include any permitted record transferee of this Warrant.

6. Underlying Shares. The Company covenants and agrees that all shares of Common Stock which may be issued upon exercise hereof will, upon issuance, be duly and validly issued, fully paid and nonassessable and free of all taxes, liens, and charges with respect to the issue thereof and that no personal liability will attach to the Holder thereof. The Company further covenants and agrees that, during the periods within which this Warrant may be exercised, the Company will at all times have authorized and reserved a sufficient number of shares of Common Stock for issuance upon exercise of this Warrant and all other Warrants.

7. No Voting Rights. This Warrant shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

8. Adjustments.

(a) Whenever the Company shall (i) declare or pay a dividend or make a distribution on shares of Common Stock in shares of Common Stock or in any other shares of capital stock of the Company or in other securities of the Company, (ii) subdivide, split or reclassify the outstanding shares of Common Stock into a greater number of shares of Common Stock or (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares of Common Stock, the Exercise Price in effect at the time of the record date for such dividend or distribution or on the effective date of such subdivision, split, combination or reclassification, shall be proportionately adjusted so that the Holder shall, upon exchange into shares of Common Stock after such time, be entitled to receive the number of shares of Common Stock or other securities of the Company which the Holder would have been entitled to receive immediately after such time had this Warrant been exchanged into shares of Common Stock immediately prior to such time. Such adjustment shall be made successively each time any event described in this paragraph (a) shall occur.

(b) In case of any reclassification, capital reorganization or change by the Company of the outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision, combination or reclassification of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock (which is treated in paragraph (a) above), but including any change of such shares into one or more other classes or series of shares of capital stock), or in case of any consolidation of the Company with, or merger of the Company with or into, another person (other than a consolidation or merger in which the Company is the continuing entity and which does not result in any reclassification or change of the Company's outstanding shares), or in case of any sale or other conveyance to another person of the property of the Company as an entirety or substantially as an entirety, the Company or such successor or purchasing person shall provide, as a condition to such transaction, that the Holder shall acquire, upon exchange for this Warrant the kind and amount of shares and other securities and property (including cash and evidences of indebtedness) which would have been received by Holder upon such reclassification, reorganization, change, consolidation, merger, or sale or conveyance of assets if the Holder had exchanged this Warrant into shares of Common Stock immediately prior thereto. Such other person, which shall thereafter be deemed to be the Company for purposes of this paragraph (b), shall provide for similar future adjustments as nearly equivalent as may be practicable to the adjustments provided herein. Such adjustment shall be made successively each time any event described above in this paragraph (b) shall occur.

(c) In the event the Company at any time after the date of the original issuance of this Warrant shall distribute shares of stock or other securities of other persons, evidences of indebtedness issued by the Company or other property (other than cash) to the holders of its Common Stock by way of dividend or otherwise, in either case other than in connection with a capital reorganization, consolidation, merger or sale or other conveyance of all or substantially all of the Company's assets (each of which transactions is provided for in paragraph (b) above), then, in each such case, the Holder, upon exchange of this Warrant into shares of Common Stock as provided hereby, shall be entitled to receive, and the Company shall reserve for issuance to the Holder upon such exchange, the shares of stock or other securities, evidences of indebtedness, or other property which it would have been entitled to receive if it had so exchanged and become the holder of record of the shares of Common Stock issued upon such exchange immediately prior to the record date fixed for the determination of the stockholders entitled to receive such dividend or distribution. The foregoing adjustments shall be made successively whenever any event listed above in this paragraph (c) shall occur.

(d) Upon the occurrence of any event requiring an adjustment of the Exercise Price, then and in each such case the Company shall give prompt written notice thereof to the Holder, which notice shall state the Exercise Price resulting from such adjustment, setting forth in reasonable detail the method upon which such calculation is based and stating that such adjustment calculation has been reviewed and approved by the Company's independent certified public accountants.

(e) In case at any time:

(i) the Company shall declare any dividend upon its Common Stock payable in cash, stock, property or any security (whether of the Company or otherwise) or make any other distribution to the holders of its Common Stock;

(ii) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights;

(iii) there shall be any capital reorganization or reclassification of the capital stock of the Company, or a consolidation or merger of the Company with or into, or a sale of all or substantially all its assets to, another entity or entities; or

(iv) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, in any one or more of said cases, the Company shall give (A) at least ten days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up and (B) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, at least ten days' prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause (A) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto and such notice in accordance with the foregoing clause (B) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Notwithstanding the provisions of this paragraph (e) set forth above, whenever the Company shall be required to give written notice of any event, such notice shall be deemed to have been given if the Company issues a public announcement of such event within the applicable time frame set out above in this paragraph (e).

9. No Transfers Prior to Death. This Warrant shall be neither transferable nor assignable by the Holder, either voluntarily or involuntarily, other than by will or by the laws of descent and distribution and may be exercised, during Holder's lifetime, only by Holder.

10. Vestings. This Warrant shall become exercisable in installments, the Holder having the right to purchase from the Company the following number of Underlying Shares upon exercise of the Warrant, on and after the following dates:

(a) on and after the date that is one (1) year after the Grant Date, not more than twenty-five percent (25%) of the total number of Underlying Shares issuable pursuant to this Warrant; and

(b) on and after the date that is two (2) years after the Grant Date, not more than fifty percent (50%) of the total number of Underlying Shares issuable pursuant to this Warrant (less any Underlying Shares previously purchased pursuant to prior partial exercises of this Warrant); and

(c) on and after the date that is three (3) years after the Grant Date, not more than seventy-five percent (75%) of the total number of Underlying Shares issuable pursuant to this Warrant (less any Underlying Shares previously purchased pursuant to prior partial exercises of this Warrant); and

(d) on and after the date that is four (4) years after the Grant Date all of the Underlying Shares issuable pursuant to this Warrant (less any Underlying Shares previously purchased pursuant to prior partial exercises of this Warrant).

If the initial Holder (i) voluntarily terminates his employment with the Company or any of its subsidiaries (other than a termination under Section 5(c) of the initial Holder's employment agreement with CECO Group, Inc.), (ii) is terminated for Cause, as defined in and pursuant to the Holder's employment agreement with a subsidiary of the Company, (iii) dies or (iv) ceases to be employed by the Company or any of its subsidiaries as a result of becoming disabled, then the right to purchase additional Underlying Shares hereunder, other than Underlying Shares that the initial Holder then had the right to purchase immediately prior to such event, shall immediately terminate. The right to purchase Underlying Shares that the Holder then has the right to purchase shall be, subject to the provisions of Sections 11 and 12 hereof, exercisable prior to the Expiration Date. Once exercisable, the right to purchase Underlying Shares shall remain so exercisable unless this Warrant is sooner terminated under Sections 11 and 12 of this Warrant.

11. Accelerated Termination of Warrant Term. The Warrant shall cease to be exercisable (a) at the Expiration Date, or (b) prior to the Expiration Date, should one of the following provisions become applicable:

(i) Except as otherwise provided in subparagraphs (ii), (iii), (iv) or (v) below, should the initial Holder cease to be an employee of the Company or any of its subsidiaries at any time prior to the Expiration Date (other than a termination under Section 5(c) of the initial Holder's employment agreement with CECO Group, Inc.), then the remaining period for exercising this Warrant shall be a twelve (12) complete calendar month period commencing on the date of such cessation of employee status, but in no event shall this Warrant be exercisable at any time after the Expiration Date. Upon the expiration of such twelve (12) month period or (if earlier) upon the Expiration Date, this Warrant shall terminate and cease to be outstanding.

(ii) Should the initial Holder die while this Warrant is outstanding, then the executors or administrators of Holder's estate or Holder's heirs or legatees (as the case may be) shall have the right to exercise this Warrant for the number of shares (if any) for which the Warrant is exercisable on the date of such Holder's death. Such right shall lapse and this Warrant shall cease to be exercisable upon the earlier of (i) twelve (12) complete calendar months commencing on the date of the Holder's death or (ii) the Expiration Date.

(iii) Should the initial Holder become permanently disabled and cease by reason thereof to be an employee of the Company or any of its subsidiaries at any time during the Warrant term, then Holder shall have a period of twelve (12) complete calendar months commencing on the date of the Holder's cessation of Employee status during which to exercise this Warrant; provided, however, that in no event shall this Warrant be exercisable at any time after the Expiration Date. The initial Holder shall be deemed to be permanently disabled if Holder is, by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of not less than six months, unable to perform his usual duties for the Company or its subsidiary corporations.

(iv) Should the initial Holder's status as an employee be terminated for cause (including, but not limited to, any act of dishonesty, willful misconduct, failure to perform material duties, fraud or embezzlement or any unauthorized disclosure or use of confidential information or trade secrets or as otherwise defined in the initial Holder's employment agreement with the Company's subsidiary) or should the initial Holder make or attempt to make any unauthorized use or disclosure of the confidential information or trade secrets of the Company or any subsidiary corporations, then in any such event this Warrant shall terminate and cease to be exercisable upon the earlier of (i) the date that is thirty (30) days after the date of such termination of employee status or such unauthorized disclosure or use of confidential or secret information or attempt thereat, or (ii) the Expiration Date. Nothing hereunder shall limit any remedy available to the Company, any subsidiary corporation, at law, in equity or otherwise, recoverable from Holder for any such act, disclosure or use by Holder.

(v) Should the initial Holder's status as an employee of a subsidiary of the Company be terminated by such subsidiary other than for Cause, as defined in the initial Holder's employment agreement with such subsidiary, this Warrant shall not expire until the Expiration Date except as provided in Section 12 below.

12. Special Termination of Warrant.

(a) In the event the Company shall engage in one or more of the following transactions (a "Corporate Transaction"):

(i) a merger, consolidation or acquisition in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state of the Company's incorporation;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company; or

(iii) any other corporate reorganization or business combination in which fifty percent (50%) or more of the Company's outstanding voting stock is purchased by, exchanged with or otherwise transferred to new holders in a single transaction or a series of related transactions;

then this Warrant shall expire upon the consummation of such Corporate Transaction and cease to be exercisable, unless the obligations of the Company under this Warrant are expressly assumed by the successor corporation or corporation parent thereof. The Company shall provide the Holder at least thirty (30) days prior written notice of the date of the Corporate Transaction and whether, upon such Corporate Transaction, this Warrant shall expire or be assumed by the successor corporation or parent corporation thereof. The Company can give no assurance that this Warrant shall be assumed by the successor corporation or its parent company and it may occur that some of the Company's stock purchase warrants and stock options outstanding on or prior to the date of a Corporate Transaction will be assumed or otherwise modified while this Warrant is terminated or vice versa. Such termination or assumption will not necessary be on the same terms on which other substantially similar warrants are terminated or assumed.

(b) In the event of a Corporate Transaction, the Company shall accelerate the vesting schedule contained in Section 10 hereof, and the Holder shall have the right to exercise the Warrant with respect to all Underlying Shares not then subject to purchase pursuant to Section 10 for a period of not less than five (5) days ending on the date of the consummation of the Corporate Transaction. The Company shall give the Holder written notice of such period.

(c) This Warrant shall not in any way affect the right of the Company to make changes in its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

13. Mechanics of Exercise. The rights represented by this Warrant may be exercised at any time within the period above specified by (i) surrender of this Warrant, endorsed to the Company, with signature guaranteed by a commercial bank or a member firm of the New York Stock Exchange, at the principal executive office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company), accompanied by a statement signed by the Holder stating the extent to which the Holder is exercising this Warrant; (ii) payment to the Company of the exercise price for the number of Underlying Shares specified in the above-mentioned writing together with applicable stock transfer taxes, if any; and (iii) unless in connection with an effective registration statement which covers the sale Underlying Shares, the delivery to the Company of a statement by the Holder (in a form acceptable to the Company and its counsel) that such Underlying Shares are being acquired by the Holder for investment and not with a view to their distribution or resale.

14. Miscellaneous. This Warrant shall be governed by and construed in accordance with the laws of the state of New York. The federal and state courts in Chicago, Illinois shall have exclusive jurisdiction over this instrument and the enforcement thereof. Service of process shall be effective if by certified mail, return receipt requested. All notices shall be in writing and shall be deemed given upon receipt by the party to whom addressed. This instrument shall be enforceable by decrees of specific performances well as other remedies.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer, and to be dated as of the date set forth above.

CECO ENVIRONMENTAL CORP.

By: Phillip DeZwirek

Name: Phillip DeZwirek

Its: President

EXHIBIT 10.6

This Document is subject to the terms of a Subordination Agreement in favor of PNC Bank, National Association, as agent for certain banks. Notwithstanding any contrary statement contained in the within instrument, no payment on account of any obligation arising from or in connection with the within instrument or any related agreement (whether of principal, interest or otherwise) shall be made, paid, received or accepted except in accordance with the terms of said Subordination Agreement.

EMPLOYMENT AGREEMENT

This agreement ("Agreement") is made as of December 7, 1999 by and among The Kirk & Blum Manufacturing Company, an Ohio corporation ("K&B"), and DAVID D. BLUM (the "Employee").

RECITALS

K&B is a wholly-owned subsidiary of CECO Group, Inc., a Delaware corporation. CECO is a wholly-owned subsidiary of CECO Environmental Corp., a New York corporation ("CEC");

CEC, CECO and the other direct and indirect subsidiaries of CEC, including without limitation of the foregoing K&B and kbd/Technic, Inc. ("KTI" and collectively with all of the foregoing, the "Companies") are engaged in the business of acquiring and operating businesses that engage in engineering, designing, manufacturing or installation services in the air pollution control industry including without limitation of the foregoing, (a) fabrication and installation of industrial ventilation, dust, fume and mist control systems, as well as automotive spray booth systems, industrial and process piping and other industrial sheet metal work, (b) fabrication of parts, subassemblies or customized products for air pollution and non-air pollution applications from sheet, plate and structural steel, (c) the provision of standard and non-standard components for contractors and companies that design and/or install their own air pollution control equipment, or (d) engineering services concentrated in the industrial ventilation area (the "Business");

Employee was employed by K&B and KTI, two of the Companies and wholly-owned subsidiaries of CECO, and will be employed by CECO to assist in the Business;

Such employment constitutes a confidential relationship wherein Employee will become familiar with and aware of information as to the specific manner of doing business and the potential acquisition candidates of the Companies and their affiliates and future plans with respect thereto, all of which information is secret and proprietary and constitutes valuable goodwill of the Companies and their affiliates;

Employee recognizes that the success of Companies' Business is dependent upon the maintenance of a number of proprietary trade secrets, including the identity of customers and potential acquisition candidates, the confidential information regarding and analysis of such candidates and the financial data of the Companies or either of them or their affiliates, and that the protection of these proprietary trade secrets is of critical importance to the Companies; and

Employee recognizes that the Companies will sustain great loss and damage if he should violate the provisions of this Agreement. Further, monetary damages for such losses would be extremely difficult to measure and would therefore be likely to be inadequate for any violation of this Agreement by Employee;

TERMS

For good and valuable consideration the parties hereby agree as follows:

1. Employment: K&B hereby employs Employee, and Employee hereby accepts employment with K&B. Employee shall be appointed the Vice President of K&B. Employee will perform the duties associated with such office and will perform such others duties as may be assigned to him from time to time by the board of directors, president or chief executive officer of K&B. During his employment, Employee shall devote his full time and best efforts to promote and further the business and services of K&B and the other Companies. Employee shall faithfully adhere to, execute and fulfill all policies established by K&B's board of directors. Employee shall not, during his employment hereunder, be engaged in any business or perform any services in any capacity other than for K&B or the other Companies, whether or not they interfere with his duties to K&B, without the prior approval of the Board of Directors of K&B, expect that no such approval shall be required with respect to volunteer activities for organizations with charitable purposes; provided that such activities do not interfere with his duties for K&B and are only occasionally during business hours. Without limiting the generality of any other provisions hereunder, under no circumstances shall Employee accept any form of remuneration from any business owner or broker with respect to any matter related to the Business of the Companies.

2. Term. This Agreement shall expire five years from the date hereof, unless terminated as herein provided (the "Term").

3. Compensation. During the Term, K&B shall compensate Employee as follows:

a. Salary. For his services during the Term, K&B shall pay to Employee a base salary of $154,000 per year, payable in accordance with K&B's standard payroll practices, but no less frequently than in monthly installments, and which may be increased from time to time in the discretion of the board of directors of K&B. The payment of salary and any bonuses paid hereunder shall be subject to all federal, state and local withholding taxes, social security tax deductions and other general obligations. Employee may be entitled to receive additional compensation from K&B in such form and only to the extent explicitly set forth below.

b. Other Compensation. Employee shall be entitled to participate, on the same terms as other non-union, executive employees of K&B, in any medical, dental or other health plan, 401(k) plan, stock option plan, profit-sharing plan and life insurance plan that K&B may adopt or maintain for such employees, any of which plans may be changed, terminated or eliminated by K&B at any time in their sole discretion.

c. Reimbursement of Expenses. K&B shall reimburse Employee for properly documented expenses that are incurred by Employee on behalf of K&B in accordance with corporate policies in effect from time to time.

d. Stock Purchase Warrants. Employee shall be granted on the date hereof a stock purchase warrant (the "Stock Purchase Warrant") in the form of Exhibit A hereto exercisable for 335,000 shares of CEC's common stock. The such stock purchase warrant shall become exercisable over a period of four (4) years at the rate of one-quarter of the stock that can be purchased under such stock purchase warrant on each of the first four (4) anniversaries of the date immediately prior to the date of this Agreement. Such Stock Purchase Warrant shall have a term of ten (10) years.

e. Bonus. In addition to the foregoing, K&B shall pay a bonus (the "Bonus") to Employee with respect to each the fiscal years ended as of December 31, 2000, 2001, 2002, 2003 and 2004 equal to (i) 33.5% of 25% of the net income before interest and taxes in excess of $4,000,000 of CEC as reported on its audited financial statements filed with the Securities and Exchange Commission ("SEC") with respect to such year, less (ii) the contribution made on behalf of Employee to any profit sharing or 401(k) plan by CEC, CECO, K&B or any affiliate (other than Employee) with respect to such fiscal year. Net income shall be calculated in accordance with generally accepted accounting principles, consistently applied, as such may be modified or mandated by rules and regulations promulgated by the SEC or any other body that may have been delegated such responsibility.

If this Agreement shall be terminated prior to the expiration of its term for any reason (other than a termination of this Agreement by K&B without Cause, as defined below, or Breach by K&B, as defined below), Employee shall only be paid Bonuses for the period through the date of termination. If Employee is terminated without Cause and not as a result of disability, as defined below, or terminates this Agreement as a result of a Breach by K&B, Employee shall continue to receive Bonuses as if he had been employed for the entire term of this Agreement. The Bonus with respect to the year of termination (other than termination without Cause and not as a result of a disability) shall be equal to a fraction of the amount of the Bonus otherwise payable with respect to such year as a whole, where the numerator of such fraction shall be the number of days in the year of termination between January 1 and the date of termination, inclusive, and the denominator shall be 365 or 366 (the number of days in such year) as applicable. The Bonus with respect to each year shall be paid on or prior to May 15, of the year following the year with respect to which such Bonus relates.

Notwithstanding the foregoing, no Bonus shall be paid if K&B, CECO or CEC is in default under any financing agreement with any bank or other financial institution or any other material agreement to which K&B, CECO or CEC is a party, or the payment of such Bonus would cause K&B,CEC or CECO to be in default under any such agreement. If no Bonus is paid as a result of the operation of the foregoing sentence, such Bonus shall accrue interest at the rate of 8% per annum, calculated on the basis of a 365/366 day year from June 30 of the year such Bonus was payable. Any such interest and accrued and unpaid Bonus shall be paid as soon as CEC, K&B or CECO ceases to be in default under such agreements and such payment would not cause a default under any such agreement.

4. Vacation. Employee shall be entitled to four (4) weeks of paid vacation in each full calendar year of employment at times mutually acceptable to Employee and K&B. Vacation shall be earned ratably over the course of a calendar year, and unused vacation time cannot be carried forward past December 31 of any year without the prior written consent of K&B.

5. Termination by K&B.

a. Termination for Cause. K&B may terminate this Agreement at any time for Cause, in which case Employee shall be entitled to receive base salary and Bonus accrued through the date of such termination. Any of the following shall constitute "Cause":

(i) any material breach by Employee of any of the terms of this Agreement or his non-competition agreement with K&B or the Employee Innovations and Proprietary Rights Assignment Agreement between Employee and K&B where such breach is not cured within thirty (30) days after written notice of such breach is delivered to Employee;

(ii) intoxication with alcohol or drugs while on the premises of K&B or any of the Companies or any customer or potential customer to the extent that in the reasonable judgment of management, Employee is abusive or his ability to perform his duties and responsibilities under this Agreement is impaired;

(iii) conviction of a felony or any misdemeanor involving dishonesty, theft, the failure to tell the truth, other unethical behavior, racial prejudice, drugs, alcohol, sexual misconduct or any other crime likely to result in public disparagement with respect to any of the Companies;

(iv) intentional misappropriation of property belonging to K&B or any of the Companies;

(v) illegal business practices in connection with any of K&B or the Companies' businesses which could have a material adverse effect on CEC's, CECO's, K&B's or any of the Companies' or their business or financial position or reputation;

(vi) excessive absence of Employee from his employment during usual business hours for reasons other than vacation, disability or sickness after written notice thereof is delivered to Employee describing the nature of such excess absences and affording Employee one more opportunity to avoid excess absences; or

(vi) failure of Employee to obey directions of the Board of Directors of K&B, the president or chief executive officer of K&B.

(b) Termination Without Cause. K&B may terminate the employment of Employee, and this Agreement, without Cause at any time, in which event K&B shall pay to Employee, in full satisfaction of K&B's obligations to Employee under this Agreement, the compensation accrued but unpaid through the date of the termination of his employment, and shall continue to pay base salary and Bonuses for the balance of the Term of this Agreement as if he had remained employed by K&B for such term. Such amounts shall be earned and paid rateably over the applicable period in accordance with K&B's regular payroll practices.

(c) Breach by K&B. Employee may terminate his employment with K&B if K&B shall (i) materially breach any of its obligations and responsibilities under this Agreement and such breach shall be continuing, (ii) relocate the location of Employee's regular work place to a location more than 35 miles from its current location in Cincinnati, Ohio (excluding travel in the course of performing Employee's duties), and (iii) demote the Employee to a less prestigious position without the mutual agreement of K&B and the Employee (collectively, "Breach by K&B"); provided, that, Employee shall not terminate his employment under this paragraph (c) unless he shall first have delivered to CEC a written notice setting forth with particularity the basis for such termination and shall have given the Board of Directors of CEC an opportunity to meet with Employee and, if curable, to cure such breach within thirty (30) days following delivery of such written notice. If Employee's employment is terminated by reason of Breach by K&B, K&B shall pay the Employee his full accrued and unpaid compensation through the date of such termination, and shall continue to pay base salary and Bonuses for the balance of the term of this Agreement as if he had remained employed by K&B for such term. Such amounts shall be earned and paid rateably over the applicable period in accordance with K&B's regular payroll practices.

6. Termination on Account of Death or Disability. If Employee dies during the Term, this Agreement shall terminate, and K&B shall pay to the estate of Employee the base salary accrued but unpaid through the date of his death plus any Bonus accrued through the date of death (which shall be payable as provided above). The Board of Directors of K&B may elect to terminate the engagement of Employee for "disability," if Employee is no longer able to perform the duties of his position due to illness, accident or other physical or mental condition and such disability is expected to continue, with or without interruption, for a period of six months, or such greater period as may be required by any applicable law. If the Board of Directors of K&B determines that Employee is so disabled, it shall deliver notice to Employee and K&B shall pay to Employee the base salary accrued but unpaid through the date of the termination of his employment hereunder plus any Bonuses accrued to the date of such termination (which shall be payable as provided above) in full satisfaction of K&B's obligations to Employee under this Agreement.

7. Termination by Employee. Employee may terminate his employment at any time. If he does so other than as a result of a Breach by K&B, K&B shall pay to him the base salary accrued but unpaid through the date of such termination of his employment in full satisfaction of K&B's obligations to Employee under this Agreement and K&B shall only be obligated to pay Employee his Bonus for the period through and ending on the date of termination.

8. a. Confidentiality. Except in the furtherance of the business of the Companies, during and at all times after Employee's employment:

(i) Employee shall not disclose to any person or entity, without K&B's prior written consent, any confidential or secret proprietary information, whether prepared by him or others.

(ii) Employee shall not directly or indirectly use any such proprietary information other than as directed by K&B in writing.

(iii) Employee shall not remove confidential or secret proprietary information from the premises of K&B without the prior written consent of K&B.

Upon termination of his employment for whatever reason, with or without Cause, Employee will promptly deliver to K&B all originals and copies (whether in note, memo or other document form or on video, audio or computer tapes or discs or otherwise) of confidential or secret proprietary information in his possession, custody or control, whether prepared by him or others.

Confidential or secret proprietary information includes, but is not limited to:

(i) the name of any company or business, all or any substantial part of which is or at any time was a candidate for potential acquisition by any of the Companies, together with all analyses and other information which any of the Companies has generated, compiled or otherwise obtained with respect to such candidate, business or potential acquisition, or with respect to the potential effect of such acquisition on the business, assets, financial results or prospects of any of the Companies;

(ii) business, pricing and management methods;

(iii) finances, strategies, systems, research, surveys, plans, reports, recommendations and conclusions;

(iv) names of, arrangements with, or other information relating to, the Companies' customers, equipment suppliers, manufacturers, financiers, owners or operators, representatives and other persons who have business relationships with the Companies or who are prospects for business relationships with any of the Companies;

(v) technical information, work products and know-how; and

(vi) cost, operating, and other management information systems, and other software and programming.

b. Employee Inventions. Employee shall enter into an Employee Innovations and Proprietary Rights Assignment Agreement in the form of Exhibit B attached hereto.

9. Damages, etc. The parties acknowledge that monetary damages will be inadequate and the Companies will be irreparably damaged if the provisions of this Agreement are not specifically enforced. K&B shall be entitled, among other remedies, (a) without any bond or other security being required, to an injunction restraining any violation of this Agreement by Employee and by any person or entity to whom Employee provides or proposes to provide any services in violation of this Agreement, and (b) to require Employee to hold in a constructive trust, account for and pay over to K&B all compensation and other benefits which Employee shall derive as a result of any action or omission which is a violation of any provision of this Agreement.

10. Enforceability. If any provision contained in this Agreement is determined to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect as if the provision which was determined to be void, illegal, or unenforceable had not been contained herein. The courts or other parties enforcing this Agreement shall be entitled to modify the duration and scope of any restriction contained herein to the extent necessary to render such restriction enforceable, and such restriction as so modified shall be enforced.

11. Return of Property. All products, records, designs, plans, manuals, "field guides", memoranda, lists and other property delivered to Employee by or on behalf of any of the Companies or by their customers, including, but not limited to, customers obtained for any of them by Employee, and all records compiled by Employee which pertain to the business of any of the Companies, or any of their customers, whether or not confidential, shall be and remain the property of the Companies, and be subject at all times to the discretion and control of the Companies. Likewise, all correspondence with customers or representatives, reports, records, charts, advertising materials, and any data collected by Employee, or by or on behalf of any of the Companies or their representatives, whether or not confidential, shall be delivered promptly to K&B without request by it upon termination of Employee's employment.

12. Suits Against the Companies. Both during and after the term of his employment hereunder, Employee covenants that he will not bring suit or file counterclaims against the Companies or any of them for corporate misconduct, unless both of the following shall have occurred: (a) Employee shall have first made written demand to the Board of Director of CEC to investigate and deal with such misconduct, and (b) such Board of Directors shall have failed within 45 days after the date of receipt of such demand to establish a Special Litigation Committee, consisting exclusively of outside directors, to investigate and deal with such misconduct. Without limiting the generality of and to further implement the foregoing, Employee irrevocably and unconditionally consents at the option of either of the Companies to the entry of temporary restraining orders and temporary and permanent injunctions, without posting bond or other security, against the filing of any action or counterclaim which is prohibited hereunder. The opinion of such Board of Directors shall be binding and conclusive on the determination of which directors constitute "outside directors", and the determination of the Special Litigation Committee shall be binding and conclusive on all matters relating to the actual or alleged misconduct which is referred to it as aforesaid.

13. Cooperation in Proceedings. During and after the termination of Employee's employment, Employee shall for reasonable compensation consistent with his compensation from K&B cooperate fully and at reasonable times with any of the Companies in all litigation and regulatory proceedings with respect to which any of the Companies seeks Employee's assistance and as to which Employee has any knowledge or involvement. Without limiting the generality of the foregoing, Employee shall be available to testify at such litigations and other proceedings, and will cooperate with counsel to the Companies in preparing materials and offering advice in such litigation and other proceedings. Except as required by law, and then only upon reasonable prior written notice to K&B, Employee shall not in any way cooperate or assist any person or entity in any matter which is adverse to any of the Companies or to any person who was at any time an officer or director of any of the Companies.

14. Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing and will be deemed duly given when personally delivered, the next business day when deposited with Federal Express or other nationally recognized overnight courier service delivery prepaid or five (5) business days after being sent by registered mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to Employee:	Copy to:
	__________________________
________________________	__________________________
________________________	__________________________
	__________________________

If to K&B:	Copy to:
c/o CECO Environmental Corp. 505 University Avenue Suite 1400 Toronto, Ontario M5G 1X3 Canada	Leslie J. Weiss, Esq. Sugar, Friedberg & Felsenthal 30 North LaSalle Street Suite 2600 Chicago, Illinois 60602-2506

Either party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

15. Survival. The provisions of Sections 8 through 18 and 21 shall survive the termination of this Agreement.

16. Other Agreements. Employee represents that he has furnished to K&B copies of all agreements which restrict or limit or could restrict or limit his services for K&B at any time during the term. However, nothing in this Agreement shall be construed to render an opinion as to the interpretation or validity of any agreements with prior employers purporting to restrict or limit Employee's services for K&B.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio without giving effect to any choice or conflict of law provision or rule, whether of the State of Ohio or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than the State of Ohio. In the event of any dispute or claim relating to arising out of Employee's employment relationship with K&B, Employee's stock options, the Stock Purchase Warrant or the termination of Employee's employment relationship with K&B (including, without limitation of the foregoing, any claim of wrongful termination or age, sex disability, race or other discrimination), Employee and K&B agree that (i) all such disputes shall be fully and finally resolved by binding arbitration conducted by the American Arbitration Association in Cook County, Illinois, and (ii) each waives his or its rights to have such dispute tried by a court or a jury. RIGHT TO TRIAL BY JURY IS WAIVED. However, Employee and K&B agree that this arbitration provision shall not apply to any disputes or claims relating to or arising out of the misuse or misappropriation of K&B's or any Companies' trade secrets, proprietary information, other proprietary rights or property. With respect to each such dispute, each of the parties submits to the jurisdiction of any state court sitting in Cincinnati, Ohio or the United States District Court for the Southern District of Ohio.

18. Advice of Counsel. Employee has been advised by his own counsel concerning this Agreement prior to executing this Agreement.

19. Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective heirs, legal representatives, successors and permitted assigns. Employee may not assign either this Agreement or any of Employee's rights, interests or obligations hereunder. K&B may assign any or all of its rights and interests hereunder to any person or entity that acquires the business of K&B or any Company, or to any entity with which such company merges or consolidates.

20 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same agreement.

21 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

22 Waiver. The waiver of a breach of any provision of this Agreement shall not operate or be construed to be a waiver of any other provision or of a subsequent or prior breach of this Agreement.

23 Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous negotiations, correspondence, understandings and agreements between the parties regarding the subject matter of this Agreement. This Agreement may not be amended or modified or any provision waived except in a writing signed by both parties and supported by new consideration.

Executed as of the date first above set forth.

THE KIRK & BLUM MANUFACTURING COMPANY

By: /s/ Richard J. Blum

Its: President

/s/ David D. Blum
- ---------------------------------
David D. Blum, Employee

GUARANTY

The undersigned corporations hereby guaranty the foregoing obligations of The Kirk & Blum Manufacturing Company.

CECO ENVIRONMENTAL CORP.

By: /s/ Phillip DeZwirek

Its: President

CECO GROUP, INC.

By: /s/ Phillip DeZwirek

Its: President

THE ISSUANCE OF THIS WARRANT AND THE COMMON STOCK THAT MAY BE ACQUIRED UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND THIS WARRANT AND SUCH COMMON STOCK MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER OR OTHER DISPOSITION HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR AN EXEMPTION UNDER THE ACT AND SUCH LAWS IS AVAILABLE FOR THEIR TRANSFER OR OTHER DISPOSITION.

CECO ENVIRONMENTAL CORP.

WARRANT

DATED: December 7, 1999 (the "Grant Date")

NUMBER OF SHARES: 335,000

HOLDER: David D. Blum

ADDRESS:

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1. Grant of Right to Purchase. THIS CERTIFIES THAT the Holder is entitled to purchase from CECO ENVIRONMENTAL CORP., a New York corporation (hereinafter called the "Company"), the number of shares of the Company's common stock ("Common Stock") set forth above, at an exercise price equal to $2.9375 (the "Exercise Price"). This Warrant may be exercised on or after the one year anniversary of the date hereof and prior to expiration as provided in Section 8 below.

2. Expiration Date. All rights granted under this Warrant shall expire on December 6, 2009 (the "Expiration Date") except as provided in Sections 10, 11 and 12 below.

3. Restricted Securities. Subject to Section 9 below, this Warrant and the Common Stock issuable on exercise of this Warrant (the "Underlying Shares") may be transferred, sold, assigned or hypothecated only if registered by the Company under the Act or if the Company has received from counsel to the Holder, reasonably satisfactory to the Company and its counsel, a written opinion to the effect that registration of the Warrant or the Underlying Shares is not necessary in connection with such transfer, sale, assignment or hypothecation. The Holder shall through his counsel provide such information as is reasonably necessary in connection with such opinion. This Warrant and the Underlying Shares shall be appropriately legended to reflect these restrictions and stop transfer instructions shall apply.

4. Mechanics of Assignment. Subject to Section 9, any permitted assignment of this Warrant shall be effected by the Holder by (i) executing a written assignment with the signature of the Holder guaranteed by a commercial bank or a member of the New York Stock Exchange; (ii) surrendering this Warrant for cancellation at the office of the Company, accompanied by the opinion of his counsel referred to above; and (iii) unless in connection with an effective registration statement which covers the sale of this Warrant and or the Underlying Shares, delivery to the Company of a statement by the transferee (in a form acceptable to the Company and its counsel) that such Warrant is being acquired by the transferee for investment and not with a view to its distribution or resale; whereupon the Company shall issue, in the name or names specified by the Holder (including the Holder) new Warrants representing in the aggregate rights to purchase the same number of Underlying Shares as are purchasable under the Warrant surrendered. The transferor will pay all relevant transfer taxes arising from the assignment of this Warrant. Replacement warrants shall bear the same legend as is borne by this Warrant.

5. Definition of Holder. The term "Holder" should be deemed to include any permitted record transferee of this Warrant.

6. Underlying Shares. The Company covenants and agrees that all shares of Common Stock which may be issued upon exercise hereof will, upon issuance, be duly and validly issued, fully paid and nonassessable and free of all taxes, liens, and charges with respect to the issue thereof and that no personal liability will attach to the Holder thereof. The Company further covenants and agrees that, during the periods within which this Warrant may be exercised, the Company will at all times have authorized and reserved a sufficient number of shares of Common Stock for issuance upon exercise of this Warrant and all other Warrants.

7. No Voting Rights. This Warrant shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

8. Adjustments.

(a) Whenever the Company shall (i) declare or pay a dividend or make a distribution on shares of Common Stock in shares of Common Stock or in any other shares of capital stock of the Company or in other securities of the Company, (ii) subdivide, split or reclassify the outstanding shares of Common Stock into a greater number of shares of Common Stock or (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares of Common Stock, the Exercise Price in effect at the time of the record date for such dividend or distribution or on the effective date of such subdivision, split, combination or reclassification, shall be proportionately adjusted so that the Holder shall, upon exchange into shares of Common Stock after such time, be entitled to receive the number of shares of Common Stock or other securities of the Company which the Holder would have been entitled to receive immediately after such time had this Warrant been exchanged into shares of Common Stock immediately prior to such time. Such adjustment shall be made successively each time any event described in this paragraph (a) shall occur.

(b) In case of any reclassification, capital reorganization or change by the Company of the outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision, combination or reclassification of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock (which is treated in paragraph (a) above), but including any change of such shares into one or more other classes or series of shares of capital stock), or in case of any consolidation of the Company with, or merger of the Company with or into, another person (other than a consolidation or merger in which the Company is the continuing entity and which does not result in any reclassification or change of the Company's outstanding shares), or in case of any sale or other conveyance to another person of the property of the Company as an entirety or substantially as an entirety, the Company or such successor or purchasing person shall provide, as a condition to such transaction, that the Holder shall acquire, upon exchange for this Warrant the kind and amount of shares and other securities and property (including cash and evidences of indebtedness) which would have been received by Holder upon such reclassification, reorganization, change, consolidation, merger, or sale or conveyance of assets if the Holder had exchanged this Warrant into shares of Common Stock immediately prior thereto. Such other person, which shall thereafter be deemed to be the Company for purposes of this paragraph (b), shall provide for similar future adjustments as nearly equivalent as may be practicable to the adjustments provided herein. Such adjustment shall be made successively each time any event described above in this paragraph (b) shall occur.

(c) In the event the Company at any time after the date of the original issuance of this Warrant shall distribute shares of stock or other securities of other persons, evidences of indebtedness issued by the Company or other property (other than cash) to the holders of its Common Stock by way of dividend or otherwise, in either case other than in connection with a capital reorganization, consolidation, merger or sale or other conveyance of all or substantially all of the Company's assets (each of which transactions is provided for in paragraph (b) above), then, in each such case, the Holder, upon exchange of this Warrant into shares of Common Stock as provided hereby, shall be entitled to receive, and the Company shall reserve for issuance to the Holder upon such exchange, the shares of stock or other securities, evidences of indebtedness, or other property which it would have been entitled to receive if it had so exchanged and become the holder of record of the shares of Common Stock issued upon such exchange immediately prior to the record date fixed for the determination of the stockholders entitled to receive such dividend or distribution. The foregoing adjustments shall be made successively whenever any event listed above in this paragraph (c) shall occur.

(d) Upon the occurrence of any event requiring an adjustment of the Exercise Price, then and in each such case the Company shall give prompt written notice thereof to the Holder, which notice shall state the Exercise Price resulting from such adjustment, setting forth in reasonable detail the method upon which such calculation is based and stating that such adjustment calculation has been reviewed and approved by the Company's independent certified public accountants.

(e) In case at any time:

(i) the Company shall declare any dividend upon its Common Stock payable in cash, stock, property or any security (whether of the Company or otherwise) or make any other distribution to the holders of its Common Stock;

(ii) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights;

(iii) there shall be any capital reorganization or reclassification of the capital stock of the Company, or a consolidation or merger of the Company with or into, or a sale of all or substantially all its assets to, another entity or entities; or

(iv) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, in any one or more of said cases, the Company shall give (A) at least ten days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up and (B) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, at least ten days' prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause (A) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto and such notice in accordance with the foregoing clause (B) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Notwithstanding the provisions of this paragraph (e) set forth above, whenever the Company shall be required to give written notice of any event, such notice shall be deemed to have been given if the Company issues a public announcement of such event within the applicable time frame set out above in this paragraph (e).

9. No Transfers Prior to Death. This Warrant shall be neither transferable nor assignable by the Holder, either voluntarily or involuntarily, other than by will or by the laws of descent and distribution and may be exercised, during Holder's lifetime, only by Holder.

10. Vestings. This Warrant shall become exercisable in installments, the Holder having the right to purchase from the Company the following number of Underlying Shares upon exercise of the Warrant, on and after the following dates:

(a) on and after the date that is one (1) year after the Grant Date, not more than twenty-five percent (25%) of the total number of Underlying Shares issuable pursuant to this Warrant; and

(b) on and after the date that is two (2) years after the Grant Date, not more than fifty percent (50%) of the total number of Underlying Shares issuable pursuant to this Warrant (less any Underlying Shares previously purchased pursuant to prior partial exercises of this Warrant); and

(c) on and after the date that is three (3) years after the Grant Date, not more than seventy-five percent (75%) of the total number of Underlying Shares issuable pursuant to this Warrant (less any Underlying Shares previously purchased pursuant to prior partial exercises of this Warrant); and

(d) on and after the date that is four (4) years after the Grant Date all of the Underlying Shares issuable pursuant to this Warrant (less any Underlying Shares previously purchased pursuant to prior partial exercises of this Warrant).

If the initial Holder (i) voluntarily terminates his employment with the Company or any of its subsidiaries (other than a termination under Section 5(c) of the initial Holder's employment agreement with CECO Group, Inc.), (ii) is terminated for Cause, as defined in and pursuant to the Holder's employment agreement with a subsidiary of the Company, (iii) dies or (iv) ceases to be employed by the Company or any of its subsidiaries as a result of becoming disabled, then the right to purchase additional Underlying Shares hereunder, other than Underlying Shares that the initial Holder then had the right to purchase immediately prior to such event, shall immediately terminate. The right to purchase Underlying Shares that the Holder then has the right to purchase shall be, subject to the provisions of Sections 11 and 12 hereof, exercisable prior to the Expiration Date. Once exercisable, the right to purchase Underlying Shares shall remain so exercisable unless this Warrant is sooner terminated under Sections 11 and 12 of this Warrant.

11. Accelerated Termination of Warrant Term. The Warrant shall cease to be exercisable (a) at the Expiration Date, or (b) prior to the Expiration Date, should one of the following provisions become applicable:

(i) Except as otherwise provided in subparagraphs (ii), (iii), (iv) or (v) below, should the initial Holder cease to be an employee of the Company or any of its subsidiaries at any time prior to the Expiration Date (other than a termination under Section 5(c) of the initial Holder's employment agreement with CECO Group, Inc.), then the remaining period for exercising this Warrant shall be a twelve (12) complete calendar month period commencing on the date of such cessation of employee status, but in no event shall this Warrant be exercisable at any time after the Expiration Date. Upon the expiration of such twelve (12) month period or (if earlier) upon the Expiration Date, this Warrant shall terminate and cease to be outstanding.

(ii) Should the initial Holder die while this Warrant is outstanding, then the executors or administrators of Holder's estate or Holder's heirs or legatees (as the case may be) shall have the right to exercise this Warrant for the number of shares (if any) for which the Warrant is exercisable on the date of such Holder's death. Such right shall lapse and this Warrant shall cease to be exercisable upon the earlier of (i) twelve (12) complete calendar months commencing on the date of the Holder's death or (ii) the Expiration Date.

(iii) Should the initial Holder become permanently disabled and cease by reason thereof to be an employee of the Company or any of its subsidiaries at any time during the Warrant term, then Holder shall have a period of twelve (12) complete calendar months commencing on the date of the Holder's cessation of Employee status during which to exercise this Warrant; provided, however, that in no event shall this Warrant be exercisable at any time after the Expiration Date. The initial Holder shall be deemed to be permanently disabled if Holder is, by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of not less than six months, unable to perform his usual duties for the Company or its subsidiary corporations.

(iv) Should the initial Holder's status as an employee be terminated for cause (including, but not limited to, any act of dishonesty, willful misconduct, failure to perform material duties, fraud or embezzlement or any unauthorized disclosure or use of confidential information or trade secrets or as otherwise defined in the initial Holder's employment agreement with the Company's subsidiary) or should the initial Holder make or attempt to make any unauthorized use or disclosure of the confidential information or trade secrets of the Company or any subsidiary corporations, then in any such event this Warrant shall terminate and cease to be exercisable upon the earlier of (i) the date that is thirty (30) days after the date of such termination of employee status or such unauthorized disclosure or use of confidential or secret information or attempt thereat, or (ii) the Expiration Date. Nothing hereunder shall limit any remedy available to the Company, any subsidiary corporation, at law, in equity or otherwise, recoverable from Holder for any such act, disclosure or use by Holder.

(v) Should the initial Holder's status as an employee of a subsidiary of the Company be terminated by such subsidiary other than for Cause, as defined in the initial Holder's employment agreement with such subsidiary, this Warrant shall not expire until the Expiration Date except as provided in Section 12 below.

12. Special Termination of Warrant.

(a) In the event the Company shall engage in one or more of the following transactions (a "Corporate Transaction"):

(i) a merger, consolidation or acquisition in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state of the Company's incorporation;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company; or

(iii) any other corporate reorganization or business combination in which fifty percent (50%) or more of the Company's outstanding voting stock is purchased by, exchanged with or otherwise transferred to new holders in a single transaction or a series of related transactions;

then this Warrant shall expire upon the consummation of such Corporate Transaction and cease to be exercisable, unless the obligations of the Company under this Warrant are expressly assumed by the successor corporation or corporation parent thereof. The Company shall provide the Holder at least thirty (30) days prior written notice of the date of the Corporate Transaction and whether, upon such Corporate Transaction, this Warrant shall expire or be assumed by the successor corporation or parent corporation thereof. The Company can give no assurance that this Warrant shall be assumed by the successor corporation or its parent company and it may occur that some of the Company's stock purchase warrants and stock options outstanding on or prior to the date of a Corporate Transaction will be assumed or otherwise modified while this Warrant is terminated or vice versa. Such termination or assumption will not necessary be on the same terms on which other substantially similar warrants are terminated or assumed.

(b) In the event of a Corporate Transaction, the Company shall accelerate the vesting schedule contained in Section 10 hereof, and the Holder shall have the right to exercise the Warrant with respect to all Underlying Shares not then subject to purchase pursuant to Section 10 for a period of not less than five (5) days ending on the date of the consummation of the Corporate Transaction. The Company shall give the Holder written notice of such period.

(c) This Warrant shall not in any way affect the right of the Company to make changes in its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

13. Mechanics of Exercise. The rights represented by this Warrant may be exercised at any time within the period above specified by (i) surrender of this Warrant, endorsed to the Company, with signature guaranteed by a commercial bank or a member firm of the New York Stock Exchange, at the principal executive office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company), accompanied by a statement signed by the Holder stating the extent to which the Holder is exercising this Warrant; (ii) payment to the Company of the exercise price for the number of Underlying Shares specified in the above-mentioned writing together with applicable stock transfer taxes, if any; and (iii) unless in connection with an effective registration statement which covers the sale Underlying Shares, the delivery to the Company of a statement by the Holder (in a form acceptable to the Company and its counsel) that such Underlying Shares are being acquired by the Holder for investment and not with a view to their distribution or resale.

14. Miscellaneous. This Warrant shall be governed by and construed in accordance with the laws of the state of New York. The federal and state courts in Chicago, Illinois shall have exclusive jurisdiction over this instrument and the enforcement thereof. Service of process shall be effective if by certified mail, return receipt requested. All notices shall be in writing and shall be deemed given upon receipt by the party to whom addressed. This instrument shall be enforceable by decrees of specific performances well as other remedies.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer, and to be dated as of the date set forth above.

CECO ENVIRONMENTAL CORP.

By: Phillip DeZwirek

Name: Phillip DeZwirek

Its: President

EXHIBIT 10.8

CREDIT AGREEMENT

among

CECO GROUP, INC.,
CECO FILTERS, INC.,
AIR PURATOR CORPORATION,
NEW BUSCH CO., INC.,
THE KIRK & BLUM MANUFACTURING COMPANY, and
KBD/TECHNIC, INC.,

as Borrowers

and

THE BANKS PARTY HERETO

and

PNC BANK, NATIONAL ASSOCIATION
as Agent

Dated as of December 7, 1999

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement") dated as of December 7, 1999, by and among CECO GROUP, INC. (the "Parent Company"), CECO FILTERS, INC., AIR PURATOR CORPORATION, NEW BUSCH CO., INC., THE KIRK & BLUM MANUFACTURING COMPANY, and KBD/TECHNIC, INC. (together with the Parent Company, the "Borrowers"), the several banks and other financial institutions from time to time parties to this Agreement (the "Banks"), and PNC BANK, NATIONAL ASSOCIATION, a national banking association, as administrative agent (in such capacity, the "Agent").

BACKGROUND

The Borrowers have requested that the Banks make Loans and issue or participate in Letters of Credit (these terms and certain other terms are defined in Section 1.1 hereof) to the Borrowers, and the Banks severally have agreed to make Loans and/or participate in the issuance of Letters of Credit on the terms and conditions herein contained. Proceeds of the Loans will be used for the purposes described herein.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements herein set forth and for other consideration, the receipt and sufficiency of which is hereby acknowledged and intending to be legally bound hereby, covenant and agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Acquisition Documents": shall mean all documents, instruments and agreements evidencing the K&B Acquisition.

"Administrative Fees": as defined in subsection 2.5(b).

"Affiliate": any Person (other than a Subsidiary, or an officer, director or employee of any of the Borrowers who would not be an Affiliate but for such Person's status as an officer, director and/or employee) which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Borrowers, and any member, director, officer or employee of any such Person or any Subsidiary of a Borrower. For purposes of this definition, "control" shall mean the power, directly or indirectly, either to (i) vote 5% or more of the securities having ordinary voting power for the election of directors of such Person or (ii) direct or in effect cause the direction of the management and policies of such Person whether by contract or otherwise.

"Applicable Commitment Fee Percentage": until the earlier of (i) the expiration of the twelve month period commencing on the Closing Date, and (ii) a Secondary Offering, one half of one percent (0.5%) per annum. Thereafter, the percent per annum determined by reference to the table set forth on Annex I hereto under the caption "Ongoing Margins", based upon the Borrowers' compliance with the Leverage Ratio at the levels set forth in such table as such Leverage Ratio is shown on the Applicable Margin Certificate required pursuant to subsection 5.2(a) for any fiscal quarter; provided, that any changes in the Applicable Commitment Fee Percentage pursuant to the foregoing provisions shall become effective from the fifth day following the date the Agent shall have received the Applicable Margin Certificate in respect of such fiscal quarter. In the event that the Applicable Margin Certificate required pursuant to Section 5.2(a) for any fiscal quarter is not timely delivered, then the Applicable Commitment Fee Percentage shall be determined by reference to Compliance Level IV, commencing as of the date such certificate was required to be delivered until the delivery of such certificate. In the event that the actual Leverage Ratio referred to in the table is subsequently determined to be different than as shown on the Applicable Margin Certificate (or as determined pursuant to the preceding sentence in the absence of delivery of an Applicable Margin Certificate) for any fiscal quarter, the Applicable Commitment Fee Percentage shall be recalculated for the applicable period based on such actual Leverage Ratio.

"Applicable Margin": until the earlier of (i) the expiration of the twelve month period commencing on the Closing Date, and (ii) a Secondary Offering, the amount set forth on Annex I under the caption "Initial Applicable Margin". Thereafter, the percent per annum determined by reference to the table set forth on Annex I hereto under the caption "Ongoing Margins", based upon the Borrowers' compliance with the Leverage Ratio at the levels set forth in such table as such Leverage Ratio is shown on the Applicable Margin Certificate required pursuant to Section 5.2(a) for any fiscal quarter; provided, that any changes in the Applicable Margin pursuant to the foregoing provisions shall become effective from the day following the date the Agent shall have received the Applicable Margin Certificate in respect of such fiscal quarter. In the event that the Applicable Margin Certificate required pursuant to Section 5.2(a) for any fiscal quarter is not timely delivered, then the Applicable Margin shall be determined by reference to Compliance Level IV, commencing as of the date such certificate was required to be delivered until the delivery of such certificate. In the event that the actual Leverage Ratio referred to in the table is subsequently determined to be different than as shown on the Applicable Margin Certificate (or as determined pursuant to the preceding sentence in the absence of delivery of an Applicable Margin Certificate) for any fiscal quarter, the Applicable Margin shall be recalculated for the applicable period based on such actual Leverage Ratio.

"Applicable Margin Certificate": as defined in Section 5.2(a).

"Asset Sale": means any sale, lease, transfer or other disposition or casualty loss of assets (each referred to for the purposes of this definition as a "disposition") by a Borrower other than (a) a disposition by a Borrower to another Borrower, (b) disposition of inventory in the ordinary course of business, (c) dispositions of surplus or obsolete inventory or equipment, waste or by-product material in the ordinary course of business and (d) dispositions of Permitted Investments.

"Assignment and Acceptance": an assignment and acceptance entered into by a Bank and an assignee, and acknowledged by the Agent, in the form of Exhibit C or such other form as shall be approved by the Agent.

"Base Rate": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/100th of 1%) equal to the Prime Rate in effect on such day. Any change in the Base Rate due to a change in the Prime Rate shall be effective on the effective date of such change in the Prime Rate.

"Base Rate Borrowing": a Borrowing comprised of Base Rate Loans.

"Base Rate Loans": Loans bearing interest at a rate determined by reference to the Base Rate.

"Bonus Pool Payments": shall mean payments to Richard J. Blum, Lawrence J. Blum and David Blum, each pursuant to Section 3(e) of an Employment Agreement with one of the Borrowers in effect as of the date hereof.

"Borrowers": those Persons defined as such in the preamble of this Agreement.

"Borrowers' Representative": as defined in Section 2.17.

"Borrowing": each group of Loans of a single Type made by the Banks on a single date, and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Request": a request made pursuant to Section 2.1(c) in the form of Exhibit A.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in Pittsburgh, Pennsylvania are authorized or required by law to close; provided, however, that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London Interbank Market.

"Capital Lease": at any time, a lease with respect to which the lessee is required to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"CECO": CECO Environmental Corp., the parent company of the Parent Company.

"CECO Debt Repayments": means amounts paid to CECO to permit payments by CECO to third party creditors and subject to a Subordination Agreement, to be immediately paid by CECO to one or more of the creditors under such Subordination Agreement; provided, that no such amounts may be paid to CECO if CECO would not be permitted to make such payment to such creditors under the Subordination Agreement.

"Closing": as defined in Section 4.3.

"Closing Date": as defined in Section 4.3.

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Commitments": as to any Bank, the obligations of such Bank to make Term Loans and Revolving Credit Loans to the Borrowers hereunder in an aggregate principal amount at any one time outstanding not to exceed the respective amounts set forth opposite such Bank's name on Schedule I or in the Assignment and Acceptance pursuant to which such Bank becomes a party to this Agreement, as the same may be permanently terminated, reduced and extended from time to time pursuant to the provisions of Section 2.9 or changed by subsequent assignments pursuant to subsection 9.6(b).

"Commitment Fee": as defined in subsection 2.5(a).

"Commitment Percentage": as to any Bank at any time, the proportion (expressed as a percentage) that the sum of such Bank's Commitments bears to the Total Commitment (or, at any time after the Commitments shall have expired or been terminated, the percentage which the amount of such Bank's Loans constitutes of the aggregate amount of the Loans of the Banks then outstanding).

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Borrowers within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrowers and which is treated as a single employer under Section 414 of the Code.

"Contingent Obligation": with respect to any Person (for the purpose of this definition, the "Obligor") any obligation (except the endorsement in the ordinary course of business of instruments for deposit or collection) of the Obligor guaranteeing or in effect guaranteeing any indebtedness of any other Person (for the purpose of this definition, the "Primary Obligor") in any manner, whether directly or indirectly, including (without limitation) indebtedness incurred through an agreement, contingent or otherwise, by the Obligor:

(a) to purchase such indebtedness of the Primary Obligor or any Property or assets constituting security therefor;

(b) to advance or supply funds

(i) for the purpose of payment of such indebtedness (except to the extent such indebtedness otherwise appears on Borrowers' balance sheet as indebtedness), or

(ii) to maintain working capital or other balance sheet condition or any income statement condition of the Primary Obligor or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation; or

(c) to lease Property or to purchase Securities or other Property or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of the Primary Obligor to make payment of the indebtedness or obligation.

For purposes of computing the amount of any Contingent Obligation, in connection with any computation of indebtedness or other liability, it shall be assumed that, without duplication, the indebtedness or other liabilities of the Primary Obligor that are the subject of such Contingent Obligation are direct obligations of the issuer of such Contingent Obligation.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Debt": with respect to any Person, at any time, without duplication, all of (i) its liabilities for borrowed money, including any Subordinated Debt, (ii) its liabilities secured by any Lien existing on property owned by such Person (whether or not such liabilities have been assumed), (iii) its liabilities in respect to Capital Leases; (iv) its liabilities under Contingent Obligations and under Interest Rate Protection Agreements; (v) its liabilities for amounts borrowed against cash surrender value of life insurance; and

(vi) all other obligations which are required by GAAP to be shown as liabilities on its balance sheet but excluding (x) deferred taxes and other deferred or long-term liabilities and other amounts not in respect of borrowed money and (y) the aggregate amount of accounts receivable sold, factored or otherwise transferred for value without recourse (other than for breach of representations).

"Default": any of the events specified in Section 7, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition precedent therein set forth, has been satisfied.

"Distribution": in respect of any corporation, (a) dividends, distributions or other payments on account of any capital stock of the corporation (except distributions in common stock of such corporation); (b) the redemption or acquisition of such stock or of warrants, rights or other options to purchase such stock (except when solely in exchange for common stock of such corporation); (c) all Bonus Pool Payments; and (d) any payment on account of, or the setting apart of any assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of any share of any class of capital stock of such corporation or any warrants or options to purchase any such stock.

"Dollars" and "$": dollars in lawful currency of the United States of America.

"EBITDA": for any period, net income (or loss) of a Person for such period, plus the amount of income taxes, interest expense, reasonable expenses arising out of the preparation, negotiation, execution and delivery of the Acquisition Documents and the Loan Documents, depreciation and amortization deducted from earnings in determining net income (or loss) of such Person , all as determined on a consolidated basis in accordance with GAAP.

"EBITDA Threshold": for the fiscal quarter ending December 31, 1999, EBITDA of CECO Filters, Inc., prior to any management fees paid to CECO for such period, in excess of $562,500.

"Eligible Inventory" shall mean and include raw materials, supplies and finished goods Inventory excluding work in process, valued at the lower of cost or market value, determined on a first-in-first-out basis, which (i) is not, in Agent's opinion, obsolete, slow moving or unmerchantable and (ii) Agent, in its reasonable discretion, shall not deem ineligible Inventory, based on such considerations as Agent may from time to time deem appropriate, including, without limitation, whether the Inventory is subject to a perfected, first priority security interest in favor of Agent and whether the Inventory conforms to all standards imposed by any governmental agency, division or department thereof which has regulatory authority over such goods or the use or sale thereof. Eligible Inventory shall include all Inventory in-transit for which title has passed to a Borrower, which is insured to the full value thereof and for which Agent shall have in its possession (a) all negotiable bills of lading properly endorsed and (b) all non-negotiable bills of lading issued in Agent's name.

"Eligible Receivables" shall mean and include each Receivable of each Borrower arising in the ordinary course of such Borrower's business and which Agent, in its reasonable credit judgment, shall deem to be an Eligible Receivable, based on such considerations as Agent may from time to time deem appropriate. A Receivable shall not be deemed eligible unless such Receivable is subject to Agent's first priority perfected security interest and no other Lien (other than Permitted Liens), and is evidenced by an invoice or other documentary evidence satisfactory to Agent. In addition, unless otherwise agreed by Agent, no Receivable shall be an Eligible Receivable if:

(a) it arises out of a sale made by a Borrower to an Affiliate of a Borrower or to a Person controlled by an Affiliate of Borrower;

(b) it is due or unpaid more than ninety (90) days after the original invoice date, unless such Receivable (i) is due or unpaid less than one hundred twenty days (120) after the original invoice date from a customer having a debt rating of "BAA" or higher by Moody's or "BBB" or higher by S&P and is not in dispute, or (ii) is otherwise acceptable to the Banks; provided, that, the Borrowers shall provide the Agent with a list of all customers for which the condition in clause (i) above is applicable;

(c) fifty percent (50%) or more of the Receivables from such customer are past due, unless such Receivable (i) is due or unpaid less than one hundred twenty days (120) after the original invoice date from a customer having a debt rating of "A3" or higher by Moody's or "A-" or higher by S&P and is not in dispute, or (ii) is otherwise acceptable to the Banks; provided, that, the Borrowers shall provide the Agent with a list of all customers for which the condition in clause (i) above is applicable;

(d) any covenant, representation or warranty contained in this Agreement with respect to such Receivable has been breached in any material respect;

(e) the customer shall (i) apply for, suffer, or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property or call a meeting of its creditors, (ii) admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (iii) make a general assignment for the benefit of creditors, (iv) commence a voluntary case under any state or federal bankruptcy laws (as now or hereafter in effect), (v) be adjudicated a bankrupt or insolvent, (vi) file a petition seeking to take advantage of any other law providing for the relief of debtors, or (vii) acquiesce to, or fail to have dismissed within 60 days, any petition which is filed against it in any involuntary case under such bankruptcy laws;

(f) the sale is to a customer outside the continental United States of America, unless the sale is on letter of credit, guaranty or acceptance terms, in each case acceptable to Agent in its reasonable discretion; provided, that this subsection shall not cause Receivables of any customer in Canada ("Canadian Receivables") to be ineligible except to the extent that all such Canadian Receivables exceed $250,000 at any date of determination.

(g) the sale to the customer is on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment or any other repurchase or return basis or is evidenced by chattel paper, unless Agent maintains a perfected security with respect to such Receivable or the Receivable is otherwise satisfactory to the Banks;

(h) the customer is the United States of America, any state or any department, agency or instrumentality of any of them, unless such Borrower assigns its right to payment of such Receivable to Agent pursuant to the Assignment of Claims Act of 1940, as amended (31 U.S.C. subsection 3727 et seq. and 41 U.S.C. subsection 15 et seq.) or has otherwise complied with other applicable statutes or ordinances;

(i) the goods giving rise to such Receivable have not been shipped and delivered to and accepted by the customer or the services giving rise to such Receivable have not been performed by a Borrower and accepted by the customer or the Receivable otherwise does not represent a final sale;

(j) the Receivable is subject to any offset, deduction, defense, dispute, or counterclaim, the customer is also a creditor or supplier of a Borrower or the Receivable is contingent in any respect or for any reason;

(k) a Borrower has made any agreement with any customer for any deduction therefrom, except for discounts or allowances which are reflected in the calculation of the face value of each respective invoice related thereto (which face value is used in calculating availability under Section 2.1 hereof);

(l) any return, rejection or repossession of the merchandise has occurred; or

(m) such Receivable is not payable to a Borrower.

"Environmental Laws": any and all foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees or binding requirements of any Governmental Authority, or binding Requirement of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of the environment, as now or may at any time hereafter be in effect.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) maintained by a member bank of such System.

"Eurodollar Base Rate": with respect to any Eurodollar Loan for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100th of 1%) equal to the rate determined by the Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the average of the London interbank offered rates of interest per annum for Dollars set forth on Telerate display page 3750 or such other display page on the Telerate System as may replace such page to evidence the average of rates quoted by banks designated by the British Bankers' Association (or appropriate successor, or if the British Bankers' Association or its successor ceases to provide such quotes, a comparable replacement determined by the Agent), for an amount approximately equal in principal amount to PNC's portion of such Eurodollar Loan.

"Eurodollar Borrowing": a Borrowing comprised of Eurodollar Loans.

"Eurodollar Loan": any Loan bearing interest at a rate determined by reference to the Eurodollar Rate in accordance with the provisions of Section 2.

"Eurodollar Rate": with respect to each Eurodollar Loan, a rate per annum determined in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

"Event of Default": any of the events specified in Section 7, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Excess Cash Flow": for any fiscal year, the excess, if any, of (a) EBITDA before Bonus Pool Payments, less (b) principal payments under this Agreement, interest expense (other than deferred interest in respect of Subordinated Debt), taxes (other than deferred taxes), and capital expenditures, all determined for CECO on a consolidated basis in accordance with GAAP.

"Exposure": as to any Bank at any date, an amount equal to the sum of (a) the aggregate principal amount of all Loans made by such Bank then outstanding, and (b) such Bank's pro rata share of the maximum amount available to be drawn under all Letters of Credit then outstanding.

"Federal Funds Effective Rate": for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Letter": that certain letter from the Agent to the Borrowers' Representative dated November 17, 1999 regarding certain administrative fees and closing fees.

"Fees": the Commitment Fees, the Administrative Fees and the Letter of Credit Fees.

"Fixed Charge Coverage Ratio": at the date of determination, the ratio of (i) EBITDA less capital expenditures to (ii) the sum of interest expense (other than deferred interest in respect of Subordinated Debt), income taxes (other than deferred taxes), dividends, Bonus Pool Payments (other than deferred Bonus Pool Payments) and scheduled principal amortization deducted in determining EBITDA, each determined for CECO on a consolidated basis and calculated as of the end of the fiscal quarter ending on or immediately preceding such date.

"GAAP": at any time with respect to the determination of the character or amount of any asset or liability or item of income or expense, or any consolidation or other accounting computation, generally accepted accounting principles as in effect on the date of, or at the end of the period covered by, the financial statements from which such asset, liability, item of income, or item of expense, is derived, or, in the case of any such computation, as in effect on the date when such computation is required to be determined.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guaranty": that certain Guaranty and Suretyship Agreement between CECO and the Agent, dated as of the date hereof, and any Guaranty and Suretyship Agreement entered into after the Closing Date by a newly created or acquired Subsidiary of any Borrower.

"Initial Audit": as defined in subsection 5.6(c).

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Interest Coverage Ratio": at the date of determination, the ratio of (i) EBITDA less capital expenditures to (ii) interest expense (other than deferred interest in respect of Subordinated Debt) deducted in determining EBITDA, each determined for CECO on a consolidated basis and calculated as of the end of the fiscal quarter ending on or immediately preceding such date.

"Interest Payment Date": (a) as to any Base Rate Loan, the last day of each calendar month, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day which is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period.

"Interest Period": with respect to any Eurodollar Loan:

(i) initially the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrowers in their notice of borrowing or notice of conversion, given with respect thereto; and

(ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrowers by irrevocable notice to the Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto;

provided that, the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, with respect to Eurodollar Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) with respect to Eurodollar Loans, any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month;

(iii) an Interest Period that otherwise would extend beyond the Termination Date shall end on the Termination Date; and

(iv) the Borrowers shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

"Interest Rate Protection Agreements": as defined in Section 5.13.

"Inventory": has the meaning given in the Uniform Commercial Code in effect in the Commonwealth of Pennsylvania on the date hereof.

"Investments": investments (by loan or extension of credit, purchase, advance, guaranty, capital contribution or otherwise) made in cash or by delivery of Property, by the Borrowers (i) in any Person, whether by acquisition of stock or other ownership interest, indebtedness or other obligation or Security, or by loan, advance or capital contribution, or (ii) in any Property or (iii) any agreement to do any of the foregoing.

"Issuing Bank": PNC Bank, National Association, as issuer of Letters of Credit hereunder and each other Bank as is hereafter authorized by the Agent to issue a Letter of Credit hereunder.

"K&B Acquisition": shall mean the acquisition by the Parent Company of 100% of the Capital Stock of each of the K&B entities.

"K&B Entities": shall mean The Kirk & Blum Manufacturing Company and kbd/Technic, Inc.

"L/C Coverage Requirement": with respect to each Letter of Credit at any time, 100% of the maximum amount available to be drawn thereunder at such time (determined without regard to whether any conditions to drawing could be met at such time).

"Letter of Credit Fee": as defined in subsection 2.4(b).

"Letters of Credit": as defined in subsection 2.4(a).

"Leverage Ratio": at the date of determination, the ratio of consolidated Debt of CECO (but excluding that certain Debt of CECO for funds borrowed to purchase the Peerless Stock, if the market value of the Peerless Stock then owned by CECO exceeds the amount of such Debt) to EBITDA, each determined for CECO on a consolidated basis and calculated as of the end of the fiscal quarter ending on or immediately preceding such date.

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

"Life Insurance": the life insurance policies covering the lives of Steven I. Taub, Richard J. Blum, Lawrence J. Blum and David D. Blum.

"Loans": the Revolving Credit Loans and Term Loans made by the Banks to the Borrowers pursuant to Section 2.1. Each Loan shall be (i) either a Eurodollar Loan or a Base Rate Loan and (ii) either a Revolving Credit Loan or a Term Loan.

"Loan Documents": this Agreement, the Notes, the Security Documents, the Guaranty, the assignments, subordinations, guaranties and all other agreements delivered in connection with this Agreement.

"Material Adverse Effect": a material adverse effect on (a) the validity or enforceability of this Agreement or any other Loan Document, (b) the business, Property, assets, financial condition, results of operations or prospects of the Borrowers taken as a whole, (c) the ability of the Borrowers taken as a whole duly and punctually to pay their Debts and perform their obligations hereunder, or (d) the ability of the Agent or any of the Banks, to the extent permitted, to enforce their legal remedies pursuant to this Agreement or any other Loan Document.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls, and ureaformaldehyde insulation.

"Moody's": Moody's Investors Services, Inc.

"Mortgages": collectively, the Open-End Mortgage and Security Agreements, dated as of the date hereof, between the Agent and one of the Borrowers.

"Multiemployer Plan": a Plan which is a multiemployer plan as defined in Section 4001(a) (3) of ERISA.

"Net Sale Proceeds": with respect to any Asset Sale, the amount equal to (i) the sum of (A) the aggregate amount received in cash (including any cash received by way of deferred payment pursuant to a note receivable, other non-cash consideration or otherwise, but only as and when such cash is so received) in connection with such Asset Sale and (B) the aggregate amount of any tax refunds received or any reduction in tax liability realized by the Borrowers as a result of any tax loss realized by the Borrowers in connection with such Asset Sale minus (ii) the sum of (A) the principal amount of Debt which is secured by the asset that is the subject of such Asset Sale (other than Debt assumed by the purchaser of such asset) and which is required to be, and is, repaid in connection with such Asset Sale (other than Debt hereunder) and (B) the reasonable fees, commissions, income taxes and other out-of-pocket expenses incurred by the Borrower in connection with such Asset Sale.

"Note": a Revolving Credit Note, a Term Loan A Note, a Term Loan B Note, or a Term Loan C Note.

"Parent Company": CECO Group, Inc.

"Participant": as defined in Section 9.6(f).

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"Peerless Stock": capital stock of Peerless Manufacturing Company owned by CECO on the Closing Date.

"Permitted Acquisition": an acquisition by a Borrower of the stock or assets of a Person on terms acceptable to the Agent and the Required Banks.

"Permitted Investments": Investments in:

(a) one or more Subsidiaries thereof which are or hereafter agree to become Borrowers hereunder or execute and deliver a Guaranty to the Agent;

(b) Property to be used in the ordinary course of business of the Borrowers;

(c) current assets arising from the sale or purchase of goods and services in the ordinary course of business of the Borrowers;

(d) direct obligations of the United States of America, or any agency or instrumentality thereof or obligations guaranteed by the United States of America, provided that such obligations mature within one (1) year from the date of acquisition thereof;

(e) certificates of deposit, time deposits or banker's acceptances, maturing within one (1) year from the date of acquisition, with banks or trust companies organized under the laws of the United States, the unsecured long-term debt obligations of which are rated "A3" or higher by Moody's or "A-" or higher by S&P, and issued, or in the case of banker's acceptance, accepted, by a bank or trust company having capital, surplus and undivided profits aggregating at least $500,000,000;

(f) commercial paper given the highest rating by either S&P or Moody's maturing not more than 270 days from the date of creation thereof;

(g) mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 that hold themselves out as "money market funds;"

(h) trade credit extended on usual and customary terms in the ordinary course of business;

(i) advances to employees to meet expenses incurred by such employees in the ordinary course of business;

(j) loans (including loans to officers, directors or employees), advances and investments not exceeding in the aggregate $100,000 at any one time outstanding;

(k) ownership by a Borrower of USFM; and

(l) Permitted Acquisitions.

"Person": an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Borrowers or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreement": collectively, the Pledge Agreements, dated as of the date hereof, between each of the Borrowers having any Subsidiaries as of the Closing Date, and the Agent.

"PNC": PNC Bank, National Association, a national banking association.

"Prime Rate": the rate of interest per annum announced from time to time by PNC as its prime rate in effect at its principal office in Pittsburgh, Pennsylvania; each change in the Prime Rate shall be effective on the date such change is announced as effective. This rate of interest is determined from time to time by PNC as a means of pricing some loans to its customers and is neither tied to any external rate of interest or index nor does it necessarily reflect the lowest rate of interest actually charged by PNC to any particular class or category of customers of PNC.

"Property": any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"Receivable": has the meaning given for "account" in the Uniform Commercial Code in effect in the Commonwealth of Pennsylvania on the date hereof.

"Regulation U": Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Regulation X": Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(b) of ERISA, except to the extent that notice thereof has been waived by the PBGC.

"Required Banks": at any time, Banks the Exposures of which aggregate 100% of the aggregate Exposure at such time of all Banks, or at any time that no Loans are outstanding, Banks the Commitments of which aggregate 100% of the Total Commitment.

"Requirement of Law": as to any Person, the Certificate of Incorporation, By-Laws, Operating Agreement or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": as to any Borrower, any officer of such Borrower.

"Responsible Reporting Officer": as to either of the K&B Entities and CECO Filters, Inc., any officer of such party; and as to any other Borrower, the president, chief financial officer, chief executive officer or chief operating officer of such Borrower.

"Revolving Credit Commitment": means $10,000,000, as reduced from time to time pursuant to Section 2.9.

"Revolving Credit Facility": the revolving credit facility pursuant to which the Banks will make Revolving Credit Loans up to the Revolving Credit Commitment.

"Revolving Credit Loan": a revolving credit loan made by the Banks to the Borrowers pursuant to the Revolving Credit Facility.

"Revolving Credit Note": a promissory note of the Borrowers in the form of Exhibit B-1 executed and delivered pursuant to Section 2.6.

"S&P": Standard & Poor's Rating Group, a division of McGraw-Hill Corporation.

"Secondary Offering": an offering of equity Securities issued by CECO, the proceeds of which are used to reduce the outstanding principal amount of the Term Loans pursuant to Section 2.10 or for other purposes permitted herein.

"Security": "security" as defined in Section 2(1) of the Securities Act of 1933, as amended.

"Security Agreement": the Security Agreement, dated as of the date hereof, among the Agent, the Borrowers and USFM.

"Security Documents": the Security Agreement, the Pledge Agreement, the Mortgages, and all assignments, landlord waivers and other documents or instruments related to the Agent's taking security of any kind for the Loans.

"Single Employer Plan": any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Solvent": as to any Person, as of the time of determination, the financial condition under which the following conditions are satisfied:

(a) the fair market value of the assets of such Person will exceed the debts and liabilities, subordinated, contingent or otherwise, of such Person; and

(b) the present fair saleable value of the Property of such Person will be greater than the amount that will be required to pay the probable liability of such Person on its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; and

(c) such Person will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and

(d) such Person will not have unreasonably small capital with which to conduct the businesses in which it is engaged as such businesses are then conducted and are proposed to be conducted after the date thereof.

"Subordinated Debt": at any time, all Debt of any Borrower subordinated to all of the obligations of all of the Borrowers to the Banks on terms satisfactory to the Banks.

"Subordination Agreement": an agreement entered into in connection herewith, pursuant to which a creditor of any Borrower or CECO agrees to subordinate amounts owed to it by such Borrower or CECO on terms acceptable to the Agent.

"Subsidiary": as to any Person, (i) any corporation, limited liability company, company or trust of which 50% or more (by number of shares or number of votes) of the outstanding capital stock, interests, shares or similar items of beneficial interest normally entitled to vote for the election of one or more directors, members or trustees (regardless of any contingency which does or may suspend or dilute the voting rights) is at such time owned directly or indirectly by such person or one or more of such Person's Subsidiaries, or any partnership of which such Person is a general partner or of which 50% or more of the partnership interests is at the time directly or indirectly owned by such Person or one or more of such Person's Subsidiaries, and (ii) any corporation, company, trust, partnership or other entity which is controlled or capable of being controlled by such Person or one or more of such Person's subsidiaries. Unless otherwise indicated, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary of the Parent Company.

"Term Loan A": the term loan made by each Bank to the Borrowers in the aggregate principal amount of $14,500,000 pursuant to Section 2.2.

"Term Loan A Note": the promissory notes of the Borrowers in the form of Exhibit B-2 executed and delivered pursuant to Section 2.6, evidencing the Term Loan A of each Bank.

"Term Loan B": the term loan made by each Bank to the Borrowers in the aggregate principal amount of $8,500,000 pursuant to Section 2.2.

"Term Loan B Note": the promissory notes of the Borrowers in the form of Exhibit B-3 executed and delivered pursuant to Section 2.6, evidencing the Term Loan B of each Bank.

"Term Loan C": the term loan made by each Bank to the Borrowers in the aggregate principal amount of $2,000,000 pursuant to Section 2.2.

"Term Loan C Note": the promissory notes of the Borrowers in the form of Exhibit B-4 executed and delivered pursuant to Section 2.6, evidencing the Term Loan C of each Bank.

"Term Loan Commitment": the commitment, set forth on Schedule I hereto, of each Bank to make a Term Loan A, a Term Loan B, and a Term Loan C on the Closing Date, as applicable.

"Term Loans": collectively, the Term Loan A, Term Loan B, and Term Loan C of each Bank.

"Termination Date": December 6, 2004.

"Total Commitment": at any time, the aggregate amount of the Banks' Commitments, as in effect at such time.

"Total Commitment Percentage": as to any Bank at any time, the proportion (expressed as a percentage) that such Bank's Commitments bear to the Total Commitment.

"Tranche": the collective reference to Eurodollar Loans whose Interest Periods begin on the same date and end on the same later date (whether or not such Loans originally were made on the same date).

"Type": when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, "Rate" shall include the Eurodollar Rate and the Base Rate.

"Voting Stock": capital stock of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors (or Persons performing similar functions) and, as applicable, any equity, participation or ownership interests in any partnership, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture or any other Person which interests are similar by analogy to capital stock or ownership rights giving rise to voting or governance rights.

"Wholly-Owned Subsidiary": at any time, any Subsidiary one hundred percent (100%) of all of the equity Securities (except directors' qualifying shares) and voting Securities of which are owned by any one or more of the Borrowers at such time.

1.2 Other Definitional Provisions. Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or any certificate or other document made or delivered pursuant hereto.

1.3 Construction. (a) Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular the plural and the part the whole, "or" has the inclusive meaning represented by the phrase "and/or," and "including" has the meaning represented by the phrase "including without limitation." References in this Agreement to "determination" of or by the Agent or the Banks shall be deemed to include good faith estimates by the Agent or the Banks (in the case of quantitative determinations) and good faith beliefs by the Agent or the Banks (in the case of qualitative determinations). Whenever the Agent or the Banks are granted the right herein to act in their sole discretion or to grant or withhold consent such right shall be exercised in good faith, except as otherwise provided herein. Except as otherwise expressly provided, all references herein to the "knowledge of" or "best knowledge of" a Borrower, the Borrowers or the Parent Company shall be deemed to refer to the knowledge of a Responsible Reporting Officer thereof. The words "hereof," "herein," "hereunder", "hereby" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The section and other headings contained in this Agreement and the Table of Contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection, schedule and exhibit references are to this Agreement unless otherwise specified. As used herein, the words "facsimile", "telecopy" and "fax" shall all have the same meanings.

(b) Except as otherwise provided in this Agreement, all computations and determinations as to accounting or financial matters and all financial statements to be delivered pursuant to this Agreement shall be made and prepared in accordance with GAAP (including principles of consolidation where appropriate). As used herein and in the Notes, and any certificate or other document made or delivered pursuant hereto, accounting terms relating to the Company and any Subsidiary thereof not defined in subsection 1.1 and accounting terms partly defined in subsection 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP. In the event that any future change in GAAP, without more, materially affects the Borrowers' compliance with any financial covenant herein, the Borrowers, the Banks and the Agent shall use their best efforts to modify such covenant in order to account for such change and to secure for the Banks the intended benefits of such covenant.

SECTION 2. THE CREDITS

2.1 Revolving Credit Loans. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Bank, severally and not jointly, agrees to make Revolving Credit Loans to the Borrowers, at any time or from time to time on or after the date hereof and until the Termination Date or until the Commitments of such Bank in respect of the Revolving Credit Commitment shall have been terminated in accordance

with the terms hereof, in an aggregate principal amount at any time outstanding not exceeding the lesser of (x) the aggregate Revolving Credit Commitment, less (i) the amount of outstanding Letters of Credit, and (ii) $2,000,000 until Term Loan C shall have been timely paid in full and the EBITDA Threshold shall have been satisfied, and (y) an amount equal to the sum of the following as of any date of determination:

(i) 75% of the Borrowers' aggregate Eligible Receivables, plus

(ii) 50% of the Borrowers' aggregate Eligible Inventory, plus

(iii) the net cash surrender value of Life Insurance to the extent not then borrowed against by the Borrowers, minus

(v) the aggregate amount of outstanding Letters of Credit, minus

(vi) such reserves as the Agent may reasonably deem proper and necessary from time to time based on the results of an audit performed by independent auditors selected by the Agent.

(b) Notwithstanding anything to the contrary contained herein, at no time shall the sum of the outstanding aggregate principal amount of all Revolving Credit Loans made by all Banks plus the aggregate undrawn face amount of all outstanding Letters of Credit exceed (i) prior to the date Term Loan C shall have been timely paid in full and the EBITDA Threshold shall have been satisfied, the Revolving Credit Commitment less $2,000,000, or (ii) at all other times, the Revolving Credit Commitment.

The Revolving Credit Commitment may be terminated or reduced from time to time pursuant to Section 2.9(a) and (b). Within the foregoing limits, the Borrowers may borrow, repay and reborrow under the Revolving Credit Facility on or after the date hereof and prior to the Termination Date, subject to the terms, provisions and limitations set forth herein.

(c) Each Revolving Credit Loan shall be made as part of a Borrowing consisting of Revolving Credit Loans made by the Banks ratably in accordance with their applicable Commitment Percentages with respect to Revolving Credit Loans; provided, however, that the failure of any Bank to make any Revolving Credit Loan shall not in itself relieve any other Bank of its obligation to lend hereunder (it being understood, however, that no Bank shall be responsible for the failure of any other Bank to make any Revolving Credit Loan required to be made by such other Bank). The Revolving Credit Loans comprising any Borrowing shall be in a minimum aggregate principal amount of $500,000 or a whole multiple of $100,000 in excess thereof (or an aggregate principal amount equal to the remaining balance of the available Revolving Credit Commitment). Each Borrowing shall be comprised entirely of Eurodollar Loans or Base Rate Loans, as the Borrowers may request pursuant to Section 2.1.

(d) In order to request a Borrowing, in addition to any other conditions to borrowing provided in this Agreement, the Borrowers shall hand deliver or telecopy (or notify by telephone and promptly confirm by hand delivery or facsimile) to the Agent the information requested by the form of Borrowing Request attached as Exhibit A hereto (i) in the case of a Eurodollar Borrowing, not later than 10:30 a.m., Pittsburgh time, three Business Days before a proposed Borrowing and (ii) in the case of a Base Rate Borrowing, not later than 10:30 a.m., Pittsburgh time, on the day of a proposed Borrowing. Such notice shall be irrevocable and shall in each case specify (x) whether the Borrowing then being requested is to be a Eurodollar Borrowing or a Base Rate Borrowing; (y) the date of such Borrowing (which shall be a Business Day) and the amount thereof; and (z) if such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be a Base Rate Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then the Borrowers shall be deemed to have selected an Interest Period of one month's duration. The Agent shall promptly advise the Banks of any notice given pursuant to this Section 2.1 and of each Bank's portion of the requested Borrowing.

2.2 Term Loans. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Bank, severally and not jointly, agrees to make a Term Loan A, a Term Loan B, and a Term Loan C to the Borrowers in the amount of such Bank's applicable Term Loan Commitments; provided, however, that the failure of any Bank to make any Term Loan shall not in itself relieve any other Bank of its obligation to lend hereunder (it being understood, however, that no Bank shall be responsible for the failure of any other Bank to make any Term Loan required to be made by such other Bank). Each Term Loan shall be comprised entirely of Eurodollar Loans or Base Rate Loans, as the Borrowers may request pursuant to Section 2.3. The Term Loans shall be advanced on the Closing Date. On or before the Closing Date, the Borrowers shall have delivered to the Agent the information requested by the form of Borrowing Request attached as Exhibit A hereto with respect to the Term Loans.

2.3 General Provisions Regarding Loans. Subject to Section 2.3(b), each Bank shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the Agent in Pittsburgh, Pennsylvania, not later than 1:00 p.m., Pittsburgh time, and the Agent shall by 3:00 p.m., Pittsburgh time, credit the amounts so received to the general deposit account of the Borrowers with the Agent or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Banks. Loans shall be made by the Banks pro rata in accordance with Section 2.15. Unless the Agent shall have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Agent such Bank's portion of such Borrowing, the Agent may assume that such Bank has made such portion available to the Agent on the date of such Borrowing in accordance with this paragraph and the Agent may, in reliance upon such assumption, make available to the Borrowers on such date a corresponding amount. If and to the extent that such Bank shall not have made such portion available to the Agent, such Bank and the Borrowers severally agree to repay to the

Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrowers until the date such amount is repaid to the Agent at (i) in the case of the Borrowers, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Bank, the Federal Funds Effective Rate. If such Bank shall repay to the Agent such corresponding amount, such amount shall constitute such Bank's Loan as part of such Borrowing for purposes of this Agreement.

(b) The Borrowers may refinance all or any part of any Borrowing under the Revolving Credit Facility with any other Borrowing under the Revolving Credit Facility, subject to the conditions and limitations set forth herein and elsewhere in this Agreement. Any Borrowing under the Revolving Credit Facility or part thereof so refinanced shall be deemed to be repaid in accordance with Section 2.6 with the proceeds of a new Borrowing under the Revolving Credit Facility and the proceeds of the new Borrowing, to the extent they do not exceed the principal amount of the Borrowing being refinanced, shall not be paid by the Banks to the Agent or by the Agent to the Borrowers; provided, however, that (i) if the principal amount extended by a Bank in a refinancing is greater than the principal amount extended by such Bank in the Borrowing being refinanced, then such Bank shall pay such difference to the Agent for distribution to the Banks described in (ii) below, (ii) if the principal amount extended by a Bank in the Borrowing being refinanced is greater than the principal amount agreed to be extended by such Bank in the refinancing, the Agent shall return the difference to such Bank out of amounts received pursuant to (i) above, and (iii) to the extent any Bank fails to pay the Agent amounts due from it pursuant to (i) above, any Revolving Credit Loan or portion thereof being refinanced with such amounts shall not be deemed repaid in accordance with Section 2.6 and shall be payable by the Borrowers without prejudice to the Borrowers' rights against any such Bank.

(c) Each Bank may at its option fulfill its commitment hereunder with respect to any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Bank to make such Eurodollar Loan; provided, however, that (A) any exercise of such option shall not affect the obligation of the Borrowers to repay such Eurodollar Loan in accordance with the terms of the Agreement and the applicable Note and (B) the Borrowers shall not be liable for increased costs under Sections 2.11 or 2.12 to the extent that (x) such costs could be avoided by the use of a different branch or Affiliate to make Eurodollar Loans and (y) such use would not, in the judgment of such Bank, entail any significant additional expense for which such Bank shall not be indemnified hereunder or otherwise be disadvantageous to it.

(d) All Borrowings, conversions and continuations of Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections that, after giving effect thereto, (A) the aggregate principal amount of the Loans comprising each Tranche of Eurodollar Loans shall be equal to $500,000 or a whole multiple of $100,000 in excess thereof and (B) the Borrowers shall not have outstanding at any one time more than in the aggregate five (5) separate Tranches of Eurodollar Loans.

(e) Notwithstanding any other provision of this Agreement, the Borrowers shall not be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Termination Date.

(f) Each Loan is made to all Borrowers and all of Borrowers' obligations under this Agreement, the Notes and the other Loan Documents shall be joint and several.

2.4 Letter of Credit Subfacility. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, at the request of one or more of the Borrowers and for the account of the Borrowers, an Issuing Bank will issue on the terms and conditions hereinafter set forth (including notifying the Agent of the proposed issuance thereof), standby letters of credit in a form and containing such terms and conditions and for such purposes as are consistent with this Agreement and approved by the Agent (all such letters of credit issued hereunder being collectively referred to as "Letters of Credit"); provided, however, that each Letter of Credit hereafter issued shall have a maximum maturity of twelve (12) months from the date of issuance and shall in no event expire later than one Business Day prior to the Termination Date; provided further, however, that in no event shall (i) the aggregate undrawn face amount of the Letters of Credit issued pursuant to this Section 2.4 exceed, at any one time, $2,000,000; or (ii) the sum of (x) the outstanding aggregate principal amount of all Revolving Credit Loans made by all Banks plus (y) the aggregate undrawn face amount of the Letters of Credit issued under this Section 2.4 exceed, at any one time, the Revolving Credit Commitment. Each Issuing Bank shall advise the Agent of the terms of a Letter of Credit on the date of issuance thereof and shall promptly after issuing a Letter of Credit furnish copies thereof to the Agent for distribution to the Banks.

(b) The Borrowers shall pay to the Agent for the ratable account of the Banks a fee (the "Letter of Credit Fee") for all Letters of Credit equal to one percent (1.0%) per annum of the face amount of each Letter of Credit and shall be payable quarterly in arrears on each December 31, March 31, June 30 and September 30 following issuance of each Letter of Credit and on the expiration date for each Letter of Credit. All Letter of Credit Fees shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Borrowers shall also pay to each Issuing Bank such Issuing Bank's then in effect customary documentation fee payable with respect to each Letter of Credit issued or renewed by it after the Closing Date as such Issuing Bank may generally charge from time to time.

(c) Notwithstanding any other provisions of this Agreement, unless other acceptable arrangements for the immediate reimbursement by the Borrowers of amounts required to be advanced by an Issuing Bank pursuant to a Letter of Credit have been made by the Borrowers and such Issuing Bank and such reimbursement is made by the Borrowers, any and all amounts which an Issuing Bank is required to advance pursuant to a Letter of Credit shall become, at the time the amounts are advanced, Loans from the Banks made as a Base Rate Borrowing. The Agent will notify the Banks of the amount required to be advanced pursuant to the Letters of Credit. Before 10:00 A.M. (Pittsburgh time) on the date of any advance the Agent

is required to make pursuant to the Letters of Credit, each Bank shall make available to the Agent such Bank's Commitment Percentage with respect to Revolving Credit Loans of such advance in immediately available funds.

(d) The Borrowers agree to be bound by the terms of each Issuing Bank's application and/or agreement for a Letter of Credit, any other agreement entered into by such Issuing Bank in connection with such Letter of Credit, and such Issuing Bank's written regulations and customary practices relating to Letters of Credit, although such interpretation may be different from the Borrowers' own. If in connection with any Letter of Credit any collateral for the reimbursement obligations in respect of such Letter of Credit is provided to an Issuing Bank, such Issuing Bank shall, to the extent reimbursement of amounts advanced by such Issuing Bank pursuant to such Letter of Credit is made pursuant to subsection 2.4(c) from the proceeds of Loans, hold such collateral and exercise any rights in respect thereof for the pro-rata benefit of the Banks.

(e) The Borrowers hereby indemnify and hold harmless each Issuing Bank from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever which such Issuing Bank may incur or which may be claimed against such Issuing Bank by any person or entity whatsoever by reason of or in connection with the execution and delivery or transfer of, or payment or failure to pay under, any Letter of Credit; provided the Borrowers shall not be required to indemnify such Issuing Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (i) the willful misconduct or negligence of such Issuing Bank or (ii) such Issuing Bank's willful failure to pay under any Letter of Credit after presentation to it by the beneficiary of a sight draft and certificate strictly complying with the terms and conditions of such Letter of Credit.

(f) As between the Borrowers and an Issuing Bank, the Borrowers assume all risks of the acts or omissions of the beneficiary of a Letter of Credit with respect to the use of such Letter of Credit. Neither an Issuing Bank nor any of its officers or directors shall be liable or responsible for: (i) the use which may be made of any Letter of Credit or for any acts or omissions of the beneficiary in connection therewith; (ii) the validity or genuineness of documents, or of any endorsement thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged; or (iii) any other circumstances whatsoever in making or failing to make payment under a Letter of Credit; except only that the Borrowers shall have a claim against an Issuing Bank, and such Issuing Bank shall be liable to the Borrowers, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by the Borrowers which the Borrowers prove were caused by (y) such Issuing Bank's willful misconduct or gross negligence or (z) such Issuing Bank's willful failure to pay under a Letter of Credit after the presentation to it by the beneficiary of a draft and certificate strictly complying with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, an Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; provided that if an Issuing Bank shall receive written notification from both the applicable beneficiary and the Borrowers that documents conforming to the terms of a Letter of Credit to be presented to such Issuing Bank are not to be honored, such Issuing Bank agrees that it will not honor such documents.

(g) Upon the occurrence and during the continuance of an Event of Default, and in connection with any termination of the loans or commitments contemplated in this Agreement while any Letter of Credit remains outstanding, the Borrowers will cause cash to be deposited and maintained in an account with the Agent, as cash collateral, in an amount equal to one hundred and five percent (105%) of the outstanding Letters of Credit, and the Borrowers hereby irrevocably authorize the Agent, in its discretion, on the Borrowers' behalf and in the Borrowers' name, to open such an account and to make and maintain deposits therein, or in an account opened by the Borrowers, in the amounts required to be made by the Borrowers, out of the proceeds of accounts receivable or other collateral or out of any other funds of the Borrowers coming into the Agent's possession at any time. The Agent will invest such cash collateral (less applicable reserves) in such short-term money-market items as to which the Agent and the Borrowers mutually agree and the net return on such investments shall be credited to such account and constitute additional cash collateral. The Borrowers may not withdraw amounts credited to any such account except upon payment and performance in full of all obligations owed by the Borrowers to any of the Banks, expiration or surrender of all Letters of Credit and termination of this Agreement.

2.5 Fees. (a) The Borrowers agree to pay to each Bank, through the Agent, on the last business day of each calendar month and on the date on which the Commitment of such Bank in respect of the Revolving Credit Commitment shall be terminated as provided herein, a Commitment Fee (a "Commitment Fee") at a rate per annum equal to the Applicable Commitment Fee Percentage from time to time in effect on the average daily unused amount of the Commitment of such Bank in respect of the Revolving Credit Commitment (giving effect to any reductions therein), less the aggregate undrawn face amount of the Letters of Credit then outstanding, during the preceding month (or shorter period commencing with the date hereof or ending with the Termination Date or any date on which the Commitment of such Bank in respect of the Revolving Credit Commitment shall be terminated). All Commitment Fees shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Commitment Fee due to each Bank shall commence to accrue on the date hereof, and shall cease to accrue on the earlier of the Termination Date and the termination of the Commitment of such Bank in respect of the Revolving Credit Commitment as provided herein.

(b) The Borrowers agree to pay to the Agent and PNC Capital Markets, Inc. for their respective accounts administrative, arrangement and other fees at the times and in the amounts as are set forth in the Fee Letter (collectively, the "Administrative Fees").

(c) All Fees shall be paid on the dates due, in immediately available funds, to the Agent for distribution, if and as appropriate, among the Banks. Once paid, none of the Fees shall be refundable under any circumstances.

2.6 Notes; Repayment of Loans. (a) The Revolving Credit Loans made by each Bank shall be evidenced by a single Revolving Credit Note duly executed on behalf of the Borrowers, dated the Closing Date, in substantially the form attached hereto as Exhibit B-1 with the blanks appropriately filled, payable to such Bank in a principal amount equal to such Bank's pro rata share of the Revolving Credit Commitment. The Term Loan A made by each Bank shall be evidenced by a single Term Loan A Note, duly executed on behalf of the Borrowers, dated the Closing Date, in substantially the form attached hereto as Exhibit B-2 with the blanks appropriately filled, payable to such Bank in a principal amount equal to such Bank's Term Loan A Commitment. The Term Loan B made by each Bank shall be evidenced by a single Term Loan B Note, duly executed on behalf of the Borrowers, dated the Closing Date, in substantially the form attached hereto as Exhibit B-3 with the blanks appropriately filled, payable to such Bank in a principal amount equal to such Bank's Term Loan B Commitment. The Term Loan C made by each Bank shall be evidenced by a single Term Loan C Note, duly executed on behalf of the Borrowers, dated the Closing Date, in substantially the form attached hereto as Exhibit B-4 with the blanks appropriately filled, payable to such Bank in a principal amount equal to such Bank's Term Loan C Commitment.

(b) Each Note shall bear interest from the date thereof on the outstanding principal balance thereof as set forth in Section 2.7. The outstanding principal balance of each Revolving Credit Loan, as evidenced by the relevant Revolving Credit Note, shall be payable on the Termination Date. The outstanding principal balance of each Term Loan A and Term Loan B, as evidenced by the relevant Term Loan A Note or Term Loan B Note, shall be payable in quarterly installments on each February 28, May 31, August 31 and November 30 (as applicable) in the amounts and years set forth below; provided that, the final maturity of Term Loan A shall be November 30, 2004 and the final maturity of Term Loan B shall be May 31, 2006:

	Term Loan A	Term Loan B
2000	$ 437,500	0
2001	$ 437,500	0
2002	$ 700,000	0
2003	$ 875,000	0
2004	$1,175,000	0
2005	0	$1,375,000
2006	0	$1,500,000*

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* Only payments on February 28 and May 31, 2006.

The outstanding principal balance of each Term Loan C, as evidenced by the relevant Term Loan C Note, shall be payable in full on the date ninety (90) days after the Closing Date.

(c) Each Bank shall, and is hereby authorized by the Borrowers to, endorse on the schedule attached to the relevant Note held by such Bank (or on a continuation of

such schedule attached to each such Note and made a part thereof), or otherwise to record in such Bank's internal records, an appropriate notation evidencing the date and amount of each Loan of such Bank, each payment or prepayment of principal of any Loan, and the other information provided for on such schedule; provided, however, that the failure of any Bank to make such a notation or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans made by such Bank in accordance with the terms of the relevant Note.

2.7 Interest on Loans. (a) Subject to the provisions of Section 2.8, each Base Rate Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be) at a rate per annum equal to the Base Rate plus the Applicable Margin for that Type of Base Rate Loan.

(b) Subject to the provisions of Section 2.8, each Eurodollar Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Eurodollar Rate in effect for such Loan plus the Applicable Margin for that Type of Eurodollar Loan.

(c) Interest on each Loan shall be payable on each Interest Payment Date applicable to such Loan; provided that, interest accruing on overdue amounts pursuant to Section 2.8 shall be payable on demand as provided in the Notes. The Eurodollar Rate and the Base Rate shall be determined by the Agent, and such determination shall be conclusive absent error.

2.8 Default Rate; Additional Interest; Alternate Rate of Interest. (a) To the extent not contrary to any Requirement of Law, upon the occurrence and during the continuation of an Event of Default, (i) any principal, past due interest, fee or other amount outstanding hereunder other than Eurodollar Loans shall bear interest for each day thereafter until paid in full (after as well as before judgment) at a rate per annum which shall be equal to two percent (2%) above the Base Rate plus the Applicable Margin in effect at such time for Base Rate Loans, and (ii) Eurodollar Loans shall bear interest at a rate per annum which is equal to two percent (2%) in excess of the Eurodollar Rate plus the Applicable Margin in effect at such time for Eurodollar Loans. The Borrowers acknowledge that such increased interest rate reflects, among other things, the fact that such loans or other amounts have become a substantially greater risk given their default status and that the Banks are entitled to additional compensation for such risk.

(b) In the event, and on each occasion, that the Agent shall have determined (which determination absent manifest error shall be conclusive and binding upon the Borrowers) that, by reason of circumstances affecting the eurodollar market generally, dollar deposits in the principal amount of such Eurodollar Loan are not generally available in the London Interbank Market, or that reasonable means do not exist for ascertaining the Eurodollar Base Rate, (i) the Agent shall, as soon as practicable thereafter, give written, or telephonic notice of such determination to the Borrowers and the Banks, (ii) any request by the Borrowers for a Eurodollar Loan or for conversion to or maintenance of a Eurodollar Loan pursuant to the terms of this Agreement shall be deemed a request for a Base Rate Loan, and (iii) the interest rate for

all Loans then bearing interest at the Eurodollar Rate shall be converted on the first Business Day of the next calendar month to Base Rate Loans. After such notice shall have been given and until the circumstances giving rise to such notice no longer exist, each request for a Eurodollar Loan shall be deemed to be a request for a Base Rate Loan. Each determination by the Agent hereunder shall be conclusive absent manifest error.

2.9 Termination, Reduction, Extension of Commitments; Additional Banks. (a) The Revolving Credit Commitment shall be automatically terminated on the Termination Date.

(b) Subject to the last sentence of this paragraph, upon at least three Business Days' prior irrevocable written or facsimile notice to the Agent, the Borrowers may at any time in whole permanently terminate, or from time to time permanently reduce, the Revolving Credit Commitment. Each partial reduction of the Revolving Credit Commitment shall be in a minimum principal amount of $1,000,000 or in whole multiples of $500,000 in excess thereof, and no such termination or reduction shall be made which would reduce the Revolving Credit Commitment to an amount less than the aggregate outstanding principal amount of the Revolving Credit Loans and the aggregate undrawn face amount of the Letters of Credit then outstanding.

(c) Each reduction in the Revolving Credit Commitment hereunder shall be made ratably among the Banks in accordance with their respective Commitment Percentages with respect to Revolving Credit Loans. The Borrowers shall pay to the Agent for the account of the relevant Banks, on the date of each termination or reduction, the Commitment Fees on the amount of the Revolving Credit Commitment so terminated or reduced accrued to the date of such termination or reduction. In connection with any reduction of the Revolving Credit Commitment, the Borrowers shall make any prepayment required under subsection 2.10(b).

(d) During the period beginning one hundred eighty (180) days and ending ninety (90) days prior to the Termination Date, the Borrowers may deliver to the Agent (which shall promptly transmit to each Bank) a notice requesting that the Revolving Credit Commitment be extended to the first anniversary of the Termination Date then in effect. Within forty-five days after its receipt of any such notice, each Bank shall notify the Agent of its willingness or unwillingness so to extend its Commitments in respect of the Revolving Credit Commitment. Any Bank that shall fail so to notify the Agent within such period shall be deemed to have declined to extend its Commitments in respect of the Revolving Credit Commitment. If each (but only if each) Bank agrees to extend its Commitments in respect of the Revolving Credit Commitment, the Agent shall so notify the Borrowers and each Bank, whereupon (i) the respective Commitments of the Banks in respect of the Revolving Credit Commitment shall be extended to the first anniversary of the Termination Date then in effect and (ii) the term "Termination Date" shall thereafter mean such first anniversary. Any such extension shall be evidenced by a written agreement among the Agent, the Banks and the Borrowers, such agreement to be in form and substance acceptable to the Agent, the Banks and the Borrowers. In

the event that one or more Banks (each a "Non-Electing Bank") shall have declined or been deemed to have declined to extend its or their Commitments in respect of the Revolving Credit Commitment and Banks holding a majority in amount of the Revolving Credit Commitment shall have notified the Agent of their desire to extend their Commitments in respect of the Revolving Credit Commitment, the Borrowers shall have the right, but not the obligation, at their own expense, upon notice to each such Non-Electing Bank and the Agent, to replace all (but not less than all) such Non-Electing Banks (in accordance with and subject to the restrictions contained in Section 9.6) at any time before the thirtieth (30th) day prior to the Termination Date with one or more assignees (each a "Replacement Bank") willing to purchase the Non-Electing Banks' interests hereunder and to agree to extend its or their Commitments in respect of the Revolving Credit Commitment in accordance with the notice referred to in the first sentence of this clause (g). In such event, each Non-Electing Bank shall promptly upon request transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 9.6) all its interests, rights and obligations under this Agreement to the applicable Replacement Bank; provided, however, that (i) no such assignment shall conflict with any law or any rule, regulation or order of any Governmental Authority, (ii) the applicable Replacement Bank shall pay to the applicable Non-Electing Bank in immediately available funds on the date of such assignment the principal of and interest accrued to the date of payment on the Revolving Credit Loans made by such Non-Electing Bank hereunder and all other amounts accrued for such Non-Electing Bank's account or owed to it hereunder (including Commitment Fees and any unpaid costs or expenses), and (iii) a Non-Electing Bank shall not be required to sell its interests hereunder unless the Borrowers have arranged for one or more Replacement Banks to acquire the interests of all other Non-Electing Banks. If, as a result of the foregoing, each Bank (including Replacement Banks, but excluding Non-Electing Banks whose interests have been purchased as provided above) has agreed to extend its Commitment in respect of the Revolving Credit Commitment, the Revolving Credit Commitment shall be extended as provided in clause (i) of the fourth sentence of this paragraph and the term Termination Date shall have the meaning set forth in clause (ii) in such fourth sentence of this clause (d).

(e) Any bank or financial institution becoming a party to this Agreement in compliance with the provisions of subsection 2.9(d) hereof shall execute and deliver to the Agent and the Banks and the Borrowers a joinder and assumption agreement in form and substance satisfactory to the Agent. Upon execution and delivery of such joinder such additional bank or financial institution shall be a party hereto and one of the Banks hereunder for all purposes, all as of the date of such joinder. Simultaneously therewith the Borrowers shall execute and deliver to such additional Bank a Revolving Credit Note to the order of such additional Bank in amounts equal to the Commitment assumed by such additional Bank in respect of the Revolving Credit Commitment.

2.10 Optional and Mandatory Prepayments of Loans. (a) The Borrowers shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, without premium or penalty (but in any event subject to Section 2.14), upon prior written, facsimile or telephonic notice to the Agent given no later than 10:30 a.m., Pittsburgh time, one Business Day before any proposed prepayment; provided, however, that each such partial

prepayment shall be in the principal amount of at least $500,000 or in whole multiples of $100,000 in excess thereof.

(b) Excess Cash Flow. On or prior to April 10th of each year, commencing on April 10, 2001, the Borrowers shall pay to the Agent an amount equal to 50% of Excess Cash Flow for the Fiscal Year ended on the preceding December 31, unless the Leverage Ratio with respect to such Fiscal Year is less than 1.5 to 1.0. Any payments pursuant to this subsection shall be applied to the repayment of the Term Loans in the inverse order of maturity, first to Term Loan B and then to Term Loan A.

(c) Assets Sales. Simultaneously with any Asset Sale made by a Borrower after the date hereof, the Borrowers shall pay to the Agent an amount equal to the Net Sale Proceeds of such Asset Sale; provided that, if at the time and as a result of an Asset Sale no Default or Event of Default exists, no payment shall be required pursuant to this clause (c) to the extent that (i) the Net Sale Proceeds do not exceed $100,000 for such Asset Sale or $500,000 for all such Asset Sales in the aggregate, or (ii) to the extent the Net Sale Proceeds exceed such $100,000 limit, if the Borrowers intend in good faith to apply such Net Sale Proceeds to the acquisition of substitute assets within ninety (90) days after such Asset Sale, which substitute assets are to be pledged to the Agent as security for the Obligations pursuant to (and as defined in) the Security Agreement; provided further, that such retained Net Sale Proceeds shall be paid to the Agent at the end of such 90-day period to the extent that the Borrowers have not utilized such retained Net Sale Proceeds to purchase substitute assets that are so pledged to the Agent. Any payments pursuant to this subsection shall be applied to the Term Loans in the inverse order of maturity, first to Term Loan B and then to Term Loan A.

(d) Secondary Offerings. Simultaneously with any Secondary Offering, the Borrowers shall pay to the Agent an amount equal to the aggregate proceeds of such Secondary Offering, less reasonable fees, expenses and other charges directly related thereto ("Net Offering Proceeds"); provided, that the Borrowers shall not be required to pay to the Agent 25% of all Net Offering Proceeds obtained after $10,000,000 of Net Offering Proceeds have been paid to the Agent in the aggregate. Any payments pursuant to this subsection shall be applied to the Term Loans in the inverse order of maturity, first to Term Loan B and then to Term Loan A.

(e) On the date of any termination or reduction of the Total Commitment pursuant to Section 2.9, the Borrowers shall pay or prepay so much of the Borrowings as shall be necessary in order that the sum of the aggregate principal amount of the Revolving Credit Loans outstanding and the aggregate undrawn face amount of the Letters of Credit then outstanding will not exceed the Revolving Credit Commitment after giving effect to such termination or reduction.

(f) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing to be prepaid, shall be irrevocable and shall commit the Borrowers to prepay such Borrowing (or portion thereof) by the amount stated therein. All

prepayments under this Section on other than Base Rate Borrowings shall be accompanied by accrued interest on the principal amount being prepaid to the date of prepayment.

2.11 Illegality. Notwithstanding any other provision herein, if any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Bank to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Bank hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert or refinance Base Rate Loans to Eurodollar Loans shall forthwith be cancelled and (b) such Bank's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Base Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrowers shall pay to such Bank such amounts, if any, as may be required pursuant to Section 2.14.

2.12 Requirements of Law. (a) In the event that any change in any Requirement of Law or in the interpretation, or application thereof or compliance by any Bank with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Bank to any tax of any kind whatsoever with respect to this Agreement, any Note or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Bank in respect thereof (except for taxes covered by Section 2.13 and changes in the rate of tax on the overall net income, gross receipts or revenue of such Bank);

(ii) shall impose, modify or hold applicable any reserve, special deposit or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Bank which is not otherwise included in the determination of the interest rate on such Eurodollar Loan hereunder; or

(iii) shall impose on such Bank any other condition;

and the result of any of the foregoing is to increase the cost to such Bank, by an amount which such Bank deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or to reduce any amount receivable hereunder in respect thereof then, in any such case, the Borrowers shall as promptly as practicable pay such Bank, upon its demand, any additional amounts necessary to compensate such Bank for such increased cost or reduced amount receivable. If any Bank becomes entitled to claim any additional amounts pursuant to this subsection, it shall as promptly as practicable notify the Borrowers, through the Agent, of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this subsection submitted by such Bank, through the Agent, to the Borrowers shall be conclusive in the absence of manifest error. This covenant shall survive the termination

of this Agreement and the payment of the Notes and all other amounts payable hereunder. If any amount is refunded to such Bank, such Bank will reimburse Borrowers for amounts paid in respect of the refunded amount.

(b) In the event that any Bank shall have determined that any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Bank or any corporation controlling such Bank with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on such Bank's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Bank or such corporation could have achieved but for such change or compliance (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, after submission as promptly as practicable by such Bank to the Borrowers (with a copy to the Agent) of a written request therefor, the Borrowers shall pay to such Bank such additional amount or amounts as will compensate such Bank for such reduction.

(c) Each Bank agrees that it will use reasonable efforts in order to avoid or to minimize, as the case may be, the payment by the Borrowers of any additional amount under subsections 2.12(a) and (b); provided, however, that no Bank shall be obligated to incur any expense, cost or other amount in connection with utilizing such reasonable efforts.

2.13 Taxes. (a) All payments made by the Borrowers under this Agreement and the Notes shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding, in the case of the Agent and each Bank, net income taxes and franchise or gross receipts taxes (imposed in lieu of net income taxes) imposed on the Agent or such Bank, as the case may be, as a result of a present or former connection between the jurisdiction of the government or taxing authority imposing such tax and the Agent or such Bank or any political subdivision or taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). Except as provided in Section 2.13(c) and the penultimate sentence of this Section 2.13(a), if any Taxes are required to be withheld from any amounts payable to the Agent or any Bank hereunder or under the Notes, the amounts so payable to the Agent or such Bank shall be increased to the extent necessary to yield to the Agent or such Bank (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the Notes. Whenever any Taxes are payable by the Borrowers, as promptly as possible thereafter the Borrowers shall send to the Agent for its own account or for the account of such Bank, as the case may be, a certified copy of an original official receipt received by the Borrowers showing payment thereof. If the Borrowers fail to pay any Taxes when due to the appropriate taxing authority or fail to remit to the Agent the required receipts or other required documentary evidence, the Borrowers shall indemnify the Agent and the Banks for any incremental taxes, interest or penalties that may become payable by the Agent or any Bank as

a result of any such failure. If as a result of a payment by the Borrowers of Taxes pursuant to this subsection a Bank receives a tax benefit or tax savings such as by receiving a credit against, refund of, or reduction in Taxes which such Bank would not have received but for the payment by the Borrowers of Taxes pursuant to this subsection, then such Bank shall promptly pay to the Borrowers the amount of such credit, refund, reduction or any other similar item. The agreements in this subsection shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

(b) Each Bank that is not incorporated under the laws of the United States of America or a state thereof agrees that it will deliver to the Borrowers and the Agent (i) two duly completed copies of United States Internal Revenue Service Form 1001 or 4224 or successor applicable form, as the case may be, and (ii) an Internal Revenue Service Form W-8 or W-9 or successor applicable form. Each such Bank also agrees to deliver to the Borrowers and the Agent two further copies of the said Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms or other manner of certification, as the case may be, on or before the date that any such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrowers, and such extensions or renewals thereof as may reasonably be requested by the Borrowers or the Agent, unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Bank from duly completing and delivering any such form with respect to it and such Bank so advises the Borrowers and the Agent. Such Bank shall certify (i) in the case of a Form 1001 or 4224, that it is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and (ii) in the case of a Form W-8 or W-9, that it is entitled to an exemption from United States backup withholding tax. Each Bank shall deliver to the Borrowers and the Agent, with respect to Taxes imposed by any Governmental Authority other than the United States of America, similar forms, if available (or the information that would be contained in similar forms if such forms were available), to the forms which are required to be provided under this subsection with respect to Taxes of the United States of America.

(c) The Borrowers shall not be required to pay any additional amounts to the Agent or any Bank in respect of payments of United States withholding tax or other Taxes made by the Borrowers which are consistent with the forms and information delivered to the Borrowers and the Agent or if the payment of such amounts would not have arisen but for a failure by the Agent or such Bank to comply with the requirements of subsection 2.13(b) or the Agent or such Bank did not timely deliver to the Borrowers the forms listed or described in subsection 2.13(b) or did not take such other steps as reasonably may be available to it under applicable tax laws and any applicable tax treaty or convention to obtain an exemption from, or reduction (to the lowest applicable rate) of, such United States withholding tax and other Taxes or, if such steps were taken, the information was not timely and duly delivered to Borrowers.

2.14 Indemnity. The Borrowers agree to indemnify each Bank and to hold each Bank harmless from any loss or expense which such Bank may sustain or incur as a consequence

of (a) default by the Borrowers in payment when due of the principal amount of or interest on any Eurodollar Loan, (b) default by the Borrowers in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrowers have given a notice requesting the same in accordance with the provisions of this Agreement, (c) default by the Borrowers in making any prepayment after the Borrowers have given a notice thereof in accordance with the provisions of this Agreement or (d) the making of a prepayment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto, including, without limitation, in each case, any such loss or expense arising from the reemployment of funds obtained by it or from fees payable to terminate the deposits from which such funds were obtained. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

2.15 Pro Rata Treatment, etc. Except as required under Section 2.11, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of Letter of Credit Fees, each reduction of the Revolving Credit Commitment, each refinancing of any Borrowing with a Borrowing of any Type and each conversion of Loans, shall be made pro rata among the Banks in accordance with their respective applicable Commitment Percentages. Except as required under Section 2.11, each payment of the Commitment Fee shall be made pro rata among the Banks in accordance with their respective Commitment Percentages with respect to Revolving Credit Loans. Each Bank agrees that in computing such Bank's portion of any Borrowing to be made hereunder, the Agent may, in its discretion, round each Bank's percentage of such Borrowing to the next higher or lower whole dollar amount.

2.16 Payments. (a) The Borrowers shall make each payment (including principal of or interest on any Loan or any Fees or other amounts) hereunder not later than 12:00 (noon), Pittsburgh time, on the date when due in Dollars to the Agent at its offices at 249 Fifth Street, Pittsburgh, Pennsylvania, or at such other place as may be designated by the Agent, in immediately available funds.

(b) Except as otherwise provided herein, whenever any payment (including principal of or interest on any Loan or any Fees or other amounts) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

2.17 Borrowers' Representative. Each of the Borrowers hereby appoints the Parent Company as its non-exclusive representative for providing notices and reports to and otherwise communicating with the Agent and the Banks under this Agreement or the other Loan Documents, including without limitation making requests for Loans and Letters of Credit hereunder, and providing information on behalf of any one or more of the Borrowers and for receiving communications and notices from the Agent or the Banks. (In such capacity, the Parent Company is herein referred to as the "Borrowers' Representative"). The Agent and the Banks shall be entitled to rely exclusively on the Borrowers' Representative's authority so to act in each

instance without inquiry or investigation, and each of the Borrowers hereby agrees to indemnify and hold harmless the Agent and the Banks for any losses, costs, delays, errors, claims, penalties or charges arising from or out of the Borrowers' Representative's actions pursuant to this Section 2.17 and the Agent and the Banks reliance thereon and hereon. Notice from the Borrowers' Representative shall be deemed to be notice from all Borrowers and notice to the Borrowers' Representative shall be deemed to be notice to all Borrowers. Nothing in this Section 2.17 shall vitiate or be held contrary to the Borrowers' representations and covenants regarding the Borrowings or the net worth or solvency of the Borrowers made herein or in any of the Loan Documents.

2.18 Conversion and Continuation Options. Except as otherwise provided herein, the Borrowers shall have the right at any time upon prior irrevocable notice to the Agent (i) not later than 10:30 a.m., Pittsburgh time, on the Business Day of conversion, to convert any Eurodollar Loan to a Base Rate Loan, (ii) not later than 10:30 a.m., Pittsburgh time, three Business Days prior to conversion or continuation, (y) to convert any Base Rate Loan into a Eurodollar Loan, or (z) to continue any Eurodollar Loan as a Eurodollar Loan for any additional Interest Period and (iii) not later than 10:30 a.m., Pittsburgh time, three Business Days prior to conversion, to convert the Interest Period with respect to any Eurodollar Loan to another permissible Interest Period, subject in each case to the following:

(a) a Eurodollar Loan may not be converted at a time other than the last day of the Interest Period applicable thereto;

(b) any portion of a Loan maturing or required to be repaid in less than one month may not be converted into or continued as a Eurodollar Loan;

(c) no Eurodollar Loan may be continued as such and no Base Rate Loan may be converted to a Eurodollar Loan when any Default or Event of Default has occurred and is continuing;

(d) any portion of a Eurodollar Loan that cannot be converted into or continued as a Eurodollar Loan by reason of paragraph 2.18(b) or 2.18(c) automatically shall be converted at the end of the Interest Period in effect for such Loan to a Base Rate Loan;

(e) if by the third Business Day prior to the last day of any Interest Period for Eurodollar Loans the Borrowers have failed to give notice of conversion or continuation as described in this subsection, the Agent shall give notice thereof to the Banks and such Loans shall be automatically converted to Base Rate Loans on the last day of such then expiring Interest Period; and

(f) Each request by the Borrowers to convert or continue a Loan shall constitute a representation and warranty that each of the representations and warranties made by the Borrowers herein is true and correct in all material respects on and as of such date as if made on and as of such date.

Accrued interest on a Loan (or portion thereof) being converted shall be paid by the Borrowers at the time of conversion.

SECTION 3. REPRESENTATIONS AND WARRANTIES

To induce the Banks to enter into this Agreement, and to make the Loans, the Borrowers hereby represent and warrant to the Agent and each Bank that:

3.1 Financial Condition. (a) The audited consolidated balance sheets of CECO and its Subsidiaries (other than the K&B Entities) as at December 31, 1998 and the condensed balance sheets of CECO and its Subsidiaries (other than the K&B Entities) as at September 30, 1999 and the related consolidated or condensed statements of operations and of cash flows for the periods ended on such dates, copies of which have heretofore been furnished to each Bank, present fairly the consolidated or condensed financial condition of CECO and its consolidated Subsidiaries as at such date, and the consolidated or condensed results of their operations and their consolidated or condensed cash flows for the period then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved. None of the Borrowers nor any of such Subsidiaries had, at the date of the most recent balance sheet referred to above, any material Contingent Obligation, liability for taxes, or any long-term lease or unusual forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is required by GAAP to be but is not reflected in the foregoing statements or in the notes thereto.

(b) The balance sheet and statement of operations of CECO and its Subsidiaries, including the K&B Entities, on a pro forma basis as at September 30, 1999, and for the twelve month period then ended, copies of which have heretofore been furnished to each Bank, fairly represent the pro forma consolidated condensed financial condition and results of operations of such entities.

(c) (i) As of the Closing Date and after giving effect to this Agreement and any Loans to be made on the Closing Date, the Borrowers, taken as a whole, are Solvent.

(ii) The Borrowers do not intend to incur debts beyond their ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by them and the timing of the amounts of cash to be payable on or in respect of their Debt.

3.2 No Adverse Change. Since September 30, 1999, there has been no Material Adverse Effect and there has been no development or event nor any prospective development or event which has had or could reasonably be expected individually or in the aggregate to have a Material Adverse Effect.

3.3 Existence; Compliance with Law. Except as set forth on Schedule 3.3 hereto, each of the Borrowers (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the corporate or other organizational power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign entity and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, and (d) is in compliance with all Requirements of Law.

3.4 Power; Authorization; Enforceable Obligations. Each of the Borrowers has the corporate power, authority, and legal right, to make, deliver and perform this Agreement, the Notes and the other Loan Documents to which it is a party and to borrow hereunder and has taken all necessary corporate action to authorize the borrowings on the terms and conditions of this Agreement and the Notes and to authorize the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which it is a party. No consent or authorization of, filing with or other act by or in respect of, any Governmental Authority or any other Person (including stockholders and creditors of the Borrowers) is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement, the Notes or the other Loan Documents. This Agreement has been, and each Note and other Loan Document will be, duly executed and delivered on behalf of the Borrowers. This Agreement constitutes, and each Note and other Loan Document when executed and delivered will constitute, a legal, valid and binding obligation of the Borrowers enforceable against the Borrowers in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

3.5 No Legal Bar. The execution, delivery and performance of this Agreement, the Notes and the other Loan Documents by the Borrowers, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or Contractual Obligation of the Borrowers or of any of the Subsidiaries and will not result in, or require, the creation or imposition of any Lien on any of its or their respective properties or revenues pursuant to any such Requirement of Law or Contractual Obligation.

3.6 No Material Litigation. Except as set forth on Schedule 3.6, no litigation, investigation or proceeding of or, before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrowers, threatened against the Borrowers or against any of the respective properties or revenues or against any Plan (a) with respect to this Agreement, the Notes or the other Loan Documents or any of the transactions contemplated hereby, or (b) as to which there is a reasonable likelihood of an adverse determination and which, if adversely determined, would have a Material Adverse Effect.

3.7 No Default. None of the Borrowers is in default under or with respect to any of its Contractual Obligations in any respect which could have a Material Adverse Effect. No Event of Default has occurred and is continuing.

3.8 Taxes. Each of the Borrowers has filed or caused to be filed all tax returns which, to the knowledge of the Borrowers, are required to be filed (or has obtained authorized extensions for such filings) and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrowers, as the case may be); no tax Lien has been filed against any of the Borrowers, and, to the knowledge of the Borrowers, no claim is being asserted, with respect to any such tax, fee or other charges.

3.9 Federal Regulations. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U or for any purpose which violates the provisions of Regulation U. If requested by any Bank or the Agent, the Borrowers will furnish to the Agent and each Bank a statement to the foregoing effect in conformity with the requirements of Federal Reserve Form U-l referred to in said Regulation U. No part of the proceeds of the loans hereunder will be used for any purpose which violates, or which is inconsistent with, the provisions of Regulation X.

3.10 ERISA. (a) Each Plan has complied in all respects with the applicable provisions of ERISA and the Code. No prohibited transaction or accumulated funding deficiency (each as defined in subsection 7(h)) or Reportable Event has occurred with respect to any Single Employer Plan.

(b) Except as provided on Schedule 3.10, the present value of all accrued benefits under each Single Employer Plan maintained by the Borrowers or a Commonly Controlled Entity (based on those assumptions used to fund the Plans), as calculated on a termination basis, did not, as of the last annual valuation date, exceed the value of the assets of the Plans allocable to such benefits.

(c) Neither any of the Borrowers nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan, and neither the Borrowers nor any Commonly Controlled Entity would become subject under ERISA to any liability if any of the Borrowers or such Commonly Controlled Entity were to withdraw completely from any Multiemployer Plan as of the valuation date most closely preceding the date this representation is made or deemed made, in each case except as is not reasonably likely to have Material Adverse Effect. Such Multiemployer Plans are neither in Reorganization as defined in Section 4241 of ERISA nor Insolvent.

(d) The present value (determined using actuarial and other assumptions which are reasonable in respect of the benefits provided and the employees participating) of the liability of the Borrowers and each Commonly Controlled Entity for post-retirement benefits to be provided to their current and former employees under Plans which are welfare benefit plans (as defined in Section 3(1) of ERISA) does not, in the aggregate, exceed the assets under all such Plans allocable to such benefits, except as such amounts are reflected in accordance with GAAP on the financial statements of the Borrowers delivered to the Banks, or as otherwise is not reasonably likely to have a Material Adverse Effect.

3.11 Investment Company Act; Public Utility Holding Company Act. None of the Borrowers is (a) an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

3.12 Purpose of Loans; Letters of Credit. The proceeds of the Loans shall be used by the Borrowers for the K&B Acquisition, the recapitalization of the Borrowers, and the Borrowers' general business purposes. The Letters of Credit shall be standby letters of credit required in the ordinary course of the Borrowers' business.

3.13 Environmental Matters. To the best knowledge of the Borrowers, each of the representations and warranties set forth in paragraphs (a) through (e) of this subsection is true and correct with respect to each parcel of real property owned, leased or operated by any of the Borrowers (the "Properties"):

(a) Except for matters set forth in an environmental report prepared by the Agent, for which matters the Borrowers have taken, or provided the Agent with a written plan with respect to, all necessary actions to resolve all such matters in a manner satisfactory to the Agent, the Properties do not contain, and have not previously contained, in, on, or under, including, without limitation, the soil and groundwater thereunder, any Materials of Environmental Concern in concentrations which violate Environmental Laws.

(b) The Properties and all operations and facilities at the Properties are in compliance with Environmental Laws, and there is no Materials of Environmental Concern contamination or violation of any Environmental Law which would interfere with the continued operation of any of the Properties or impair the fair saleable value of any thereof.

(c) None of the Borrowers has received any written complaint, notice of violation, alleged violation, investigation or advisory action or of potential liability or of potential responsibility regarding a violation of Environmental Law or permit compliance with regard to the Properties, nor are the Borrowers aware that any Governmental Authority is contemplating delivering to any of the Borrowers any such notice.

(d) Materials of Environmental Concern have not been generated, treated, stored, disposed of, at, on or under any of the Properties, nor have any Materials of Environmental Concern been transferred from the Properties to any other location except in either case in the ordinary course of business of the Borrowers and in compliance with all Environmental Laws.

(e) There are no governmental, administrative actions or judicial proceedings pending or contemplated under any Environmental Laws to which the Borrowers or any of its Subsidiaries is or will be named as a party with respect to the Properties, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to any of the Properties.

(f) To the best knowledge of each Borrower after reasonable inquiry, there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operation of such Borrower in connection with the Properties or otherwise in connection with the business operated by such Borrower in violation of or in amounts or in a manner that could reasonably be expected to give rise to liability under any Environmental Law.

3.14 Ownership of the Borrowers. As of the Closing Date the record ownership of each class and series of stock of each of the Borrowers and USFM is as set forth on Schedule 3.14.

3.15 Patents, Trademarks, etc. Each of the Borrowers has obtained and holds in full force and effects all patents, trademarks, servicemarks, trade names, copyrights or licenses therefor and other such rights, free from burdensome restrictions, which are necessary for the operation of its business as presently conducted. To the Borrowers' best knowledge, no material product, process, method, substance, part or other material presently sold by or employed by any of the Borrowers in connection with such business infringes any patent, trademark, service mark, trade name, copyright, license or other right owned by any other Person so as to have a Material Adverse Effect. There is not pending or, to Borrowers' knowledge, threatened any claim or litigation against or affecting any of the Borrowers contesting its right to sell or use any such product, process, method, substance, part or other material.

3.16 Ownership of Property. Schedule 3.16 sets forth, as of the Closing Date, all the real property owned or leased by any of the Borrowers and identifies the street address, the current owner (and current record owner, if different) and whether such property is leased or owned. The Borrowers have good and marketable fee simple title to or valid leasehold interests in all real property owned or leased by the Borrowers, and good title to all of their personal property subject to no Lien of any kind except Liens permitted hereby. The Borrowers enjoy peaceful and undisturbed possession under all of their respective leases.

3.17 Licenses, etc. Each of the Borrowers has obtained and holds in full force and effect, all franchises, licenses, permits, certificates, authorizations, qualifications, easements, rights of way and other rights, consents and approvals which are necessary for the operation of its business as presently conducted.

3.18 No Burdensome Restrictions. None of the Borrowers is a party to any agreement or instrument or subject to any other Contractual Obligation or any charter or corporate restriction or any provision of any applicable law, rule or regulation which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

3.19 Labor Matters. Except as set forth on Schedule 3.19, (a) as of the Closing Date, there are no collective bargaining agreements or Multiemployer Plans covering the employees of the Borrowers, and (b) none of such Persons has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five years and to the best knowledge of such Persons, there are none now threatened.

3.20 Partnerships. As of the date hereof and as of the Closing Date, except as disclosed on Schedule 3.20, none of the Borrowers is a partner in any partnership or in any joint venture.

3.21 No Material Misstatements. To the best of the Borrowers' knowledge, no information, report, financial statement, exhibit or schedule furnished by or on behalf of any of the Borrowers or the K&B Entities to the Agent or any Bank in connection with the negotiation of this Agreement or any Note or other Loan Document or included therein contains any misstatement of fact, or omitted or omits to state any fact necessary to make the statements therein not misleading, where such misstatement or omission would in Borrowers' judgment be material to the interests of the Banks with respect to the Borrowers' performance of their obligations hereunder. Prior to the date hereof, the Borrowers have disclosed to the Agent in writing any and all facts which materially and adversely affect (to the extent the Borrowers can as of the date hereof reasonably foresee), the business, operations or financial condition of the Borrowers taken as a whole, and the ability of the Borrowers to perform its or their obligations under this Agreement, the Notes, the other Loan Documents and the Acquisition Documents.

3.22 Affiliated Business Enterprises. The Borrowers and USFM intend to operate as affiliated business enterprises. Although separate entities, the Borrowers operate under a common business plan. Each of the Borrowers and USFM will benefit from the financing arrangement established by this Agreement. Each Borrower acknowledges that, but for the agreement by each of the other Borrowers to execute and deliver this Agreement and the other Loan Documents to which it is a party, none of the Borrowers would have qualified separately for the total amount of the credit facilities established hereby.

3.23 Acquisition Documents. Each of the representations and warranties contained in the Acquisition Documents are true and correct in all material respects as of the date hereof (except to the extent the Acquisition Documents specifically provide that any of them are

made only as of a different date) and each of the parties to the Acquisition Documents has satisfied all conditions to the other parties' obligations under such Acquisition Documents.

3.24 Year 2000 Compliance. The Borrowers have reviewed the areas within their business and operations which could be adversely affected by, and have developed a program to address on a timely basis, the risk that certain computer applications used by the Borrowers may be unable to recognize and perform properly date-sensitive functions involving dates prior to, on and after December 31, 1999 (the "Year 2000 Problem"). The Year 2000 Problem will not result in any Material Adverse Effect.

All of the foregoing representations and warranties shall survive the execution and delivery of the Notes and the making by the Banks of the Loans hereunder.

SECTION 4. CONDITIONS PRECEDENT; CLOSING

4.1 Conditions to Closing. The agreement of each Bank to enter into this Agreement and make its initial Loan or, in the case of the Issuing Bank, issue any Letter of Credit hereunder is subject to the satisfaction, immediately prior to or concurrently with such Loans, of the following conditions precedent:

(a) Loan Documents. The Agent shall have received (i) this Agreement and each of the other Loan Documents, executed and delivered by a duly authorized officer of each of the Borrowers and USFM, as applicable, with a counterpart for each Bank and (ii) for the account of each Bank, Notes conforming to the requirements hereof and executed by a duly authorized officer of each of the Borrowers.

(b) Corporate Proceedings of the Borrowers. The Agent shall have received a copy of the resolutions or other corporate proceedings or action, in form and substance satisfactory to the Agent, taken on behalf of each of the Borrowers authorizing (i) the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which it is a party, and (ii) the borrowings contemplated hereunder, certified by a Responsible Officer of each of the Borrowers as of the Closing Date, which certificate shall state that such resolutions, or other proceedings or action thereby certified have not been amended, modified, revoked or rescinded and shall be in form and substance satisfactory to the Agent.

(c) Representations and Warranties True; No Default. The representations and warranties of each Borrower contained in Section 3 hereof shall be true and accurate on and as of the Closing Date in all material respects with the same effect as though such representations and warranties had been made on and as of such date (except representations and warranties which relate solely to an earlier date or time, which representations and warranties shall be true and correct on and as of the specific dates or times referred to therein), and each Borrower shall have, and shall have caused USFM to have, performed and complied with all covenants and conditions hereof applicable to it; and no Event of Default or Default under this Agreement shall have occurred and be continuing or shall exist.

(d) Corporate Documents. The Agent shall have received, with a counterpart for each Bank, true and complete copies of (i) the articles of incorporation, bylaws, or other organizational documents of each Borrower, certified as of the Closing Date as complete and correct copies thereof by a Responsible Officer of each Borrower; and (ii) good standing certificates issued by the Secretaries of State (or the equivalent thereof) of each state in which such Borrower has been formed or is required to be qualified to transact business no earlier than thirty days prior to the Closing Date.

(e) Incumbency. The Agent shall have received a written certificate dated the Closing Date by a Responsible Officer of each Borrower as to the names and signatures of the officers of such Borrower authorized to sign this Agreement and the other Loan

Documents. The Agent may conclusively rely on such certificate until it shall receive a further certificate by a Responsible Officer of such Borrower amending such prior certificate.

(f) Fees. The Borrowers shall have paid or caused to be paid to the Agent (i) those fees required by the Fee Letter and (ii) all other fees and expenses due and payable hereunder on or before the Closing Date (if then invoiced), including without limitation the reasonable fees and expenses of counsel to the Agent.

(g) Legal Opinions. The Agent shall have received, with a counterpart for each Bank, the executed legal opinion of counsel to the Borrowers, USFM and the Guarantor, addressed to the Agent and the Banks and satisfactory in form and substance to the Agent and its counsel covering such matters incident to the transactions contemplated by this Agreement and the other Loan Documents as the Agent may reasonably require. The Borrowers hereby direct such counsel to deliver such opinion, upon which the Banks and the Agent may rely.

(h) No Material Adverse Change. There shall be no material adverse change in the business, operations, Property, prospects or financial or other condition of the Borrowers taken as a whole nor any material change in the management of the Borrowers or an event which would cause or constitute a Material Adverse Effect; and there shall be delivered to the Agent for the benefit of each Bank a certificate dated the Closing Date and signed on behalf of the Borrowers' Representative by a Responsible Officer to each such effect and covering the matters described in paragraph (c) above.

(i) No Litigation. No action, proceeding, investigation, regulation or legislation shall have been instituted, threatened or proposed before any court, governmental agency or legislative body to enjoin, restrain or prohibit, or to obtain damages in respect of this Agreement or the consummation of the transactions contemplated hereby or which, in the Agent's sole discretion, would make it inadvisable to consummate the transactions contemplated by this Agreement.

(j) Evidence of Insurance. The Borrowers shall have provided to each of the Banks copies of the evidence of insurance required by subsection 5.5(b).

(k) Existing Indebtedness, Liens. The indebtedness owed by one or more of the Borrowers to PNC under that certain letter agreement dated March 16, 1999, among PNC and certain of the Borrowers, shall have been repaid in full or arrangements satisfactory to the Agent shall exist for the repayment thereof from the proceeds of the initial Loans hereunder. All Liens with respect to property of the Borrowers relating to such indebtedness and all credit support therefor shall have been released and satisfactory evidence of the foregoing shall have been delivered to the Agent.

(l) Additional Investment. A minimum investment of $5,000,000 shall be made in the Parent Company on terms and conditions satisfactory to the Agent,

including, if such investment is a debt investment, being subordinated on terms satisfactory to the Banks, to the obligations owed to the Agent and the Banks under Loan Documents.

(m) K&B Acquisition; Bonus Pool Payments. The K&B Acquisition shall have been completed and copies of all Acquisition Documents and any documents and employment or other agreements relating to the Bonus Pool Payments shall have been delivered to the Agent. All Bonus Pool Payments shall be subordinated on terms satisfactory to the Banks, to the obligations owed to the Agent and the Banks under the Loan Documents.

(n) Additional Documents. The Agent shall have received such additional documents, landlord agreements and waivers, certificates and information as the Agent may require pursuant to the hereof or as the Agent may otherwise reasonably request.

4.2 Conditions to Each Loan. The agreement of each Bank to make any Loan requested to be made by it on any date (including, without limitation, the Term Loans and the first Revolving Credit Loan hereunder) or an Issuing Bank to issue a Letter of Credit is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by the Borrowers herein or which are contained in any certificate, document or financial or other statement furnished at any time under or in connection herewith or therewith shall be true and correct in all material respects on and as of such date as if made on and as of such date.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loans requested to be made or the Letter of Credit is to be issued on such date.

(c) No Contravention of Law. The making of the Loans or the issuance of the Letter of Credit shall not contravene any Requirement of Law applicable to the Borrowers or any of the Banks.

Each borrowing by the Borrowers hereunder or request for the issuance of a Letter of Credit shall constitute a representation and warranty by the Borrowers as of the date of such Loan or issuance of such Letter of Credit that the conditions contained in this Section 4.2 have been satisfied.

4.3 Closing. The closing (the "Closing") of the transactions contemplated hereby shall take place at the offices of Ballard Spahr Andrews & Ingersoll, LLP, 1735 Market Street, Philadelphia, PA 19103, commencing at 10:00 A.M., Philadelphia time, on December 6, 1999 or such other place or date as to which the Agent, the Banks and the Borrowers shall agree. The date on which the Closing shall be completed is referred to herein as the "Closing Date".

SECTION 5. AFFIRMATIVE COVENANTS

The Borrowers hereby agree that, so long as any Commitments remain in effect, any Note remains outstanding and unpaid, any Letter of Credit remains outstanding or any other amount is owing to any Bank or the Agent hereunder, each of the Borrowers shall:

5.1 Financial Statements. Furnish to each Bank:

(a) as soon as available, but in any event not later than 90 days after the close of each fiscal year of CECO, a copy of the annual audit report for such year for CECO, including therein consolidated and consolidating balance sheets of CECO as at the end of such fiscal year, and related statements of income, shareholders' equity and cash flow of CECO for such fiscal year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP applied on a basis consistently maintained throughout the period involved and with the prior year with such changes therein as shall be approved by CECO's independent certified public accountants, such consolidated and consolidating financial statements to be certified by independent certified public accountants selected by CECO and reasonably acceptable to the Banks, without any exception or qualification arising out of the restricted or limited nature of the examination made by such accountants;

(b) as soon as available, but in any event not later than 30 days after the end of each calendar month, and no later than 45 days after the end of each of the first three quarterly periods of each fiscal year of CECO, unaudited consolidated and consolidating financial statements of CECO, including therein (i) balance sheets of CECO as at the end of such period, (ii) the related statements of income of CECO, and (iii) the related statements of cash flow and shareholders' equity of CECO all for the period from the beginning of such fiscal year to the end of such period, setting forth in each case in comparative form the corresponding figures for the like period of the preceding fiscal year; all in reasonable detail, prepared in accordance with GAAP applied on a basis consistently maintained throughout the period involved and with prior periods and certified on behalf of CECO and the Borrowers' Representative by a Responsible Officer;

(c) as soon as available, but in any event no later than 15 days after the end of each calendar month, a Borrowing Base Certificate in the form of Exhibit D attached hereto;

(d) as soon as available, but in any event not later than 15 days after the end of each of each monthly period of each fiscal year of the Borrowers, accounts receivable agings of the Borrowers in reasonable detail satisfactory to the Agent, and certified on behalf of the Borrowers' Representative by a Responsible Officer.

5.2 Certificates; Other Information. Furnish to each Bank:

(a) concurrently with the delivery of the financial statements referred to in subsections 5.1(a) and (b), (i) a certificate on behalf of the Borrowers' Representative executed by a Responsible Officer, showing in detail the calculations supporting such statements in respect of Section 6.1 ; and (ii) a certificate (the "Applicable Margin Certificate") of the Borrowers' Representative, executed on its behalf by a Responsible Officer, (A) showing in detail the calculation of the Leverage Ratio as at the last day of the preceding fiscal quarter and (B) stating that, to the best of his or her knowledge, each of the Borrowers and CECO during such period has kept, observed, performed and fulfilled each and every covenant and condition contained in this Agreement and in the Notes and the other Loan Documents applicable to it and that he or she obtained no knowledge of any Default or Event of Default except as specifically indicated;

(b) within 30 days after request therefor by the Agent, such detailed financial projections, forecasts and budgets as the Banks or the Agent may from time to time (but not more frequently than once in respect of each fiscal year) reasonably request;

(c) any reports, including management letters submitted to any of the Borrowers by independent accountants in connection with any annual, interim or special audit;

(d) any reports, notices or proxy statements generally distributed by CECO or any of the Borrowers to its stockholders on a date no later than the date supplied to the stockholders; and

(e) promptly, such additional financial and other information as the Banks or the Agent may from time to time reasonably request.

5.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, except when the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the applicable Borrower; provided that, the foregoing exception shall not apply to, and the Borrowers shall pay, any contested liability on or prior to ten (10) days after the commencement of proceedings to foreclose any Lien which may have attached as security therefor.

5.4 Conduct of Business and Maintenance of Existence. Subject to Section 6.4 hereof, continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges, trademarks, trade names, licenses, franchises and other authorizations necessary or desirable in the normal conduct of its business; comply with all Contractual Obligations and material Requirements of Law; provided, that the Borrowers shall

cause USFM to not engage in any business after the date hereof, other than to transfer certain of its assets to any of the Borrowers and otherwise wind up its business.

5.5 Maintenance of Property; Insurance. (a) Maintain in good repair, working order and condition (ordinary wear and tear excepted) in accordance with the general practice of other businesses of similar character and size, all of those properties material or necessary to its business, and from time to time make or cause to be made all appropriate repairs, renewals or replacements thereof.

(b) Insure its properties and assets against loss or damage by fire and such other insurable hazards as such assets are commonly insured (including fire, extended coverage, property damage, worker's compensation, public liability and business interruption insurance) and against other risks (including errors and omissions) in such amounts as similar properties and assets are insured by prudent companies in similar circumstances carrying on similar businesses, and with reputable and financially sound insurers, including self-insurance to the extent customary. The Borrowers shall deliver (i) on the Closing Date and annually thereafter an original certificate of insurance signed by the Borrowers' independent insurance broker describing and certifying as to the existence of the insurance on the Borrowers' properties and assets required to be maintained by this Agreement and (ii) at the request of the Agent from time to time a summary schedule indicating all insurance then in force with respect to the Borrowers. Each insurance policy shall provide for at least thirty (30) days' prior written notice to the Agent of any termination of or proposed cancellation or nonrenewal of such policy, and name the Agent as additional insured and loss payee.

5.6 Inspection of Property; Books and Records; Discussions. (a) Permit any of the officers or authorized employees or representatives of the Agent or any of the Banks to visit and inspect during normal business hours any of its properties and to examine and make excerpts from its books and records and discuss its business affairs, finances and accounts (including those of its Affiliates) with its officers, all in such detail and at such times and as often as any of the Banks may reasonably request, provided that each Bank shall provide the Borrowers and the Agent with reasonable notice prior to any visit or inspection. In the event Required Banks desire to conduct an audit of the Borrowers (to which the Borrowers hereby consent), such Banks shall make a reasonable effort to conduct such audit contemporaneously with any audit to be performed by the Agent.

(b) Maintain and keep proper books of record and account which enable the Borrowers to issue financial statements in accordance with GAAP and as otherwise required by applicable Requirements of Law, and in which full, true and correct entries shall be made in all material respects of all its dealings and business and financial affairs.

(c) Permit (i) auditors chosen by the Agent to visit and inspect any of its properties to conduct a collateral audit of the inventory and other assets of the Borrowers, in such detail as the Agent may reasonably request, during normal business hours within ninety (90) days after the Closing Date (the "Initial Audit"), (ii) an additional collateral audit to be conducted

after the Initial Audit and prior to December 31, 2000, by an auditor chosen by the Agent, and (iii) an annual collateral audit by an auditor chosen by the Agent in each calendar year thereafter. All of the collateral audits provided for hereunder shall be at the sole cost and expense of the Borrowers.

5.7 Notices. Promptly, upon any of the Borrowers becoming aware, give notice to the Agent and each Bank of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of any of the Borrowers or (ii) litigation, investigation or proceeding which may exist at any time between any of the Borrowers and any Governmental Authority, which in either case, if not cured or if adversely determined, as the case may be, could have a Material Adverse Effect;

(c) any litigation or proceeding which, if adversely determined, could have a Material Adverse Effect;

(d) the following events, as soon as possible and in any event within 15 days after any of the Borrowers knows or has reason to know thereof: (i) the occurrence of any Reportable Event with respect to any Single Employer Plan, or any withdrawal from, or the termination, Reorganization or Insolvency of any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or any of the Borrowers or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Single Employer Plan in a distress termination under Section 4041(c) of ERISA or Multiemployer Plan, in each case, except as is not reasonably likely to have a Material Adverse Effect;

(e) the occurrence or existence of a material default by any party, including a Borrower, to any material contract to which a Borrower is a party, or the actual or threatened termination, revocation or non-renewal of any such material contract;

(f) any correspondence or notices from any Governmental Authority that regulates the operations of a Borrower relating to an actual or threatened change or development that is reasonably likely to have a Material Adverse Effect;

(g) entry of any order, judgment, decree or decision issued by any court, arbitrator or Governmental Authority in any proceeding to which a Borrower is a party which is reasonably likely to have a Material Adverse Effect;

(h) any notice from a Governmental Authority received by a Borrower of such Governmental Authority's intention to audit any Federal, state, local or foreign tax return (except for notices of sales, excise, use and property tax audits, which the Borrowers shall

provide to the Agent upon request) of such Borrower, together with a copy of any such notice as well as any subsequent notice with respect thereto from any such Governmental Authority;

(i) any lapse, termination, non-renewal or reduction in coverage of any insurance coverage required to be maintained by the Borrowers pursuant to any Loan Document; and

(j) an event which has had a Material Adverse Effect. Each notice pursuant to this subsection shall be accompanied by a statement of the Borrowers' Representative, executed on its behalf by a Responsible Officer, setting forth details of the occurrence referred to therein and stating what action the Borrowers propose to take with respect thereto.

5.8 Environmental Laws. (a) Comply with, and require compliance by all tenants and to the extent possible, all subtenants, if any, with, all Environmental Laws and obtain and comply with and maintain, and require that all tenants and to the extent possible, all subtenants obtain and comply with and maintain, any and all licenses, approvals, registrations or permits required by Environmental Laws except to the extent that failure to so comply or obtain or maintain such documents would not have a Material Adverse Effect.

(b) Except as set forth in Schedule 3.13, comply with all lawful and binding orders and directives of all Governmental Authorities respecting Environmental Laws except to the extent that failure to so comply would not have a Material Adverse Effect.

(c) Defend, indemnify and hold harmless the Agent and the Banks, and their respective employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of or noncompliance with any Environmental Laws applicable to the real property owned or operated by the Borrowers, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, attorneys' and consultants' fees, investigation and laboratory fees, court costs and litigation expenses, except to the extent that any of the foregoing arise out of the negligence or willful misconduct of any of the foregoing enumerated parties.

5.9 Ownership of Borrowers; Joinder of Subsidiaries. (a) Except as set forth on Schedule 3.14, each Borrower (other than the Parent Company) shall remain a Wholly-Owned Subsidiary of the Parent Company.

(b) If any Borrower or USFM hereafter (i) acquires (directly or indirectly) a Subsidiary, or (ii) transfers in a single transaction or series of transactions to any Subsidiary, now existing or hereafter acquired or created, assets (real or personal, tangible or intangible, including, without limitation, shares of stock or indebtedness of any other Subsidiary and

leasehold interests), whether by capital contribution, loan, advance, investment, sale, lease, assignment, transfer, merger, consolidation or other disposition, the Borrowers will (x) cause such Subsidiary to become a Borrower or a party to a Guaranty, (y) pledge all of the Capital Stock of such Subsidiary to the Agent, and (z) cause such Subsidiary to pledge all of its assets to the Agent, in each case, promptly after the transfer or acquisition, by execution of a writing satisfactory to the Agent. Nothing in this Section is intended to permit any acquisition or transfer not otherwise permitted by this Agreement.

5.10 Management Changes. Notify the Agent in writing within fifteen (15) days after any change of any of the following officers: (a) with respect to CECO, the Parent Company, CECO Filters, Inc. and The Kirk & Blum Manufacturing Company, the chief executive officer, chief operating officer, chief financial officer or president; and (b) with respect to any other Borrower, the president. In the event that any executive officer of any Borrower or CECO after the Closing Date shall cease to be an executive officer of any of the Borrowers or CECO, the Borrowers shall cause a qualified replacement officer to promptly be appointed to fill such position such that no material adverse effect shall occur with respect to any of the Borrowers.

5.11 Maintenance of Intellectual Property, Permits, Etc. Except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, maintain in full force and effect all intellectual property and all licenses, franchises, permits and other authorizations necessary for the ownership and operation of their respective properties and business.

5.12 Plans and Benefit Arrangements. Comply and cause each Commonly Controlled Entity to comply, with ERISA, the Code and all other applicable Requirements of Law which are applicable to Plans, except where the failure to do so, alone or in conjunction with any other failure, could not reasonably be expected to have a Material Adverse Effect.

5.13 Interest Rate Protection. Within 90 days after the Closing Date, enter into with one or more banks, the unsecured long-term debt obligations of which are rated "A3" or higher by Moody's or "A-" by S&P, and issued by a bank having capital, surplus and undivided profits aggregating at least $250,000,000, such interest rate protection contracts (collectively, the "Interest Rate Protection Agreements") as are necessary to cause an amount not less than 50% of the Borrowers' then outstanding Term Loan A and Term Loan B hereunder to bear interest either at a fixed rate or be subject to contracts which shall provide for a protected fixed rate acceptable to the Agent. Such contracts shall conform to ISDA standards, shall be subject to intercreditor and subordination provisions as may be acceptable to the Agent and shall otherwise be acceptable to the Agent as to structure, notional amount (subject to the 50% standard set forth herein) and shall extend for a term of at least three years (except that no such contracts shall be required to extend beyond the Termination Date).

5.14 Further Assurances; Power of Attorney. At any time and from time to time, upon the Agent's reasonable request, make, execute and deliver, and use its best efforts to cause any other Person to make, execute and deliver, to the Agent, and where appropriate cause

to be recorded or filed, and from time to time thereafter to be re-recorded and refiled at such time and in such offices and places as shall be deemed desirable by the Agent any and all such further certificates and other documents and instruments as the Agent may reasonably consider necessary or desirable in order to effectuate, complete, perfect, continue or preserve the obligations under this Agreement and the other Loan Documents and the Liens created to secure such obligations. Each Borrower hereby appoints the Agent, and any of its officers, directors, employees and authorized agents, with full power of substitution, upon any failure by such Borrower, to take or cause to be taken any action described in the preceding sentence and to make, execute, record, file, re-record or refile any and each such security document, instrument, certificate and document for and in the name of such Borrower; provided, that the Agent shall not take any action pursuant to such power unless an Event of Default shall have occurred and be continuing. The power of attorney granted pursuant to this subsection is coupled with an interest and shall be irrevocable until the Notes are paid in full, no other amount is owed to the Agent or any Bank hereunder or under the other Loan Documents and the Commitments are terminated.

SECTION 6. NEGATIVE COVENANTS

The Borrowers hereby agree that, so long as any of the Commitments remain in effect, any Note remains outstanding and unpaid, any Letter of Credit remains outstanding (which is not subject to a cash collateral arrangement satisfying the provisions of Section 2.4(g)) or any other amount is owing to any Bank or the Agent hereunder, none of the Borrowers shall, and the Borrowers shall cause USFM not to, directly or indirectly:

6.1 Financial Covenants.

(a) Leverage Ratio. Permit the Leverage Ratio, as of the end of any fiscal quarter ending during the periods specified below, for the prior four consecutive fiscal quarters, to equal or exceed the amount set forth opposite such period:

Last Day of Fiscal Quarter During Period	Leverage Ratio To Be Less Than
December 31, 2000 through June 29, 2001	3.75 to 1
June 30, 2001 through December 30, 2001	3.50 to 1
December 31, 2001 through December 30, 2002	3.00 to 1
December 31, 2002 through December 30, 2003	2.50 to 1
December 31, 2003 through December 30, 2004	2.25 to 1
December 31, 2004 through Termination Date	2.00 to 1

(b) Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio, (i) as of the end of each of the fiscal quarters ending December 31, 2000, March 31, 2001,

June 30, 2001 and September 30, 2001, in each case for the prior four consecutive fiscal quarters, to be less than 1.15, and (ii) as of the end of any fiscal quarter thereafter for the prior four consecutive fiscal quarters, to be less than 1.20 to 1.

(c) Interest Coverage Ratio. Permit the Interest Coverage Ratio for the period (i) beginning January 1, 2000 and ending June 30, 2000 to be less than 1.50 to 1, or (ii) beginning January 1, 2000 and ending September 30, 2000 to be less than 2.00 to 1. Permit the Interest Coverage Ratio, as of the end of any fiscal quarter ending during the periods specified below, for the prior four consecutive fiscal quarters, to equal or exceed the amount set forth opposite such period:

Last Day of Fiscal Quarter During Period	Interest Coverage Ratio To Be Less Than
December 31, 2000 through December 30, 2001	2.50 to 1
December 31, 2001 through December 30, 2002	3.25 to 1
December 31, 2002 through December 30, 2003	3.75 to 1
December 31, 2003 through Termination Date	4.00 to 1

(d) Capital Expenditures. Permit the amount of aggregate capital expenditures of the Borrowers and CECO to exceed $900,000 in any fiscal year.

(e) EBITDA. Permit the EBITDA (i) of CECO Filters, Inc. for the fiscal period beginning October 1, 1999 and ending December 31, 1999, prior to any management fees paid to CECO for such period to be less than $562,500, or (ii) of CECO, for the following fiscal periods, to be less than the amount set forth opposite such period:

Period	EBITDA Not to be Less Than
January 1, 2000 through March 31, 2000	$1,050,000
January 1, 2000 through June 30, 2000	$2,750,000
January 1, 2000 through September 30, 2000	$5,100,000

6.2 Limitation on Debt. At any time incur, create, assume, or suffer to exist any Debt except:

(i) amounts outstanding hereunder as Loans;

(ii) Indebtedness of one Borrower to another Borrower;

(iii) Debt existing as of the date hereof described on Schedule 6.2 (including any extensions or renewals or refinancings thereof provided there is no increase in the amount thereof or other significant change in the terms thereof);

(iv) Debt under Interest Rate Protection Agreements;

(v) Debt incurred (i) on or prior to the date hereof and set forth on Schedule 6.2 and (ii) after the date hereof, for the purchase of capital assets for which a lien on such assets is granted to the creditor; provided that the aggregate amount of such Debt outstanding at any time and not set forth on Schedule 6.2 shall not exceed $500,000;

(vi) Debt owed to CECO on the Closing Date in respect of amounts owed by CECO to various creditors and subject to a Subordination Agreement among such creditors, CECO and the Agent; and

(vii) Subordinated Debt.

6.3 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, including, without limitation, the stock of each Borrower and USFM, whether now owned or hereafter acquired, except for Liens with respect to USFM to the extent such Liens do not have a material adverse effect on the Borrowers and USFM, taken as a whole, and except for:

(a) The following, (i) if the validity or amount thereof is being contested in good faith by appropriate and lawful proceedings diligently conducted so long as levy and execution thereon have been stayed and continue to be stayed or (ii) if a final judgment is entered and such judgment is discharged within thirty (30) days of entry, and in either case they do not materially impair the ability of the Borrowers to perform their obligations hereunder or under the other Loan Documents:

(A) Claims or Liens for taxes, assessments or charges due and payable and subject to interest or penalty, provided that the Borrowers maintain such reserves or other appropriate provisions as shall be required by GAAP and pay all such taxes, assessments or charges forthwith upon the commencement of proceedings to foreclose any such Lien;

(B) Claims, Liens or encumbrances upon, and defects of title to, real or personal property including any attachment of personal or real property or other legal process prior to adjudication of a dispute on the merits; and

(C) Claims or Liens of mechanics, materialmen, warehousemen, carriers, or other statutory nonconsensual Liens;

(b) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(c) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business of the Borrowers or USFM;

(d) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not interfere with the ordinary conduct of the business of any of the Borrowers;

(e) Liens which were in existence on the date hereof and shown on Schedule 6.3 and extensions or replacements thereof;

(f) Liens on assets of corporations which become Borrowers after the date of this Agreement, provided that such Liens existed at the time the respective corporations became Borrowers and were not created in anticipation thereof and liens on assets acquired by Borrowers in acquisitions permitted by Section 6.6 (which liens were in existence at the time of such acquisitions);

(g) Liens upon real property, which property was acquired after the Closing Date by the Borrowers, each of which Liens existed on such property before the time of its acquisition or was created to finance, refinance or refund the cost (including the cost of construction) of the respective property; provided, however, that no such Lien shall extend to or cover any accounts receivable or inventory under any circumstances or any property of the Borrowers other than the respective property so acquired and improvements thereon, and the principal amount of indebtedness secured by any such Lien shall not exceed the fair market value of the respective property at the time it was acquired;

(h) Capital Leases as and to the extent permitted under this Agreement;

(i) Liens in favor of the Agent or any Bank; and

(j) Purchase money security interests on equipment purchased in the ordinary course of business securing Debt permitted by Section 6.2.

6.4 Limitations on Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all of its property, business or assets except:

(a) any Borrower may merge with any other Borrower;

(b) any Borrower may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to one or more of the Borrowers; and

(c) a merger in connection with a Permitted Acquisition permitted under Section 6.6, in which the surviving entity is a Borrower.

provided that, immediately after each such transaction and after giving effect thereto, the Borrowers are in compliance with this Agreement and no Default or Event of Default shall be in existence or result from such transaction.

6.5 Limitation on Sale of Assets. Convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including, without limitation, accounts receivable and leasehold interests), whether now owned or hereafter acquired, except:

(i) obsolete or worn out property disposed of in the ordinary course of business;

(ii) the sale of inventory or other assets, or the licensing of intellectual property, in each case in the ordinary course of business;

(iii) any sale, transfer or lease of assets by any Borrower or USFM to any Borrower; and

(iv) any Asset Sale for which the Net Sale Proceeds are applied in accordance with Section 2.10.

6.6 Limitations on Acquisitions. Purchase, hold or acquire beneficially any stock, other securities or evidences of indebtedness of, or make or permit any investment or acquire any interest whatsoever in, any other Person, except for Permitted Acquisitions and shares of common stock of The Factory Power Company held by such Borrower on the Closing Date.

6.7 Limitation on Distributions and Investments. (a) At any time make (or incur any liability to make) or pay any Distribution in respect of the Borrowers (other than a Distribution payable to another Borrower or a Bonus Pool Payment); provided, that the Borrowers shall be permitted to pay CECO for operating expenses pursuant to a management agreement delivered to the Agent, an amount not exceeding $600,000 in the aggregate in any fiscal year.

(b) Make any Investments other than Permitted Investments.

Notwithstanding anything to the contrary contained herein, no Distributions or CECO Debt Repayments may be made by any Borrower if a Default or Event of Default shall have occurred and be continuing or shall occur as a result thereof.

6.8 Transactions with Affiliates. Except for CECO Debt Repayments or otherwise as expressly permitted in this Agreement or any other Loan Document, directly or indirectly enter into any transaction or arrangement whatsoever or make any payment to or otherwise deal with any Affiliate, except, as to all of the foregoing in the ordinary course of and pursuant to the reasonable requirements of the Borrowers' business and upon fair and reasonable terms no less favorable to the Borrowers than would be obtained in a comparable arm's length transaction with a Person not an Affiliate of the Borrowers.

6.9 Sale and Leaseback. Enter into any arrangement with any Person providing for the leasing by any of the Borrowers of real or personal property which has been or is to be sold or transferred by such Borrower to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Borrower.

6.10 Continuation of or Change in Business. Engage in any business either directly or through any Subsidiary except for businesses in which any of the Borrowers is engaged on the date of this Agreement and any business activities directly related to such existing business and the Borrowers shall cause USFM to not engage in any business other than as permitted herein.

6.11 Limitation on Negative Pledge. Enter into any agreement with any Person other than the Agent and the Banks which prohibits or limits the ability of any Borrower or USFM to create, incur, assume or suffer to exist any Lien upon any of its properties, assets or revenues, whether now owned or hereafter acquired.

6.12 Changes in Organizational Documents. Amend in any respect its certificate of incorporation (including any provisions or resolutions relating to capital stock), by-laws or other organizational documents without providing at least thirty (30) calendar days' prior written notice to the Agent.

SECTION 7. EVENTS OF DEFAULT

7.1 Events of Default. If any of the following events shall occur and be continuing:

(a) The Borrowers shall fail to pay any principal of any Note when due in accordance with the terms thereof or hereof; or the Borrowers shall fail to pay any interest on any Note, or any other amount payable hereunder, within five (5) days after notice of such failure is given by the Agent; or

(b) Any representation or warranty made or deemed made by the Borrowers herein or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Borrowers shall default in the observance or performance of any agreement contained in Section 6 or CECO shall default in the observance or performance of any agreement contained in Section 8 of the Guaranty; or

(d) The Borrowers or CECO shall default in the observance or performance of any other agreement contained in this Agreement (other than as provided in paragraphs (a) through (c) of this Section 7.1) or any other Loan Document, and such default shall continue unremedied for a period of thirty (30) days; or

(e) One or more judgments or decrees shall be entered against (i) any of the Borrowers involving in the aggregate a liability (not paid or fully covered by insurance) of $500,000 or more, or (ii) USFM which would have a Material Adverse Effect, and all such judgments or decrees shall not have been vacated, discharged, settled, satisfied or paid, or stayed or bonded pending appeal, within sixty (60) days from the entry thereof; or

(f) Any of the Borrowers or USFM shall (i) default in the payment of any amount due under any Debt of any one or more of the Borrowers in excess of $500,000 in the aggregate (other than the Notes), beyond the period of grace, if any, provided in the instrument or agreement under which such Debt was created; or (ii) default in the observance or performance of any other agreement contained in any such Debt or in any instrument or agreement evidencing, securing or relating thereto beyond any applicable notice and grace period, or any other event shall occur the effect of which default or other event is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Debt (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Debt to become due and payable prior to its stated maturity or any such Debt is declared to be due and payable prior to its stated maturity unless such default, event or declaration referred to in this subparagraph (ii) is waived or cured to the satisfaction of such other party as demonstrated to the satisfaction of the Agent by the Borrowers prior to the Agent taking any action under Section 7.2 in respect of such occurrence; or

(g) (i) Any of the Borrowers shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or any of the Borrowers shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any of the Borrowers any case, proceeding or other action of a nature

referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against any of the Borrowers any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process on a claim against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) any of the Borrowers shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any of the Borrowers shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(h) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or institution of proceedings is, in the reasonable opinion of the Required Banks, likely to result in the termination by action of the PBGC or any court of such Plan for purposes of Title IV of ERISA, or (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA; and in each case in clauses (i) through (iv) above, such event or condition, together with all other such events or conditions, if any would have a Material Adverse Effect; or

(i) Any change in control of the Borrowers or USFM shall occur (as used herein, the term "change in control" means either (A) any change in ownership of any class of stock or capital stock generally of the Borrowers or USFM which would result in a change or transfer in the power to control the election of a majority of the board of directors or in other indicia of majority voting control to persons or entities other than those persons who have such majority voting control on the Closing Date or (B) a decrease in such persons' right to vote at shareholders' meetings to an aggregate level less than 51%); or

(j) Any of the Loan Documents shall cease to be legal, valid and binding agreements enforceable against the party executing the same or such party's successors and assigns (as permitted under the Loan Documents) in accordance with the respective terms thereof or shall in any way be terminated (except in accordance with its terms) or become or be declared ineffective or inoperative or shall in any way be challenged and thereby deprive or deny the Banks and the Agent the intended benefits thereof or they shall thereby cease substantially to have the rights, titles, interests, remedies, powers or privileges intended to be created thereby; or

(k) A notice of lien or assessment in excess of $500,000 is filed of record with respect to all or any part of the Borrowers' assets having a value of at least that amount by the United States, or any department, agency or instrumentality thereof, or by any state, county, municipal, or other governmental agency, including, without limitation, the PBGC,

becomes payable and the same is not paid, vacated, bonded or stayed pending appeal within thirty (30) days after the same becomes payable; or

(l) The Parent Company on a consolidated basis ceases to be Solvent; or

(m) A Material Adverse Effect shall have occurred and be continuing; or

(n) Except as otherwise permitted in this Agreement, any of the Borrowers ceases to conduct its business as contemplated or any such Borrower is enjoined, restrained or in any way prevented by court order from conducting all or any material part of its business and such injunction, restraint or other preventive order is not dismissed within thirty (60) days after the entry thereof.

7.2 Remedies. (a) If an Event of Default specified under subsections 7.1 (a) through (f) or (h) through (n) shall occur and be continuing, the Banks shall be under no further obligation to make Loans hereunder and no Issuing Bank shall be under any further obligation to issue Letters of Credit hereunder, and the Agent upon the request of the Required Banks shall (i) by written notice to the Borrowers, terminate the Revolving Credit Commitment and/or declare the unpaid principal amount of the Notes then outstanding and all interest accrued thereon, any unpaid fees and all other Debt of the Borrowers to the Banks hereunder and thereunder to be forthwith due and payable, and the same shall thereupon become and be immediately due and payable to the Agent for the benefit of each Bank without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, and (ii) require the Borrowers to, and the Borrowers shall thereupon, deposit in a non-interest bearing account with the Agent, as cash collateral for its obligations under the Loan Documents, an amount equal to the maximum amount currently or at any time thereafter available to be drawn on all outstanding Letters of Credit, and the Borrowers hereby pledge to the Agent and the Banks, and grant to the Agent and the Banks a security interest in, all such cash as security for such obligations.

(b) If an Event of Default specified under subsections 7.1(g) hereof shall occur, the Revolving Credit Commitment shall immediately terminate and the Banks shall be under no further obligations to make Loans hereunder and no Issuing Bank shall be under any further obligation to issue Letters of Credit hereunder, and the unpaid principal amount of the Notes then outstanding and all interest accrued thereon, any unpaid fees and all other obligations of the Borrowers to the Banks hereunder and thereunder shall be immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived.

(c) If an Event of Default shall occur and be continuing, any Bank to whom any obligation is owed by the Borrowers hereunder or under any other Loan Document or any participant of such Bank which has agreed in writing to be bound by the provisions of Section 9.6 hereof and any branch, subsidiary or Affiliate of such Bank or Participant shall have

the right, in addition to all other rights and remedies available to it, without notice to the Borrowers, to set-off against and apply to the then unpaid balance of all the Loans and all other obligations of the Borrowers hereunder or under any other Loan Document any debt owing to, and any other funds held in any manner for the account of, any of the Borrowers by such Bank or participant or by such branch, Subsidiary or Affiliate, including, without limitation, all funds in all deposit accounts (whether time or demand, general or special, provisionally credited or finally credited, or otherwise) now or hereafter maintained by any of the Borrowers for its own account (but not including funds held in custodian or trust accounts or other accounts established solely for the benefit of parties other than the Borrowers) with such Bank or participant or such branch, Subsidiary or Affiliate. Such right shall exist whether or not any Bank or the Agent shall have made any demand under this Agreement or any other Loan Document, whether or not such debt owing to or funds held for the account of any Borrower is or are matured or unmatured and regardless of the existence or adequacy of any collateral, guaranty or any other security, right or remedy available to any Bank or the Agent.

(d) Notwithstanding any provision herein to the contrary or in the other Loan Documents, any proceeds received by the Agent from any payment made by the Borrowers or any of them under this Agreement or the other Loan Documents after the Revolving Credit Commitment has been terminated, or received by the Agent from the foreclosure, sale, lease, collection upon, realization of or other disposition of any collateral which may have been provided to the Agent or an Issuing Bank for the obligations of one or more of the Borrowers hereunder after the Revolving Credit Commitment has been terminated (including without limitation insurance proceeds), shall be applied by the Agent as follows, unless otherwise agreed by all the Banks:

(i) first, to reimburse the Agent for out-of-pocket costs, expenses and disbursements, including without limitation reasonable attorneys' fees and legal expenses, incurred by the Agent in connection with collection of any obligations of the Borrowers under any of the Loan Documents;

(ii) second, to accrued and unpaid interest on the Loans and the obligations of the Borrower under the Interest Rate Protection Agreements to the extent provided by one or more Banks (ratably according to their respective amounts then outstanding);

(iii) third, (A) to the principal amount of the Loans (including any Loans made to reimburse any draws under Letters of Credit) then outstanding, (B) to the principal or similar amount then due under the Interest Rate Protection Agreements to the extent provided by one or more Banks, and (C) by deposit in a cash collateral account maintained by the Agent, to satisfy the L/C Coverage Requirement with respect to all outstanding Letters of Credit (ratably according to the respective amounts then outstanding);

(iv) fourth, to fees payable under this Agreement, any Interest Rate Protection Agreements (to the extent provided by one or more Banks) or any of the other Loan Documents (ratably according to the respective amounts then outstanding);

(v) fifth, to the repayment of all other indebtedness then due and unpaid of the Borrowers to the Banks incurred under this Agreement, any Interest Rate Protection Agreements (to the extent provided by one or more Banks) or any of the other Loan Documents, whether of principal, interest, fees, expenses or otherwise (ratably according to the respective amounts then outstanding); and

(vi) the balance, if any, as required by law.

(e) Each Bank agrees that (i) if at any time it shall receive the proceeds of any collateral or any proceeds thereof or (ii) if after the Revolving Credit Commitment has been terminated it shall receive any payment on account of the Loans or any other amounts owing hereunder, under the other Loan Documents, or under an Interest Rate Protection Agreement (in either case other than through application by the Agent in accordance with subsection 7.2(d)), it shall promptly turn the same over to the Agent for application in accordance with the terms of subsection 7.2(d).

(f) In addition to the other rights and remedies contained in this Agreement or in the other Loan Documents, the Loans shall, at the Required Banks' option, bear the interest rates provided in Section 2.8 hereof.

(g) In addition to all of the rights and remedies contained in this Agreement or in any of the other Loan Documents, the Agent shall have all of the rights and remedies under applicable Law, all of which rights and remedies shall be cumulative and non-exclusive, to the extent permitted by Law. The Agent may, and upon the request of the Required Banks shall, exercise all post-default rights granted to them and the Banks under the Loan Documents or applicable Law.

SECTION 8. THE AGENT

8.1 Appointment. Each Bank hereby irrevocably designates and appoints PNC as the Agent of such Bank under this Agreement. Each such Bank irrevocably authorizes the Agent, as the agent for such Bank to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agent. The Agent agrees to act as the Agent on behalf of the Banks to the extent provided in this Agreement.

8.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to engage and pay for

the advice and services of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible to the Banks for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

8.3 Exculpatory Provisions. Neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable to any of the Banks for any action lawfully taken or omitted to be taken by them or such Person under or in connection with this Agreement (except for their or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Borrowers or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, the Notes or the other Loan Documents or for any failure of the Borrowers to perform their obligations hereunder or thereunder. The Agent shall not be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or the other Loan Documents, or to inspect the properties, books or records of the Borrowers.

8.4 Reliance by Agent. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, facsimile, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrowers), independent accountants and other experts selected by the Agent. The Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Banks as they deem appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the Notes and the other Loan Documents in accordance with a request of the Required Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Notes.

8.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless it has received notice from a Bank or the Borrowers referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give notice thereof to the Banks. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Banks; provided that unless and until the Agent shall have received such directions,

the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

8.6 Non-Reliance on Agent and Other Banks. Each Bank expressly acknowledges that neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Agent hereinafter taken, including any review of the affairs of the Borrowers, shall be deemed to constitute any representation or warranty by the Agent to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrowers and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrowers. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrowers which may come into the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

8.7 Indemnification. The Banks agree to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Borrowers and without limiting the obligation of the Borrowers to do so), ratably according to their respective Commitment Percentage, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement, the other Loan Documents, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Agent under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the Agent's gross negligence or willful misconduct. The agreements in this Section 8.7 shall survive the payment of the Notes and all other amounts payable hereunder.

8.8 Agent in its Individual Capacity. The Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrowers as though it was not the Agent hereunder. With respect to its Loans made or renewed by it and

any Note issued to it, the Agent shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" shall include the Agent in its individual capacity.

8.9 Successor Agent. The Agent may resign as Agent upon sixty (60) days' notice to the Banks and the Borrowers. If such Agent shall resign as Agent under this Agreement, then the Required Banks shall appoint from among the Banks a successor agent for the Banks, which appointment shall be subject to the approval of the Borrowers (which approval shall not be unreasonably withheld), whereupon such successor agent shall succeed to the rights, powers and duties of an Agent, and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Agent's resignation as Agent, the provisions of this Section 8.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

8.10 Beneficiaries. Except as expressly provided herein, the provisions of this Section 8 are solely for the benefit of the Agent and the Banks, and the Borrowers shall not have any rights to rely on or enforce any of the provisions hereof. In performing its functions and duties under this Agreement the Agent shall act solely as agent of the Banks and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for the Borrowers.

SECTION 9. MISCELLANEOUS

9.1 Amendments and Waivers. Neither this Agreement, any Note or any other Loan Document, nor any terms hereof of thereof may be amended, supplemented or modified except in accordance with the provisions of this subsection. With the written consent of the Required Banks, the Agent and the Borrowers may, from time to time, enter into written amendments, supplements or modifications hereto and to the Notes and the other Loan Documents for the purpose of adding any provisions to this Agreement or the Notes or the other Loan Documents or changing in any manner the rights of the Banks or of the Borrowers hereunder or thereunder or waiving, on such terms and conditions as the Agent may specify in such instrument, any of the requirements of this Agreement or the Notes or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall directly or indirectly (a) reduce the amount or extend the maturity of any Note or any installment thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any fee payable to any Bank hereunder, or change the duration or amount of any Bank's Commitments, in each case without the consent of the Bank affected thereby or (b) amend, modify or waive any provision of this Section 9.1 or reduce the percentages specified in the definition of Required Banks or consent to the assignment or transfer by the Borrowers of any of their rights and obligations under this Agreement, the Notes and the other Loan Documents, or release any security interest in or lien on

any of the collateral securing, or release any guaranty of, any of the obligations under the Loan Documents, except as otherwise permitted in the Loan Documents, in each case without the written consent of all the Banks, or (c) amend, modify or waive any provision of Section 8 without the written consent of the then Agent, or (d) amend, modify or waive any provision of Section 2.5 without the written consent of any Issuing Bank affected thereby. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Banks and shall be binding upon the Borrowers, the Banks, the Agent and all future holders of the Notes. In the case of any waiver, the Borrowers, the Banks and the Agent shall be restored to their former position and rights hereunder and under the outstanding Notes, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

9.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of facsimile notice, when sent during normal business hours with electronic confirmation or otherwise when received, addressed as follows in the case of the Borrowers, and the Agent, and as set forth in Schedule I in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Borrowers:	c/o CECO Group, Inc. 3120 Forrer Street Cincinnati, Ohio 45209 Attention: Richard J. Blum Telecopy: (513) 458-2622

and	CECO Environmental, Corp. 505 University Avenue, Suite 1400 Toronto, Canada M5G 1 X3 Attention: Phillip DeZwirek Telecopy: (416) 593-4658
With a copy to:	Sugar, Friedberg & Felsenthal 30 North LaSalle Street, #2600 Chicago, Illinois 60602 Attention: Leslie J. Weiss, Esq. Telecopy: (312) 372-7951
	(provided that failure to send a copy of any notice to said counsel shall in no way affect, limit or invalidate any notice sent to the Borrowers or the exercise of any of the Banks' or the Agent's rights or remedies pursuant to a notice sent to the Borrowers.)
The Agent:	PNC Bank, National Association 1600 Market Street Philadelphia, PA 19103 Attention: John Siegrist Telecopy: (215) 585-4143
	and
	PNC Bank, National Association 249 Fifth Street Pittsburgh, PA 15222-2707 Attention: Arlene Ohler Telecopy: (412) 762-8672
With a copy to:	Ballard Spahr Andrews & Ingersoll, LLP 1735 Market Street Philadelphia, PA 19103-7599 Attention: Carl H. Fridy, Esq. Telecopy: (215) 864-8999

provided that any notice, request or demand to or upon the Agent or the Banks pursuant to Sections 2.1, 2.9 or 2.10 shall not be effective until received.

9.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy,

power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

9.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement, the Notes and the other Loan Documents.

9.5 Payment of Expenses and Taxes. The Borrowers agree (a) to pay or reimburse the Agent for all of its out-of-pocket costs and expenses incurred in connection with any amendment, supplement or modification to this Agreement, the Notes, the other Loan Documents, the Letters of Credit and any other documents prepared in connection therewith, including, without limitation, the reasonable fees and disbursements of counsel to the Agent (which counsel may or may not include employees of the Agent), (b) to pay or reimburse each Bank and the Agent for all of their costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents, the Letters of Credit and any such other documents, including, without limitation, reasonable fees and disbursements of counsel to the Agent (which counsel may or may not include employees of the Agent) and to the several Banks, and (c) to pay, indemnify, and hold each Bank and the Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other similar taxes, if any (other than Taxes expressly excluded from the definition of Taxes in Section 2.13 and Taxes for which the Borrowers have no liability under subsection 2.13(c)) which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes, the other Loan Documents, and any such other documents, and (d) to pay, indemnify, and hold each Bank and the Agent harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, and, incident to a Default or Event of Default, the performance and administration, of this Agreement, the Notes, the other Loan Documents, the Letters of Credit and any such other documents or the transactions contemplated hereby or thereby or any action taken or omitted under or in connection with any of the foregoing (all the foregoing, collectively, the "indemnified liabilities"), provided, that the Borrowers shall have no obligation hereunder to the Agent or any Bank with respect to indemnified liabilities arising from the gross negligence or willful misconduct of the Agent or any such Bank. The Borrowers shall be given notice of any claim for indemnified liabilities and shall be afforded a reasonable opportunity to participate in the defense, compromise or settlement thereof. The agreements in this subsection shall survive repayment of the Notes and all other amounts payable hereunder.

9.6 Successors and Assigns. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns

of such party, and all covenants, promises and agreements by or on behalf of the Borrowers, the Agent or the Banks that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns. The Borrowers may not assign or transfer any of their rights or obligations under this Agreement or the other Loan Documents without the prior written consent of each Bank.

(b) Each Bank may, in accordance with applicable law, assign all or a portion of its interests, rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitments and the Loans at the time owing to it and the Notes held by it); provided, however, that (i) each such assignment shall be to a Bank or Affiliate thereof, or, with the consent of the Agent and, prior to the occurrence of an Event of Default, of the Borrowers (which consent shall not be unreasonably withheld or delayed) to one or more banks or other financial institutions, (ii) so long as the Revolving Credit Commitment is in effect, the amount of each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Agent) shall not be less than $5,000,000, and (iii) the parties to each such assignment shall execute and deliver to the Agent an Assignment and Acceptance, together with the Note or Notes subject to such assignment and a processing and recordation fee of $3,500.00 (except in the case of an assignment by any Bank to one of its Affiliates). Upon acceptance and recording pursuant to paragraph (d) of this Section 9.6, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Bank under this Agreement and (B) the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.13, 2.14 and 9.5 (to the extent that such Bank's entitlement to such benefits arose out of such Bank's position as a Bank prior to the applicable assignment), as well as to any Commitment Fees accrued for its account and not yet paid). Notwithstanding any provision of this subsection 9.6, after the Revolving Credit Commitment has been terminated, any Bank may assign all or any portion of its interests, rights and obligations under this Agreement and the other Loan Documents to any Person (whether or not an entity described in clause (i) above); provided, however, that any assignment of a Bank's obligations with respect to Letters of Credit may not be so assigned without the consent of the Issuing Bank, such consent not to be unreasonably withheld.

(c) By executing and delivering an Assignment and Acceptance, the assigning Bank thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Bank warrants that it is the legal and beneficial owner of the interest being assigned thereby, free and clear of any adverse claim, and that its Commitments and the outstanding balances of its Loans, in each case without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in (i) above, such assigning Bank makes

no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the other Loan Documents, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents, or any other instrument or document furnished pursuant hereto or thereto, or the financial condition of the Borrowers or the performance or observance by the Borrowers of any of their obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(d) The Agent shall maintain at its offices in Pennsylvania a copy of each Assignment and Acceptance and the names and addresses of the Banks, and the Commitments of, and principal amount of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of error and the Borrowers, the Agent and the Banks may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Bank and an assignee together with the Note or Notes subject to such assignment, the processing and recordation fee referred to in paragraph (b) above, the Agent shall (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Banks. Within five Business Days after receipt of notice, the Borrowers, at their own expense, shall execute and deliver to the Agent, in exchange for each surrendered original Note, (x) a new Note to the order of such assignee in an amount equal to the portion of the applicable Commitments assumed by it pursuant to such Assignment and Acceptance and, (y) if the assigning Bank has retained a Commitment, a new Note to the order of such assigning Bank in a principal amount equal to the applicable Commitments retained by it. Such new Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Notes; such new Notes shall be dated the date of the surrendered Notes which they replace and shall otherwise be in substantially the form

of Exhibit B-1, B-2, B-3 or B-4 hereto, as applicable. Canceled Notes shall be returned to the Borrowers.

(f) Each Bank may, without the consent of the Borrowers or the Agent, sell participations to one or more banks or other entities (each a "Participant") in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it and the Notes held by it); provided, however, that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of any such Note for all purposes under this Agreement, (iv) the Borrowers, the Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, (v) in any proceeding under the Bankruptcy Code such Bank shall be, to the extent permitted by law, the sole representative with respect to the obligations held in the name of such Bank whether for its own account or for the account of any Participant and (vi) such Bank shall retain the sole right to enforce the obligations of the Borrowers relating to the Loans and to approve any amendment, modification or waiver of any provision of this Agreement or the Note or Notes held by such Bank other than any such amendment, modification or waiver with respect to any Loan or Commitment in which such Participant has an interest and which is described in subsection 9.1(a) hereof.

(g) If amounts outstanding under this Agreement and the Notes are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement or any Note, provided that in purchasing such participation such Participant shall be deemed to have agreed to share with the Banks the proceeds thereof as provided in Section 9.8. The Borrowers also agree that each Participant shall be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 9.5 with respect to its participation in the Commitments and the Loans outstanding from time to time; provided, that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the Bank selling the participation would have been entitled to receive in respect of the amount of the participation transferred by such Bank to such Participant had no such transfer occurred.

(h) If any Participant is organized under the laws of any jurisdiction other than the United States or any state thereof, the Bank selling the participation, concurrently with the sale of a participating interest to such Participant, shall cause such Participant (i) to represent to the Bank selling the participation (for the benefit of such Bank, the other Banks, the Agent and the Borrowers) that under applicable law and treaties no taxes will be required to be withheld by the Agent, the Borrowers or the Bank selling the participation with respect to any payments to be made to such Participant in respect of its participation in the Loans and (ii) to agree (for the benefit of such Bank, the other Banks, the Agent and Borrowers) that it will deliver the tax forms and other documents required to be delivered pursuant to Section 2.13 and comply

from time to time with all applicable U.S. laws and regulations with respect to withholding tax exemptions.

(i) Any Bank may at any time assign all or any portion of its rights under this Agreement and the Notes issued to it to a Federal Reserve Bank; provided that no such assignment shall release a Bank from any of its obligations hereunder.

9.7 Confidentiality. The Banks agree that they will maintain all information and financial statements provided to them or otherwise obtained by them with respect to the Borrowers and their Subsidiaries confidential and that they will not disclose the same or use it for any purposes; provided that nothing herein shall prevent any Bank from disclosing any such information (a) to the Agent or any other Bank, (b) to any prospective assignee or participant in connection with any assignment or participation of Loans permitted by this Agreement, (c) to its employees, directors, agents, attorneys, accountants and other professional advisers, provided that any such person is advised by such Bank that such information is subject to the confidentiality limitations of this Section, (d) upon the request or demand of any Governmental Authority having jurisdiction over such Bank, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, provided that Borrowers have (unless prohibited by the terms of any such order or requirement) been advised at least ten (10) days (or if such is not possible or practicable, such lesser number of days as is possible or practicable under the circumstances) prior to such disclosure of the existence of such order or requirement, (f) which has been publicly disclosed other than in breach of this Agreement, or (g) in connection with the exercise of any remedy hereunder or under the Notes.

9.8 Adjustments; Set-off. (a) If any Bank (a "benefitted Bank") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in subsection 7(g), or otherwise), in a greater proportion than any such payment to or collateral received by any other Bank, if any, in respect of such other Bank's Loans, or interest thereon, being paid in respect of Loans being repaid simultaneously therewith or Loans required hereby to be paid proportionately such benefitted Bank shall purchase for cash from the other Banks such portion of each such other Bank's Loan, or shall provide such other Banks with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Bank to share the excess payment or benefits of such collateral or proceeds ratably with each of the Banks; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Bank, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrowers agree that each Bank so purchasing a portion of another Bank's Loan may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Bank were the direct holder of such portion.

(b) In addition to any rights and remedies of the Banks provided by law, upon the occurrence of an Event of Default, each Bank shall have the right, without prior notice to the Borrowers, any such notice being expressly waived by the Borrowers to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrowers hereunder or under the Notes (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Bank to or for the credit or the account of the Borrowers. Each Bank agrees promptly to notify the Borrowers and the Agent after any such set-off and application made by such Bank, that the failure to give such notice shall not affect the validity of such set-off and application.

9.9 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrowers and each of the Banks.

9.10 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.11 Integration. This Agreement represents the agreement of the Borrowers, the Agent and the Banks with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Agent or any Bank relative to subject matter hereof not expressly set forth or referred to herein or in the Notes or the other Loan Documents. To the extent that any of the terms of the Credit Agreement and any other Loan Document are inconsistent, the terms of the Credit Agreement shall control.

9.12 GOVERNING LAW. THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS HAVE BEEN EXECUTED IN THE COMMONWEALTH OF PENNSYLVANIA AND SAID DOCUMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE COMMONWEALTH OF PENNSYLVANIA.

9.13 Submission To Jurisdiction; Waivers. Each of the Borrowers hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement, the Notes or the other Loan Documents, or for recognition and enforcement of any judgement in respect thereof, to the non-exclusive general jurisdiction of the Courts of the Commonwealth of Pennsylvania, the courts of the United States of America for the Eastern District of Pennsylvania, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Borrower at the address set forth in Section 9.2 for the Borrowers or at such other address of which the Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

9.14 Acknowledgments. Each of the Borrowers hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement, the Notes and the other Loan Documents;

(b) neither the Agent nor any Bank has any fiduciary relationship to such Borrower, and the relationship between the Agent and the Banks, on one hand, and such Borrower, on the other hand, is solely that of debtor and creditor; and

(c) no joint venture exists among the Banks or among the Borrowers and the Banks.

9.15 WAIVERS OF JURY TRIAL. EACH OF THE BORROWERS, THE AGENT AND THE BANKS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE NOTES OR THE OTHER LOAN DOCUMENTS AND FOR ANY COUNTERCLAIM THEREIN.

9.16 Borrowers' Obligations. (a) All obligations of the Borrowers hereunder and under the other Loan Documents are joint and several.

(b) The Borrowers are interdependent for their operational and financial needs, and they and the Banks intend that each Borrower be jointly and severally liable for each

monetary obligation, warranty and covenant obligation arising under this Agreement. The delivery of funds to any Borrower under this Agreement shall constitute valuable consideration and reasonably equivalent value to all Borrowers for the purpose of binding them and their assets on a joint and several basis for the obligations of the Borrowers hereunder. The Agent may enforce this Agreement against any Borrower without first making demand upon or instituting collection proceedings against any other Borrower.

(c) The unconditional liability of each Borrower for all of the obligations of the Borrowers hereunder shall not be impaired by any event whatsoever, including, but not limited to, the merger, consolidation, dissolution, cessation of business or liquidation of any Borrower; the financial decline or bankruptcy of any Borrower; the failure of any other party to guarantee the obligations of the Borrowers hereunder or to provide collateral therefor; the Banks' compromise or settlement with or without release of any Borrower; the Agent's release of any collateral for the obligations of the Borrowers hereunder, with or without notice to the Borrowers; the Agent's or Banks' failure to file suit against any Borrower (regardless of whether such Borrower is becoming insolvent, is believed to be about to leave the state or jurisdiction or any other circumstance); the Agent's or Banks' failure to give any Borrower notice of default; the unenforceability of the obligations of the Borrowers hereunder against any Borrower due to bankruptcy discharge, counterclaim or for any other reason; the Agent's or Banks' acceleration of the obligations of the Borrowers hereunder at any time; the extension, modification or renewal of the obligations of the Borrowers hereunder or any Loan Document; the Agent's or Banks' failure to undertake or exercise diligence in collection efforts against any party or property; the termination of any relationship of any Borrower with any other Borrower, including, but not limited to, any relationship of commerce or ownership; any Borrower's change of name or use of any name other than the name used to identify such Borrower in this Agreement; or any Borrower's use of the credit extended for any purpose whatsoever.

(d) The Borrowers' respective rights of contribution, reimbursement, subrogation and any other rights among themselves are not impaired by this Agreement, except that each Borrower agrees not to seek payment directly or indirectly from another Borrower through a claim of indemnity, contribution, or otherwise with respect to the obligations of the Borrowers hereunder, until such obligations have been repaid in full, all Letters of Credit shall have been terminated or expired and the Commitments have terminated.

(e) In any action or proceeding involving any state corporate law or any state or Federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations hereunder of any Borrower would otherwise be held or be determined to be void, invalid or unenforceable on account of the amount of the obligations of the Borrowers hereunder, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by such Borrower, any Bank, the Agent or any other Person, be automatically limited and reduced to the highest amount which is valid and enforceable and not subordinated to the claims of other creditors determined in such action or proceeding.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

CECO GROUP, INC.

By: ___________________________
Name:
Title:

CECO FILTERS, INC.

By: ____________________________
Name:
Title:

AIR PURATOR CORPORATION

By: _____________________________
Name:
Title:

NEW BUSCH CO., INC.

By: ______________________________
Name:
Title:

THE KIRK & BLUM MANUFACTURING COMPANY

By: ________________________________
Name:
Title:

KBD/TECHNIC, INC.

By: ________________________________
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION,
as Agent and as a Bank

By:_____________________________
Title: Vice President

FIFTH THIRD BANK,
as a Bank

By:_____________________________
Title:

BANK ONE, NA,
as a Bank

By:_____________________________
Title:

Annex I

Applicable Margins and Fees

Initial Applicable Margin

Loans	Applicable Margin for Eurodollar Loans	Applicable Margin for Base Rate Loans
Revolving Loans	3.00%	1.50%
Term Loan A	3.00%	1.50%
Term Loan B	3.50%	2.00%
Term Loan C	3.00%	1.50%

Ongoing Margins

R = Revolving Credit Loans
A = Term A Loans
B = Term B Loans

Basis for Determination	Compliance Levels I	II	III	IV
Leverage Ratio	< 2.25 to 1 -	> 2.25 to 1 but < 2.75 to 1 -	> 2.75 to 1 but < 3.25 to 1 -	> 3.25 to 1 -
Applicable Margin for Base Rate Loans	R, A - 0.75% B - 1.50%	R, A - 1.00% B - 1.50%	R, A - 1.25% B - 1.75%	R, A - 1.50% B - 2.00%
Applicable Margin for Eurodollar Loans	R, A - 2.25% B - 3.00%	R, A - 2.50% B - 3.00%	R, A - 2.75% B - 3.25%	R, A - 3.00% B - 3.50%
Applicable Commitment Fee Percentage	0.375%	0.40%	0.45%	0.50%

Schedule I

Bank and Commitment Information

Bank	Commitments			
	Revolving Credit	Term Loan A	Term Loan B	Term Loan C
PNC Bank, National Association	$3,333,334.00	$4,833,334.00	$2,833,334.00	$666,667.00
Fifth Third Bank	$3,333,333.00	$4,833,333.00	$2,833,333.00	$666,666.00
Bank One, NA	$3,333,333.00	$4,833,333.00	$2,833,333.00	$666,666.00

EXHIBIT 10.9

NEITHER THIS NOTE NOR ANY SECURITIES WHICH MAY BE ISSUED UPON THE EXERCISE OF THE WARRANTS HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR OTHERWISE QUALIFIED UNDER ANY STATE SECURITIES LAW. NEITHER THIS NOTE NOR ANY SUCH SECURITIES MAY BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND REGISTRATION OR OTHER QUALIFICATION UNDER ANY APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION OR OTHER QUALIFICATION IS NOT REQUIRED.

THIS NOTE IS SUBJECT TO THE TERMS OF THE SUBORDINATION AGREEMENT (AS DEFINED HEREIN IN SECTION 8) IN FAVOR OF PNC BANK, NATIONAL ASSOCIATION, AS AGENT FOR CERTAIN BANKS. NOTWITHSTANDING ANY CONTRARY STATEMENT CONTAINED IN THE WITHIN INSTRUMENT, NO PAYMENT ON ACCOUNT OF ANY OBLIGATION ARISING FROM OR IN CONNECTION WITH THE WITHIN INSTRUMENT OR ANY RELATED AGREEMENT (WHETHER OF PRINCIPAL, INTEREST OR OTHERWISE) SHALL BE MADE, PAID, RECEIVED OR ACCEPTED EXCEPT IN ACCORDANCE WITH THE TERMS OF THE SUBORDINATION AGREEMENT.

CECO Environmental Corp.

PROMISSORY NOTE

$4,000,000 December 7, 1999

WHEREAS, Green Diamond Oil Corp., an Ontario corporation ("Green Diamond") has prior to this date advanced $300,000 (the "Initial Advance") to CECO Environmental Corp.

WHEREAS, Green Diamond has agreed to advance an additional sum in the amount of $3,700,000 pursuant to the terms of this Promissory Note and Green Diamond and CECO Environmental Corp. desire that the Initial Advance also be governed by the terms of this Promissory Note.

FOR VALUE RECEIVED, the undersigned, CECO Environmental Corp. (the "Company"), a New York corporation, hereby promises to pay to the order of Green Diamond or registered assigns ("Holder"), the principal sum of FOUR MILLION DOLLARS ($4,000,000) on the Maturity Date, as defined in Section 1 below. This Note is part of a series of Notes of like tenor and effect to this Note in the aggregate principal amount of $5,000,000 to be issued in connection with a mezzanine financing by the Company (the "1999 Subordinated Notes").

1. Maturity. This Note shall be due and payable upon the earlier to occur of the following events (the "Maturity Date"): (i) six and one-half (6 1/2) years from the date hereof; (ii) six (6) months after repayment of the Superior Debt (as defined in Section 8 below); or (iii) the closing (any such closing referred to as the "Closing") of a Sale Transaction. For purposes of this Note, a Sale Transaction shall mean (i) a merger, consolidation, corporate reorganization, or sale of shares of stock of the Company as a result of which there is a change in control and/or the shareholders of the Company on the date hereof ("Current Shareholders") own 50% or less of the outstanding shares of the Company on a fully-diluted basis immediately after the transaction and, including as outstanding for purposes of such calculation, any warrants, options or other instruments convertible or exchangeable into equity securities of the Company issued to persons other than the Current Shareholders in connection with the transaction or (ii) the sale of (A) fifty percent or more of the assets of the Company or (B) any subsidiary, division or line of business of the Company for total consideration in excess of $5 million.

2. Interest. Interest shall accrue on the unpaid principal balance hereof and on any interest payment that is not made when due at the simple compounded rate of twelve percent (12%) per annum from the date hereof. Accrued Interest shall be due and payable on June 30 and December 31 of each year commencing June 30, 2000 and on the Maturity Date. Notwithstanding the foregoing, interest due under this note on June 30, 2000 and December 31, 2000, will be paid in accordance with the terms of the Subordination Agreement. It shall not be a default hereunder and interest will not accrue on any portion of such interest payments deferred pursuant to the Subordination Agreement ("Deferred Interest") so long as the Deferred Interest is paid at the time and in the manner allowed by the Subordination Agreement. In the Event of Default (as defined herein), interest shall accrue on all unpaid amounts due hereunder including without limitation, interest, at the rate of fifteen percent (15%) per annum. If a judgment is entered against the Company on this Note, the amount of the judgment so entered shall bear interest at the highest rate authorized by law as of the date of the entry of the judgment.

3. Payments. Payments of both principal and interest shall be made at the principal executive office of the Company, or such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

So long as no Event of Default has occurred in this Note, all payments hereunder shall first be applied to interest, then to principal. Upon the occurrence of an Event of Default in this Note, all payments hereunder shall first be applied to costs pursuant to Section 13.5, then to interest and the remainder to principal.

4. Registration, Transfer and Exchange of Notes. The Company will keep at its principal office a register in which it will provide for the registration of and transfer of this Note, at its own expense (excluding transfer taxes). If any Note is surrendered at said office or at the place of payment named in the Note for registration of transfer or exchange (accompanied in the case of registration of transfer or exchange by a written instrument of transfer in form satisfactory to the Company duly executed by or on behalf of the holder), the Company, at its expense, will deliver in exchange one or more new Notes in denominations of $10,000 or larger multiples of $1,000, as requested by the holder for the aggregate unpaid principal amount. Any Note or Notes issued in a transfer or exchange shall carry the same rights to increase Notes surrendered. The Holder agrees that prior to making any sale, transfer, pledge, assignment, hypothecation, or other disposition (each, a "Transfer") of the Note, the Holder shall give written notice to the Company describing the manner in which any such proposed Transfer is to be made and providing such additional information and documentation regarding the Transfer as the Company reasonably requests. If the Company so requests, the Holder shall at his expense provide the Company with an opinion of counsel (which counsel must be reasonably satisfactory to the Company, to the holder, in form and substance satisfactory to the Company) that the proposed Transfer complies with applicable federal and state securities laws. The Company shall have no obligation to Transfer any Notes unless the holder thereof has complied with the foregoing provisions, and any such attempted Transfer shall be null and void.

5. Registered Owner. Prior to due presentation for registration of transfer, the Company may treat the person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, and interest on, such Note and for all other purposes.

6. Prepayment.

6.1 Optional Prepayment. The Company, at its option and without any premium, may prepay in whole or in part the principal amount of this Note at 100% of the face value of the Note at any time; provided, however, that if the Company intends to prepay any one or more of the 1999 Subordinated Notes in part, it shall prepay the same percentage of each outstanding 1999 Subordinated Note. The Company shall, at the time of any such prepayment, pay to the holder of this Note all interest accrued and unpaid to the Prepayment Date (defined below). Notwithstanding the foregoing, once a notice of the Closing of a Sale Transaction pursuant to Section 13.4 has been sent to the Holder, the Company may not prepay this Note prior to the Closing of a Sale Transaction, or until the Sale Transaction has been formally abandoned.

6.2 Notice of Prepayment. At least five (5) but not more than fifteen (15) days prior to the date fixed for any prepayment, written notice shall be given to the holder of the Notes of the election of the Company to prepay all or a specified portion of the principal amount of the Note (the "Prepayment Notice.") The Prepayment Notice shall specify the date upon ("Prepayment Date") and the place at which, payment may be obtained and shall call upon the Holder to surrender the Note to the Company in the manner and at the place designated. On the Prepayment Date, the Holder shall surrender this Note to the Company in the manner and at the place designated in the Prepayment Notice, and thereupon prepayment shall be made to Holder and this Note shall be cancelled. In the event that less than all of the principal amount of this Note is prepaid, upon surrender of this Note to the Company, the Company shall execute and deliver to Holder a new Note or Notes in principal amount equal to the unpaid principal amount of this Note.

6.3 Cessation of Rights. From and after the Prepayment Date, unless there has been a default under the Prepayment Notice, all interest on the redeemed principal amount shall cease to accrue and all rights of Holder as a Holder of this Note shall cease with respect to the principal amount prepaid and, with respect to such amount, this Note thereafter shall not be deemed to be outstanding for any purpose whatsoever. By acceptance of this Note, Holder agrees to execute and deliver such documents as may be reasonably requested from time to time by the Company in order to implement the foregoing provisions of this Section.

7. Warrant Coverage. Holder shall receive, on the date hereof, ten-year warrants (the "Warrants) to purchase 800,000 shares of common stock of the Company ("Common Stock"). The exercise price of the Warrants shall be $2.25 per share of Common Stock of the Company ("Exercise Price") and shall become exercisable six months after the date hereof. The Warrants shall contain the terms and shall be in the form attached hereto, as Exhibit A.

The holders of the Warrant shall have registration rights in accordance with the terms as set forth in the a Warrant Agreement in the form attached as Exhibit B.

8. Subordination. The indebtedness evidenced by this Note shall at all times be wholly subordinate and junior in right of payment to all obligations of the Company under or in connection with the Credit Agreement of even date herewith ("Superior Debt") among the Company as guarantor, the borrowers CECO Group Inc., CECO Filters, Inc., Air Purator Corporation, New Bush Co., Inc., U.S. Facilities Management, Inc., The Kirk & Blum Manufacturing Company, and kbd/Technic, Inc., and the lenders PNC Bank, National Association and various other financial institutions, upon the terms and conditions contained in the Subordination Agreement between Green Diamond Oil Corp., Harvey Sandler, ICS Trustee Services, Ltd., and PNC Bank, National Association and various other financial institutions of even date herewith (the "Subordination Agreement").

9. Repayment of Notes. In the event the Company completes an equity financing or offering or a series of equity financing or offerings for a total consideration in excess of $10,000,000, then twenty-five percent (25%) of all such consideration in excess of $10,000,000 shall be used immediately, upon receipt by the Company, to pre-pay the 1999 Subordinated Notes, provided such prepayment shall be made proportionately among the 1999 Subordinated Notes until the 1999 Subordinated Notes are paid in full.

10. Covenants of the Company. The Company covenants and agrees that it shall not, without the prior written approval of the Holders of a majority of the aggregate principal amount outstanding of the 1999 Subordinated Notes ("Majority Holders"):

10.1 Obtain or incur any indebtedness or other monetary obligations that are senior to or on parity with the Notes, other than the Superior Debt.

10.2 Allow, suffer or cause to exist any lien, claim, security interest or encumbrance on the Company's property or assets, other than with respect to the Superior Debt and purchase money indebtedness incurred in the ordinary course of business.

10.3 Enter into any arrangement or agreement involving the merger or consolidation of the Company.

10.4 Use the proceeds from the sale of the 1999 Subordinated Notes other than in the ordinary course of its business for general corporate purposes including lending monies to any of its subsidiaries. The Company also covenants and agrees that it shall operate its business in the ordinary course.

11. Events of Default.

11.1 Occurrences of Events of Default. Each of the following events shall constitute an "Event of Default" for purposes of this Note:

(a) if the Company fails to pay any amount payable, under this Note when due;

(b) if the Company breaches any of its representations, warranties or covenants set forth in this Note or the Warrant Agreement;

(c) the commencement of an involuntary case against the Company or its subsidiary or any of its subsidiaries under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointing of a receiver, liquidator, assignee, custodian, trustee or similar official of the Company or for any substantial part of the Company or one of its subsidiary's property, or ordering the winding-up or liquidation of the Company or one of its subsidiary's affairs;

(d) if the Company or any of its subsidiaries shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or similar official of the Company or its subsidiary or for any substantial part of the Company or one of its subsidiary's property, or shall make any general assignment for the benefit of creditors, or shall take any corporate action in furtherance of any of the foregoing; or

(e) if the Company's business shall fail, as determined in good faith by the Majority Holders and evidenced by the Company's inability to pay its ongoing debts as such debts become due.

11.2 Acceleration Upon Event of Default. If any Event of Default shall have occurred and be continuing, for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise), the unpaid principal amount of, and the accrued interest on, the Notes shall automatically become immediately due and payable, without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Company.

12. Investment Representations of the Holder. With respect to the purchase of this Note, the Common Stock issuable upon the exercise of the Warrants (collectively, the "Securities"), the Holder hereby represents and warrants to the Company as follows:

12.1 Experience. The Holder has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Company so that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests.

12.2 Investment. The Holder is acquiring the Securities for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof. The Holder understands that the Securities have not been, and will not be, registered under the Securities Act of 1933, as amended ("Securities Act"), by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations as expressed herein. The holder is an "accredited investor" within the meaning of Regulation D, Section 501(a), promulgated by the Securities and Exchange Commission.

12.3 Rule 144. The Holder acknowledges that the Securities must be held indefinitely unless subsequently registered under the Securities Act, or unless an exemption from such registration is available. The Holder understands that at this time the Company is not under any obligation to register any of the Securities. The Holder is aware of the provisions of Rule 144 promulgated under the Securities Act that permit limited resale of securities purchased in a private placement subject to satisfaction of certain conditions.

12.4 No Public Market. The Holder understands that no public market now exists for any of the Securities issued by the Company and that the Company has made no assurances that a public market will ever exist for the Securities.

12.5 Access to Data. The Holder has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management and has also had an opportunity to ask questions of the Company's officers, which questions were answered to its satisfaction.

13. Miscellaneous.

13.1 Invalidity of Any Provision. If any provision or part of any provision of this Note shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Note and this Note shall be construed as if such invalid, illegal or unenforceable provisions or part hereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability.

13.2 Governing Law. The Note shall be governed in all respects by the laws of the State of New York, excluding its conflict of laws.

13.3 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) on the date of delivery if delivered personally, (ii) one (1) business day after transmission by facsimile transmission with a written confirmation copy sent by first class mail, or (iii) five (5) days after mailing if mailed by first class mail, to the following addresses:

If to the Company: CECO Environmental Corp.
505 University Avenue, Suite 1400
Toronto, Ontario M5G 1X3
CANADA
Attention: Phillip DeZwirek

And if to the Holder, to the address or facsimile number of Holder as set forth on the Company's records, or such other address as the Holder has provided to the Company by notice duly given.

13.4 Notice of a Sale Transaction. The Company shall give all Holders of Notes notice of the Closing of a Sale Transaction at least thirty (30) days prior to such Closing.

13.5 Collection. If the indebtedness represented by the Note or any part thereof is collected at law or in equity or in bankruptcy, receivership or other judicial proceedings or if the Note is placed in the hands of attorneys for collection after the occurrence of an Event of Default, the Company agrees to pay, in addition to the outstanding principal and accrued interest payable hereon, reasonable attorneys' fees and costs incurred by the Holder, or on behalf of the Holder by a representative of the Holder.

13.6 Successors and Assigns. The rights and obligations of the Company and the Holder shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

13.7 Waivers. The Company and any endorsers, sureties, guarantors, and all others who are, or may become liable for the payment hereof severally: (a) waive presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Note, (b) consent to all extensions of time, renewals, postponements of time of payment of this Note or other modifications hereof from time to time prior to or after the maturity date hereof, whether by acceleration or in due course, without notice, consent or consideration to any of the foregoing, (c) agree to any substitution, exchange, addition, or release of any of the security for the indebtedness evidenced by this Note or the addition or release of any party or person primarily or secondarily liable hereon, (d) agree that Holder shall not be required first to institute any suit, or to exhaust its remedies against the Company or any other person or party to become liable hereunder or against the security in order to enforce the payment of this Note and (e) agree that, notwithstanding the occurrence of any of the foregoing (except by the express written release by Holder of any such person), the Company shall be and remain, directly and primarily liable for all sums due under this Note.

13.8 Time. Time is of the essence in this Note.

13.9 Captions. The captions of sections of this Note are for convenient reference only, and shall not affect the construction or interpretation of any of the terms and provisions set forth in this Note.

13.10 Number and Gender. Whenever used in this Note, the singular number shall include the plural, and the masculine shall include the feminine and the neuter, and vice versa.

13.11 Remedies. All remedies of the Holder shall be cumulative and concurrent and may be pursued singly, successively, or together at the sole discretion of the Holder and may be exercised as often as occasion therefor shall arise. No act of omission or commission of the Holder, including specifically any failure to exercise any right, remedy or recourse shall be effective unless it is set forth in a written document executed by the Holder and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing as a bar to or as a waiver or release of any subsequent right, remedy, or recourse as to any subsequent event.

13.12 No Waiver by Holder. The acceptance by Holder of any payment under this Note which is less than the amount then due or the acceptance of any amount after the due date thereof, shall not be deemed a waiver of any right or remedy available to Holder nor nullify the prior exercise of any such right or remedy by Holder. None of the terms or provisions of this Promissory Note may be waived, altered, modified or amended except by a written document executed by Holder and then only to the extent specifically recited therein. No course of dealing or conduct shall be effective waive, alter, modify or amend any of the terms or provisions hereof. The failure or delay to exercise any right or remedy available to Holder shall not constitute a waiver of the right of the Holder to exercise the same or any other right or remedy available to Holder at that time or at any subsequent time.

13.13 Submission to Jurisdiction. BORROWER, AND ANY ENDORSERS, SURETIES, GUARANTORS AND ALL OTHERS WHO ARE, OR WHO MAY BECOME, LIABLE FOR THE PAYMENT HEREOF SEVERALLY, IRREVOCABLY AND UNCONDITIONALLY (A) AGREE THAT ANY SUIT, ACTION, OR OTHER LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR ANY OTHER AGREEMENT, DOCUMENT OR INSTRUMENT DELIVERED PURSUANT TO, OR IN CONNECTION WITH THIS NOTE SHALL BE BROUGHT AND MAINTAINED IN THE COURTS IN AND FOR NEW YORK COUNTY, NEW YORK, OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; (B) CONSENT TO THE JURISDICTION OF EACH SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING; AND (C) WAIVE ANY OBJECTION WHICH IT OR THEY MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING IN ANY OF SUCH COURTS.

13.14 Waiver of Trial by Jury. HOLDER AND BORROWER HEREBY KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THIS NOTE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER TO MAKE THE LOAN EVIDENCED BY THIS NOTE.

CECO ENVIRONMENTAL CORP.

By: /s/ Phillip DeZwirek

Phillip DeZwirek, President

EXHIBIT 10.10

NEITHER THIS NOTE NOR ANY SECURITIES WHICH MAY BE ISSUED UPON THE EXERCISE OF THE WARRANTS HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR OTHERWISE QUALIFIED UNDER ANY STATE SECURITIES LAW. NEITHER THIS NOTE NOR ANY SUCH SECURITIES MAY BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND REGISTRATION OR OTHER QUALIFICATION UNDER ANY APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION OR OTHER QUALIFICATION IS NOT REQUIRED.

THIS NOTE IS SUBJECT TO THE TERMS OF THE SUBORDINATION AGREEMENT (AS DEFINED HEREIN IN SECTION 8) IN FAVOR OF PNC BANK, NATIONAL ASSOCIATION, AS AGENT FOR CERTAIN BANKS. NOTWITHSTANDING ANY CONTRARY STATEMENT CONTAINED IN THE WITHIN INSTRUMENT, NO PAYMENT ON ACCOUNT OF ANY OBLIGATION ARISING FROM OR IN CONNECTION WITH THE WITHIN INSTRUMENT OR ANY RELATED AGREEMENT (WHETHER OF PRINCIPAL, INTEREST OR OTHERWISE) SHALL BE MADE, PAID, RECEIVED OR ACCEPTED EXCEPT IN ACCORDANCE WITH THE TERMS OF THE SUBORDINATION AGREEMENT.

CECO Environmental Corp.

PROMISSORY NOTE

$500,000 December 7, 1999

FOR VALUE RECEIVED, the undersigned, CECO Environmental Corp. (the "Company"), a New York corporation, hereby promises to pay to the order of Harvey Sandler or registered assigns ("Holder"), the principal sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) on the Maturity Date, as defined in Section 1 below. This Note is part of a series of Notes of like tenor and effect to this Note in the aggregate principal amount of $5,000,000 to be issued in connection with a mezzanine financing by the Company (the "1999 Subordinated Notes").

1. Maturity. This Note shall be due and payable upon the earlier to occur of the following events (the "Maturity Date"): (i) six and one-half (6 1/2) years from the date hereof; (ii) six (6) months after repayment of the Superior Debt (as defined in Section 8 below); or (iii) the closing (any such closing referred to as the "Closing") of a Sale Transaction. For purposes of this Note, a Sale Transaction shall mean (i) a merger, consolidation, corporate reorganization, or sale of shares of stock of the Company as a result of which there is a change in control and/or the shareholders of the Company on the date hereof ("Current Shareholders") own 50% or less of the outstanding shares of the Company on a fully-diluted basis immediately after the transaction and, including as outstanding for purposes of such calculation, any warrants, options or other instruments convertible or exchangeable into equity securities of the Company issued to persons other than the Current Shareholders in connection with the transaction or (ii) the sale of (A) fifty percent or more of the assets of the Company or (B) any subsidiary, division or line of business of the Company for total consideration in excess of $5 million.

2. Interest. Interest shall accrue on the unpaid principal balance hereof and on any interest payment that is not made when due at the simple compounded rate of twelve percent (12%) per annum from the date hereof. Accrued Interest shall be due and payable on June 30 and December 31 of each year commencing June 30, 2000 and on the Maturity Date. Notwithstanding the foregoing, interest due under this note on June 30, 2000 and December 31, 2000, will be paid in accordance with the terms of the Subordination Agreement. It shall not be a default hereunder and interest will not accrue on any portion of such interest payments deferred pursuant to the Subordination Agreement ("Deferred Interest") so long as the Deferred Interest is paid at the time and in the manner allowed by the Subordination Agreement. In the Event of Default (as defined herein), interest shall accrue on all unpaid amounts due hereunder including without limitation, interest, at the rate of fifteen percent (15%) per annum. If a judgment is entered against the Company on this Note, the amount of the judgment so entered shall bear interest at the highest rate authorized by law as of the date of the entry of the judgment.

3. Payments. Payments of both principal and interest shall be made at the principal executive office of the Company, or such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

So long as no Event of Default has occurred in this Note, all payments hereunder shall first be applied to interest, then to principal. Upon the occurrence of an Event of Default in this Note, all payments hereunder shall first be applied to costs pursuant to Section 13.5, then to interest and the remainder to principal.

4. Registration, Transfer and Exchange of Notes. The Company will keep at its principal office a register in which it will provide for the registration of and transfer of this Note, at its own expense (excluding transfer taxes). If any Note is surrendered at said office or at the place of payment named in the Note for registration of transfer or exchange (accompanied in the case of registration of transfer or exchange by a written instrument of transfer in form satisfactory to the Company duly executed by or on behalf of the holder), the Company, at its expense, will deliver in exchange one or more new Notes in denominations of $10,000 or larger multiples of $1,000, as requested by the holder for the aggregate unpaid principal amount. Any Note or Notes issued in a transfer or exchange shall carry the same rights to increase Notes surrendered. The Holder agrees that prior to making any sale, transfer, pledge, assignment, hypothecation, or other disposition (each, a "Transfer") of the Note, the Holder shall give written notice to the Company describing the manner in which any such proposed Transfer is to be made and providing such additional information and documentation regarding the Transfer as the Company reasonably requests. If the Company so requests, the Holder shall at his expense provide the Company with an opinion of counsel (which counsel must be reasonably satisfactory to the Company, to the holder, in form and substance satisfactory to the Company) that the proposed Transfer complies with applicable federal and state securities laws. The Company shall have no obligation to Transfer any Notes unless the holder thereof has complied with the foregoing provisions, and any such attempted Transfer shall be null and void.

5. Registered Owner. Prior to due presentation for registration of transfer, the Company may treat the person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, and interest on, such Note and for all other purposes.

6. Prepayment.

6.1 Optional Prepayment. The Company, at its option and without any premium, may prepay in whole or in part the principal amount of this Note at 100% of the face value of the Note at any time; provided, however, that if the Company intends to prepay any one or more of the 1999 Subordinated Notes in part, it shall prepay the same percentage of each outstanding 1999 Subordinated Note. The Company shall, at the time of any such prepayment, pay to the holder of this Note all interest accrued and unpaid to the Prepayment Date (defined below). Notwithstanding the foregoing, once a notice of the Closing of a Sale Transaction pursuant to Section 13.4 has been sent to the Holder, the Company may not prepay this Note prior to the Closing of a Sale Transaction, or until the Sale Transaction has been formally abandoned.

6.2 Notice of Prepayment. At least five (5) but not more than fifteen (15) days prior to the date fixed for any prepayment, written notice shall be given to the holders of the 1999 Subordinated Notes of the election of the Company to prepay all or a specified portion of the principal amount of the Note (the "Prepayment Notice.") The Prepayment Notice shall specify the date upon ("Prepayment Date") and the place at which, payment may be obtained and shall call upon the Holder to surrender this Note to the Company in the manner and at the place designated. On the Prepayment Date, the Holder shall surrender this Note to the Company in the manner and at the place designated in the Prepayment Notice, and thereupon prepayment shall be made to Holder and this Note shall be cancelled. In the event that less than all of the principal amount of this Note is prepaid, upon surrender of this Note to the Company, the Company shall execute and deliver to Holder a new Note or Notes in principal amount equal to the unpaid principal amount of this Note.

6.3 Cessation of Rights. From and after the Prepayment Date, unless there has been a default under the Prepayment Notice, all interest on the redeemed principal amount shall cease to accrue and all rights of Holder as a Holder of this Note shall cease with respect to the principal amount prepaid and, with respect to such amount, this Note thereafter shall not be deemed to be outstanding for any purpose whatsoever. By acceptance of this Note, Holder agrees to execute and deliver such documents as may be reasonably requested from time to time by the Company in order to implement the foregoing provisions of this Section.

7. Warrant Coverage. Holder shall receive, on the date hereof, ten-year warrants (the "Warrants) to purchase 100,000 shares of common stock of the Company ("Common Stock"). The exercise price of the Warrants shall be $2.25 per share of Common Stock of the Company ("Exercise Price") and shall become exercisable six months after the date hereof. The Warrants shall contain the terms and shall be in the form attached hereto, as Exhibit A.

The holders of the Warrant shall have registration rights in accordance with the terms as set forth in the a Warrant Agreement in the form attached as Exhibit B.

8. Subordination. The indebtedness evidenced by this Note shall at all times be wholly subordinate and junior in right of payment to all obligations of the Company under or in connection with the Credit Agreement of even date herewith ("Superior Debt") among the Company as guarantor, the borrowers CECO Group Inc., CECO Filters, Inc., Air Purator Corporation, New Bush Co., Inc., U.S. Facilities Management, Inc., The Kirk & Blum Manufacturing Company, and kbd/Technic, Inc., and the lenders PNC Bank, National Association and various other financial institutions, upon the terms and conditions contained in the Subordination Agreement between Green Diamond Oil Corp., Harvey Sandler, ICS Trustee Services, Ltd., and PNC Bank, National Association and various other financial institutions of even date herewith (the "Subordination Agreement").

9. Repayment of Notes. In the event the Company completes an equity financing or offering or a series of equity financing or offerings for a total consideration in excess of $10,000,000, then twenty-five percent (25%) of all such consideration in excess of $10,000,000 shall be used immediately, upon receipt by the Company, to pre-pay the 1999 Subordinated Notes, provided such prepayment shall be made proportionately among the 1999 Subordinated Notes until the 1999 Subordinated Notes are paid in full.

10. Covenants of the Company. The Company covenants and agrees that it shall not, without the prior written approval of the Holders of a majority of the aggregate principal amount outstanding of the 1999 Subordinated Notes ("Majority Holders"):

10.1 Obtain or incur any indebtedness or other monetary obligations that are senior to or on parity with the Notes, other than the Superior Debt.

10.2 Allow, suffer or cause to exist any lien, claim, security interest or encumbrance on the Company's property or assets, other than with respect to the Superior Debt and purchase money indebtedness incurred in the ordinary course of business.

10.3 Enter into any arrangement or agreement involving the merger or consolidation of the Company.

10.4 Use the proceeds from the sale of the 1999 Subordinated Notes other than in the ordinary course of its business for general corporate purposes including lending monies to any of its subsidiaries. The Company also covenants and agrees that it shall operate its business in the ordinary course.

11. Events of Default.

11.1 Occurrences of Events of Default. Each of the following events shall constitute an "Event of Default" for purposes of this Note:

(a) if the Company fails to pay any amount payable, under this Note when due;

(b) if the Company breaches any of its representations, warranties or covenants set forth in this Note or the Warrant Agreement;

(c) the commencement of an involuntary case against the Company or its subsidiary or any of its subsidiaries under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointing of a receiver, liquidator, assignee, custodian, trustee or similar official of the Company or for any substantial part of the Company or one of its subsidiary's property, or ordering the winding-up or liquidation of the Company or one of its subsidiary's affairs;

(d) if the Company or any of its subsidiaries shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or similar official of the Company or its subsidiary or for any substantial part of the Company or one of its subsidiary's property, or shall make any general assignment for the benefit of creditors, or shall take any corporate action in furtherance of any of the foregoing; or

(e) if the Company's business shall fail, as determined in good faith by the Majority Holders and evidenced by the Company's inability to pay its ongoing debts as such debts become due.

11.2 Acceleration Upon Event of Default. If any Event of Default shall have occurred and be continuing, for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise), the unpaid principal amount of, and the accrued interest on, the Notes shall automatically become immediately due and payable, without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Company.

12. Investment Representations of the Holder. With respect to the purchase of this Note, the Common Stock issuable upon the exercise of the Warrants (collectively, the "Securities"), the Holder hereby represents and warrants to the Company as follows:

12.1 Experience. The Holder has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Company so that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests.

12.2 Investment. The Holder is acquiring the Securities for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof. The Holder understands that the Securities have not been, and will not be, registered under the Securities Act of 1933, as amended ("Securities Act"), by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations as expressed herein. The holder is an "accredited investor" within the meaning of Regulation D, Section 501(a), promulgated by the Securities and Exchange Commission.

12.3 Rule 144. The Holder acknowledges that the Securities must be held indefinitely unless subsequently registered under the Securities Act, or unless an exemption from such registration is available. The Holder understands that at this time the Company is not under any obligation to register any of the Securities. The Holder is aware of the provisions of Rule 144 promulgated under the Securities Act that permit limited resale of securities purchased in a private placement subject to satisfaction of certain conditions.

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13.3 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) on the date of delivery if delivered personally, (ii) one (1) business day after transmission by facsimile transmission with a written confirmation copy sent by first class mail, or (iii) five (5) days after mailing if mailed by first class mail, to the following addresses:

If to the Company: CECO Environmental Corp.
505 University Avenue, Suite 1400
Toronto, Ontario M5G 1X3
CANADA
Attention: Phillip DeZwirek

And if to the Holder, to the address or facsimile number of Holder as set forth on the Company's records, or such other address as the Holder has provided to the Company by notice duly given, with a copy to Lawrence N. Rosen, Esq., Lawrence N. Rosen, P.A., 2925 Aventura Boulevard, Suite 308, Aventura, Florida 33180.

13.4 Notice of a Sale Transaction. The Company shall give all Holders of Notes notice of the Closing of a Sale Transaction at least thirty (30) days prior to such Closing.

13.5 Collection. If the indebtedness represented by the Note or any part thereof is collected at law or in equity or in bankruptcy, receivership or other judicial proceedings or if the Note is placed in the hands of attorneys for collection after the occurrence of an Event of Default, the Company agrees to pay, in addition to the outstanding principal and accrued interest payable hereon, reasonable attorneys' fees and costs incurred by the Holder, or on behalf of the Holder by a representative of the Holder.

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13.7 Waivers. The Company and any endorsers, sureties, guarantors, and all others who are, or may become liable for the payment hereof severally: (a) waive presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Note, (b) consent to all extensions of time, renewals, postponements of time of payment of this Note or other modifications hereof from time to time prior to or after the maturity date hereof, whether by acceleration or in due course, without notice, consent or consideration to any of the foregoing, (c) agree to any substitution, exchange, addition, or release of any of the security for the indebtedness evidenced by this Note or the addition or release of any party or person primarily or secondarily liable hereon, (d) agree that Holder shall not be required first to institute any suit, or to exhaust its remedies against the Company or any other person or party to become liable hereunder or against the security in order to enforce the payment of this Note and (e) agree that, notwithstanding the occurrence of any of the foregoing (except by the express written release by Holder of any such person), the Company shall be and remain, directly and primarily liable for all sums due under this Note.

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13.10 Number and Gender. Whenever used in this Note, the singular number shall include the plural, and the masculine shall include the feminine and the neuter, and vice versa.

13.11 Remedies. All remedies of the Holder shall be cumulative and concurrent and may be pursued singly, successively, or together at the sole discretion of the Holder and may be exercised as often as occasion therefor shall arise. No act of omission or commission of the Holder, including specifically any failure to exercise any right, remedy or recourse shall be effective unless it is set forth in a written document executed by the Holder and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing as a bar to or as a waiver or release of any subsequent right, remedy, or recourse as to any subsequent event.

13.12 No Waiver by Holder. The acceptance by Holder of any payment under this Note which is less than the amount then due or the acceptance of any amount after the due date thereof, shall not be deemed a waiver of any right or remedy available to Holder nor nullify the prior exercise of any such right or remedy by Holder. None of the terms or provisions of this Promissory Note may be waived, altered, modified or amended except by a written document executed by Holder and then only to the extent specifically recited therein. No course of dealing or conduct shall be effective waive, alter, modify or amend any of the terms or provisions hereof. The failure or delay to exercise any right or remedy available to Holder shall not constitute a waiver of the right of the Holder to exercise the same or any other right or remedy available to Holder at that time or at any subsequent time.

13.13 Submission to Jurisdiction. BORROWER, AND ANY ENDORSERS, SURETIES, GUARANTORS AND ALL OTHERS WHO ARE, OR WHO MAY BECOME, LIABLE FOR THE PAYMENT HEREOF SEVERALLY, IRREVOCABLY AND UNCONDITIONALLY (A) AGREE THAT ANY SUIT, ACTION, OR OTHER LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR ANY OTHER AGREEMENT, DOCUMENT OR INSTRUMENT DELIVERED PURSUANT TO, OR IN CONNECTION WITH THIS NOTE SHALL BE BROUGHT AND MAINTAINED IN THE COURTS IN AND FOR NEW YORK COUNTY, NEW YORK, OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; (B) CONSENT TO THE JURISDICTION OF EACH SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING; AND (C) WAIVE ANY OBJECTION WHICH IT OR THEY MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING IN ANY OF SUCH COURTS.

13.14 Waiver of Trial by Jury. HOLDER AND BORROWER HEREBY KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THIS NOTE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER TO MAKE THE LOAN EVIDENCED BY THIS NOTE.

CECO ENVIRONMENTAL CORP.

By: /s/ Phillip DeZwirek

Phillip DeZwirek, President

EXHIBIT 10.11

NEITHER THIS NOTE NOR ANY SECURITIES WHICH MAY BE ISSUED UPON THE EXERCISE OF THE WARRANTS HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR OTHERWISE QUALIFIED UNDER ANY STATE SECURITIES LAW. NEITHER THIS NOTE NOR ANY SUCH SECURITIES MAY BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND REGISTRATION OR OTHER QUALIFICATION UNDER ANY APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION OR OTHER QUALIFICATION IS NOT REQUIRED.

THIS NOTE IS SUBJECT TO THE TERMS OF THE SUBORDINATION AGREEMENT (AS DEFINED HEREIN IN SECTION 8) IN FAVOR OF PNC BANK, NATIONAL ASSOCIATION, AS AGENT FOR CERTAIN BANKS. NOTWITHSTANDING ANY CONTRARY STATEMENT CONTAINED IN THE WITHIN INSTRUMENT, NO PAYMENT ON ACCOUNT OF ANY OBLIGATION ARISING FROM OR IN CONNECTION WITH THE WITHIN INSTRUMENT OR ANY RELATED AGREEMENT (WHETHER OF PRINCIPAL, INTEREST OR OTHERWISE) SHALL BE MADE, PAID, RECEIVED OR ACCEPTED EXCEPT IN ACCORDANCE WITH THE TERMS OF THE SUBORDINATION AGREEMENT.

CECO Environmental Corp.

PROMISSORY NOTE

$500,000 December 7, 1999

FOR VALUE RECEIVED, the undersigned, CECO Environmental Corp. (the "Company"), a New York corporation, hereby promises to pay to the order of ICS Trustee Services Ltd. or registered assigns ("Holder"), the principal sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) on the Maturity Date, as defined in Section 1 below. This Note is part of a series of Notes of like tenor and effect to this Note in the aggregate principal amount of $5,000,000 to be issued in connection with a mezzanine financing by the Company (the "1999 Subordinated Notes").

1. Maturity. This Note shall be due and payable upon the earlier to occur of the following events (the "Maturity Date"): (i) six and one-half (6 1/2) years from the date hereof; (ii) six (6) months after repayment of the Superior Debt (as defined in Section 8 below); or (iii) the closing (any such closing referred to as the "Closing") of a Sale Transaction. For purposes of this Note, a Sale Transaction shall mean (i) a merger, consolidation, corporate reorganization, or sale of shares of stock of the Company as a result of which there is a change in control and/or the shareholders of the Company on the date hereof ("Current Shareholders") own 50% or less of the outstanding shares of the Company on a fully-diluted basis immediately after the transaction and, including as outstanding for purposes of such calculation, any warrants, options or other instruments convertible or exchangeable into equity securities of the Company issued to persons other than the Current Shareholders in connection with the transaction or (ii) the sale of (A) fifty percent or more of the assets of the Company or (B) any subsidiary, division or line of business of the Company for total consideration in excess of $5 million.

2. Interest. Interest shall accrue on the unpaid principal balance hereof and on any interest payment that is not made when due at the simple compounded rate of twelve percent (12%) per annum from the date hereof. Accrued Interest shall be due and payable on June 30 and December 31 of each year commencing June 30, 2000 and on the Maturity Date. Notwithstanding the foregoing, interest due under this note on June 30, 2000 and December 31, 2000, will be paid in accordance with the terms of the Subordination Agreement. It shall not be a default hereunder and interest will not accrue on any portion of such interest payments deferred pursuant to the Subordination Agreement ("Deferred Interest") so long as the Deferred Interest is paid at the time and in the manner allowed by the Subordination Agreement. In the Event of Default (as defined herein), interest shall accrue on all unpaid amounts due hereunder including without limitation, interest, at the rate of fifteen percent (15%) per annum. If a judgment is entered against the Company on this Note, the amount of the judgment so entered shall bear interest at the highest rate authorized by law as of the date of the entry of the judgment.

3. Payments. Payments of both principal and interest shall be made at the principal executive office of the Company, or such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

So long as no Event of Default has occurred in this Note, all payments hereunder shall first be applied to interest, then to principal. Upon the occurrence of an Event of Default in this Note, all payments hereunder shall first be applied to costs pursuant to Section 13.5, then to interest and the remainder to principal.

4. Registration, Transfer and Exchange of Notes. The Company will keep at its principal office a register in which it will provide for the registration of and transfer of this Note, at its own expense (excluding transfer taxes). If any Note is surrendered at said office or at the place of payment named in the Note for registration of transfer or exchange (accompanied in the case of registration of transfer or exchange by a written instrument of transfer in form satisfactory to the Company duly executed by or on behalf of the holder), the Company, at its expense, will deliver in exchange one or more new Notes in denominations of $10,000 or larger multiples of $1,000, as requested by the holder for the aggregate unpaid principal amount. Any Note or Notes issued in a transfer or exchange shall carry the same rights to increase Notes surrendered. The Holder agrees that prior to making any sale, transfer, pledge, assignment, hypothecation, or other disposition (each, a "Transfer") of the Note, the Holder shall give written notice to the Company describing the manner in which any such proposed Transfer is to be made and providing such additional information and documentation regarding the Transfer as the Company reasonably requests. If the Company so requests, the Holder shall at his expense provide the Company with an opinion of counsel (which counsel must be reasonably satisfactory to the Company, to the holder, in form and substance satisfactory to the Company) that the proposed Transfer complies with applicable federal and state securities laws. The Company shall have no obligation to Transfer any Notes unless the holder thereof has complied with the foregoing provisions, and any such attempted Transfer shall be null and void.

5. Registered Owner. Prior to due presentation for registration of transfer, the Company may treat the person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, and interest on, such Note and for all other purposes.

6. Prepayment.

6.1 Optional Prepayment. The Company, at its option and without any premium, may prepay in whole or in part the principal amount of this Note at 100% of the face value of the Note at any time; provided, however, that if the Company intends to prepay any one or more of the 1999 Subordinated Notes in part, it shall prepay the same percentage of each outstanding 1999 Subordinated Note. The Company shall, at the time of any such prepayment, pay to the holder of this Note all interest accrued and unpaid to the Prepayment Date (defined below). Notwithstanding the foregoing, once a notice of the Closing of a Sale Transaction pursuant to Section 13.4 has been sent to the Holder, the Company may not prepay this Note prior to the Closing of a Sale Transaction, or until the Sale Transaction has been formally abandoned.

6.2 Notice of Prepayment. At least five (5) but not more than fifteen (15) days prior to the date fixed for any prepayment, written notice shall be given to the holder of the Notes of the election of the Company to prepay all or a specified portion of the principal amount of the Note (the "Prepayment Notice.") The Prepayment Notice shall specify the date upon ("Prepayment Date") and the place at which, payment may be obtained and shall call upon the Holder to surrender the Note to the Company in the manner and at the place designated. On the Prepayment Date, the Holder shall surrender this Note to the Company in the manner and at the place designated in the Prepayment Notice, and thereupon prepayment shall be made to Holder and this Note shall be cancelled. In the event that less than all of the principal amount of this Note is prepaid, upon surrender of this Note to the Company, the Company shall execute and deliver to Holder a new Note or Notes in principal amount equal to the unpaid principal amount of this Note.

6.3 Cessation of Rights. From and after the Prepayment Date, unless there has been a default under the Prepayment Notice, all interest on the redeemed principal amount shall cease to accrue and all rights of Holder as a Holder of this Note shall cease with respect to the principal amount prepaid and, with respect to such amount, this Note thereafter shall not be deemed to be outstanding for any purpose whatsoever. By acceptance of this Note, Holder agrees to execute and deliver such documents as may be reasonably requested from time to time by the Company in order to implement the foregoing provisions of this Section.

7. Warrant Coverage. Holder shall receive, on the date hereof, ten-year warrants (the "Warrants) to purchase 100,000 shares of common stock of the Company ("Common Stock"). The exercise price of the Warrants shall be $2.25 per share of Common Stock of the Company ("Exercise Price") and shall become exercisable six months after the date hereof. The Warrants shall contain the terms and shall be in the form attached hereto, as Exhibit A.

The holders of the Warrant shall have registration rights in accordance with the terms as set forth in the a Warrant Agreement in the form attached as Exhibit B.

8. Subordination. The indebtedness evidenced by this Note shall at all times be wholly subordinate and junior in right of payment to all obligations of the Company under or in connection with the Credit Agreement of even date herewith ("Superior Debt") among the Company as guarantor, the borrowers CECO Group Inc., CECO Filters, Inc., Air Purator Corporation, New Bush Co., Inc., U.S. Facilities Management, Inc., The Kirk & Blum Manufacturing Company, and kbd/Technic, Inc., and the lenders PNC Bank, National Association and various other financial institutions, upon the terms and conditions contained in the Subordination Agreement between Green Diamond Oil Corp., Harvey Sandler, ICS Trustee Services, Ltd., and PNC Bank, National Association and various other financial institutions of even date herewith (the "Subordination Agreement").

9. Repayment of Notes. In the event the Company completes an equity financing or offering or a series of equity financing or offerings for a total consideration in excess of $10,000,000, then twenty-five percent (25%) of all such consideration in excess of $10,000,000 shall be used immediately, upon receipt by the Company, to pre-pay the 1999 Subordinated Notes, provided such prepayment shall be made proportionately among the 1999 Subordinated Notes until the 1999 Subordinated Notes are paid in full.

10. Covenants of the Company. The Company covenants and agrees that it shall not, without the prior written approval of the Holders of a majority of the aggregate principal amount outstanding of the 1999 Subordinated Notes ("Majority Holders"):

10.1 Obtain or incur any indebtedness or other monetary obligations that are senior to or on parity with the Notes, other than the Superior Debt.

10.2 Allow, suffer or cause to exist any lien, claim, security interest or encumbrance on the Company's property or assets, other than with respect to the Superior Debt and purchase money indebtedness incurred in the ordinary course of business.

10.3 Enter into any arrangement or agreement involving the merger or consolidation of the Company.

10.4 Use the proceeds from the sale of the 1999 Subordinated Notes other than in the ordinary course of its business for general corporate purposes including lending monies to any of its subsidiaries. The Company also covenants and agrees that it shall operate its business in the ordinary course.

11. Events of Default.

11.1 Occurrences of Events of Default. Each of the following events shall constitute an "Event of Default" for purposes of this Note:

(a) if the Company fails to pay any amount payable, under this Note when due;

(b) if the Company breaches any of its representations, warranties or covenants set forth in this Note or the Warrant Agreement;

(c) the commencement of an involuntary case against the Company or its subsidiary or any of its subsidiaries under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointing of a receiver, liquidator, assignee, custodian, trustee or similar official of the Company or for any substantial part of the Company or one of its subsidiary's property, or ordering the winding-up or liquidation of the Company or one of its subsidiary's affairs;

(d) if the Company or any of its subsidiaries shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or similar official of the Company or its subsidiary or for any substantial part of the Company or one of its subsidiary's property, or shall make any general assignment for the benefit of creditors, or shall take any corporate action in furtherance of any of the foregoing; or

(e) if the Company's business shall fail, as determined in good faith by the Majority Holders and evidenced by the Company's inability to pay its ongoing debts as such debts become due.

11.2 Acceleration Upon Event of Default. If any Event of Default shall have occurred and be continuing, for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise), the unpaid principal amount of, and the accrued interest on, the Notes shall automatically become immediately due and payable, without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Company.

12. Investment Representations of the Holder. With respect to the purchase of this Note, the Common Stock issuable upon the exercise of the Warrants (collectively, the "Securities"), the Holder hereby represents and warrants to the Company as follows:

12.1 Experience. The Holder has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Company so that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests.

12.2 Investment. The Holder is acquiring the Securities for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof. The Holder understands that the Securities have not been, and will not be, registered under the Securities Act of 1933, as amended ("Securities Act"), by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations as expressed herein. The holder is an "accredited investor" within the meaning of Regulation D, Section 501(a), promulgated by the Securities and Exchange Commission.

12.3 Rule 144. The Holder acknowledges that the Securities must be held indefinitely unless subsequently registered under the Securities Act, or unless an exemption from such registration is available. The Holder understands that at this time the Company is not under any obligation to register any of the Securities. The Holder is aware of the provisions of Rule 144 promulgated under the Securities Act that permit limited resale of securities purchased in a private placement subject to satisfaction of certain conditions.

12.4 No Public Market. The Holder understands that no public market now exists for any of the Securities issued by the Company and that the Company has made no assurances that a public market will ever exist for the Securities.

12.5 Access to Data. The Holder has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management and has also had an opportunity to ask questions of the Company's officers, which questions were answered to its satisfaction.

13. Miscellaneous.

13.1 Invalidity of Any Provision. If any provision or part of any provision of this Note shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Note and this Note shall be construed as if such invalid, illegal or unenforceable provisions or part hereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability.

13.2 Governing Law. The Note shall be governed in all respects by the laws of the State of New York, excluding its conflict of laws.

13.3 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) on the date of delivery if delivered personally, (ii) one (1) business day after transmission by facsimile transmission with a written confirmation copy sent by first class mail, or (iii) five (5) days after mailing if mailed by first class mail, to the following addresses:

If to the Company: CECO Environmental Corp.
505 University Avenue, Suite 1400
Toronto, Ontario M5G 1X3
CANADA
Attention: Phillip DeZwirek

And if to the Holder, to the address or facsimile number of Holder as set forth on the Company's records, or such other address as the Holder has provided to the Company by notice duly given.

13.4 Notice of a Sale Transaction. The Company shall give all Holders of Notes notice of the Closing of a Sale Transaction at least thirty (30) days prior to such Closing.

13.5 Collection. If the indebtedness represented by the Note or any part thereof is collected at law or in equity or in bankruptcy, receivership or other judicial proceedings or if the Note is placed in the hands of attorneys for collection after the occurrence of an Event of Default, the Company agrees to pay, in addition to the outstanding principal and accrued interest payable hereon, reasonable attorneys' fees and costs incurred by the Holder, or on behalf of the Holder by a representative of the Holder.

13.6 Successors and Assigns. The rights and obligations of the Company and the Holder shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

13.7 Waivers. The Company and any endorsers, sureties, guarantors, and all others who are, or may become liable for the payment hereof severally: (a) waive presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Note, (b) consent to all extensions of time, renewals, postponements of time of payment of this Note or other modifications hereof from time to time prior to or after the maturity date hereof, whether by acceleration or in due course, without notice, consent or consideration to any of the foregoing, (c) agree to any substitution, exchange, addition, or release of any of the security for the indebtedness evidenced by this Note or the addition or release of any party or person primarily or secondarily liable hereon, (d) agree that Holder shall not be required first to institute any suit, or to exhaust its remedies against the Company or any other person or party to become liable hereunder or against the security in order to enforce the payment of this Note and (e) agree that, notwithstanding the occurrence of any of the foregoing (except by the express written release by Holder of any such person), the Company shall be and remain, directly and primarily liable for all sums due under this Note.

13.8 Time. Time is of the essence in this Note.

13.9 Captions. The captions of sections of this Note are for convenient reference only, and shall not affect the construction or interpretation of any of the terms and provisions set forth in this Note.

13.10 Number and Gender. Whenever used in this Note, the singular number shall include the plural, and the masculine shall include the feminine and the neuter, and vice versa.

13.11 Remedies. All remedies of the Holder shall be cumulative and concurrent and may be pursued singly, successively, or together at the sole discretion of the Holder and may be exercised as often as occasion therefor shall arise. No act of omission or commission of the Holder, including specifically any failure to exercise any right, remedy or recourse shall be effective unless it is set forth in a written document executed by the Holder and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing as a bar to or as a waiver or release of any subsequent right, remedy, or recourse as to any subsequent event.

13.12 No Waiver by Holder. The acceptance by Holder of any payment under this Note which is less than the amount then due or the acceptance of any amount after the due date thereof, shall not be deemed a waiver of any right or remedy available to Holder nor nullify the prior exercise of any such right or remedy by Holder. None of the terms or provisions of this Promissory Note may be waived, altered, modified or amended except by a written document executed by Holder and then only to the extent specifically recited therein. No course of dealing or conduct shall be effective waive, alter, modify or amend any of the terms or provisions hereof. The failure or delay to exercise any right or remedy available to Holder shall not constitute a waiver of the right of the Holder to exercise the same or any other right or remedy available to Holder at that time or at any subsequent time.

13.13 Submission to Jurisdiction. BORROWER, AND ANY ENDORSERS, SURETIES, GUARANTORS AND ALL OTHERS WHO ARE, OR WHO MAY BECOME, LIABLE FOR THE PAYMENT HEREOF SEVERALLY, IRREVOCABLY AND UNCONDITIONALLY (A) AGREE THAT ANY SUIT, ACTION, OR OTHER LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR ANY OTHER AGREEMENT, DOCUMENT OR INSTRUMENT DELIVERED PURSUANT TO, OR IN CONNECTION WITH THIS NOTE SHALL BE BROUGHT AND MAINTAINED IN THE COURTS IN AND FOR NEW YORK COUNTY, NEW YORK, OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; (B) CONSENT TO THE JURISDICTION OF EACH SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING; AND (C) WAIVE ANY OBJECTION WHICH IT OR THEY MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING IN ANY OF SUCH COURTS.

13.14 Waiver of Trial by Jury. HOLDER AND BORROWER HEREBY KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THIS NOTE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER TO MAKE THE LOAN EVIDENCED BY THIS NOTE.

CECO ENVIRONMENTAL CORP.

By: /s/ Phillip DeZwirek

Phillip DeZwirek, President

EXHIBIT 10.12

CECO ENVIRONMENTAL CORP.

AND

GREEN DIAMOND OIL CORP.

AND

HARVEY SANDLER

AND

ICS TRUSTEE SERVICES LTD.

WARRANT AGREEMENT

Dated as of December 7, 1999

WARRANT AGREEMENT (the "Agreement") dated as of December 7, 1999 between CECO Environmental Corp., a New York corporation (the "Company"), Green Diamond Oil Corp. ("Green Diamond"), an Ontario corporation, Harvey Sandler ("Sandler"), and ICS Trustee Services Ltd. ("ICS") (Green Diamond, Sandler, and ICS are hereinafter collectively referred to as a "Holder", "Holder(s)" or the "Initial Holders").

W I T N E S S E T H :

WHEREAS, Green Diamond, Sandler, and ICS have aggregately loaned $5,000,000 to the Company as evidenced by notes dated the date hereof, executed by the Company in favor of Green Diamond, Sandler, and ICS (the "Notes"); and

WHEREAS, Green Diamond is owned 50% by Phillip DeZwirek and 50% by Jason DeZwirek.

WHEREAS, in connection with the sale of the Notes, the Company desires to grant to the Initial Holders, and the Initial Holders desire to accept from the Company, warrant certificates ("Warrants") giving the Initial Holders the right to purchase shares of the Company's Common Stock.

NOW, THEREFORE, in consideration of the premises, the payment by the Initial Holders to the Company of an aggregate of ten dollars ($10.00), the agreements herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant. The Initial Holders are hereby granted the right to purchase from the Company (a "Warrant"), at any time from six months from the date hereof, until 5:30 p.m., New York time, on December 5, 2010 (the "Expiration Date"), at which time such Warrants shall expire, up to an aggregate of 1,000,000 shares (subject to adjustment as provided in Section 8 hereof) of common stock, par value $.01 per share, of the Company and as further defined in Section 11.3 hereof ("Common Stock") at an initial exercise price (subject to adjustment as provided in Section 11 hereof) of $2.25 per share (the "Exercise Price"). The Warrants shall be issued to the Initial Holders pro rata based upon the initial face amount of the Notes purchased by each of the Initial Holders.

2. Warrant Certificates. Certificates evidencing the Warrants (the "Warrant Certificates") delivered and to be delivered pursuant to this Agreement shall be in the form set forth in Exhibit A, attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions, and other variations as required or permitted by this Agreement.

3. Registration of Warrant. The Warrants shall be numbered and shall be registered on the books of the Company when issued.

4. Exercise of Warrant.

4.1 Method of Exercise. Each of the Warrants are exercisable to purchase one share of Common Stock at an initial exercise price equal to the Exercise Price; provided, however, the Exercise Price and the number of shares of Common Stock for which a Warrant may be exercised shall be the price and the number of shares of Common Stock which shall result from time to time from any and all adjustments in accordance with the provisions of Section 11 hereof. The product of the number of Warrants exercised at any one time multiplied by the Exercise Price shall be referred to as the "Purchase Price." Upon surrender of a Warrant Certificate with the annexed Form of Election to Purchase duly executed, together with payment of the Purchase Price, by certified or official bank check in United States Dollars for the shares of Common Stock purchased at the Company's principal offices located at 505 University Avenue, Suite 1400, Toronto, Ontario, Canada, the registered Holder of a Warrant Certificate shall be entitled to receive a certificate or certificates for the shares of Common Stock so purchased. The right to purchase the Common Stock represented by each Warrant Certificate are exercisable at the option of the Holder thereof, in whole or in part (but not as to fractional shares of the Common Stock). In the case of a purchase of less than all the shares of Common Stock purchasable under any Warrant Certificate, the Company shall cancel said Warrant Certificate upon the surrender thereof and shall execute and deliver a new Warrant Certificate of like tenor for the balance of the shares of Common Stock purchasable thereunder.

5. Issuance of Certificates. Upon the exercise of one or more Warrants and payment of the Purchase Price by a Holder, the issuance of certificates for the number of shares of Common Stock in respect of which such Warrants are then exercised shall be made forthwith (and in any event within five (5) business days thereafter) without charge to the Holder thereof including, without limitation, any tax which may be payable in respect of the issuance thereof, and such certificates shall (subject to the provisions of Sections 7 and 9 hereof) be issued in the name of, or in such names as may be directed by, the Holder thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificates in a name other than that of the Holder and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

The Warrant Certificates and the certificates representing the shares of Common Stock, or other securities, property or rights issued upon exercise of the Warrants shall be executed on behalf of the Company by the manual or facsimile signature of the then present President or any Vice President of the Company under its corporate seal reproduced thereon, attested to by the manual or facsimile signature of the then present Secretary or any Assistant Secretary of the Company. Warrant Certificates shall be dated the date of execution by the Company upon initial issuance, division, exchange, substitution or transfer.

6. Transfer of Warrant. Warrants shall be transferable only on the books of the Company maintained at its principal office, where its principal office may then be located, upon delivery thereof duly endorsed by the Holder or by its duly authorized attorney or representative accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration transfer, the Company shall execute and deliver new Warrant Certificates to the person entitled thereto.

7. Restriction On Transfer of Warrants. The Holder of a Warrant Certificate, by its acceptance thereof, covenants and agrees that the Warrants are being acquired as an investment and not with a view to the distribution thereof.

8. [Intentionally Omitted.]

9. Registration Rights.

9.1 Registration Under the Securities Act of 1933. Each Warrant Certificate and each certificate representing the shares of Common Stock, and any of the other securities issuable upon exercise of the Warrants and the securities underlying the securities issuable upon exercise of the Warrants (collectively, the "Warrant Shares") shall bear the following legend, unless (i) such Warrants or Warrant Shares are distributed to the public or sold for distribution to the public pursuant to this Section 9 or otherwise pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "Act"), (ii) such Warrants or Warrant Shares are subject to a currently effective registration statement under the Act; or (iii) the Company has received an opinion of counsel, in form and substance reasonably satisfactory to counsel for the Company, that such legend is unnecessary for any such certificate:

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE. THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THE CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE

WARRANT AGREEMENT REFERRED TO HEREIN.

9.2 Piggyback Registration. If, at any time commencing six months from the date hereof, and expiring on the Expiration Date, the Company proposes to register any of its securities, under the Act (other than in connection with a merger or pursuant to Form S-4 or Form S-8) it will give written notice by registered mail, at least thirty (30) days prior to the filing of each such registration statement, to the Holders of the Warrants and/or the Warrant Shares of its intention to do so. If any of the Holders of the Warrants and/or Warrant Shares notify the Company within twenty (20) days after mailing of any such notice of its or their desire to include any such securities in such proposed registration statement, the Company shall afford such Holders of the Warrants and/or Warrant Shares the opportunity to have any such Warrant Shares registered under such registration statement. In the event that the managing underwriter for said offering advises the Company in writing that in the underwriter's opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without causing a diminution in the offering price or otherwise adversely affecting the offering, the Company will include in such registration (a) first, the securities the Company proposes to sell, (b) second, the securities held by the entities that made the demand for registration, (c) third, the Warrants and/or Warrant Shares requested to be included in such registration which in the opinion of such underwriter can be sold, pro rata among the Holders of Warrants and/or Warrant Shares on the basis of the number of Warrants and/or Warrant Shares requested to be registered by such Holders, and (d) fourth, other securities requested to be included in such registration.

Notwithstanding the provisions of this Section 9.2, the Company shall have the right at any time after it shall have given written notice pursuant to this Section 9.2 (irrespective of whether a written request for inclusion of any such securities shall have been made) to elect not to file any such proposed registration statement or to withdraw the same after the filing but prior to the effective date thereof.

9.3 Demand Registration.

(a) At any time commencing six months from the date hereof and expiring on the Expiration Date, the Holders of the Warrants and/or Warrant Shares representing a "Majority" (as hereinafter defined) of the Warrants and/or Warrant Shares shall have the right (which right is in addition to the registration rights under Section 9.2 hereof), exercisable by written notice to the Company (a "Demand Registration"), to have the Company prepare and file with the Securities and Exchange Commission (the "Commission"), a registration statement and such other documents, including a prospectus, as may be necessary in the opinion of both counsel for the Company and counsel for the Holders, in order to comply with the provisions of the Act, so as to permit a public offering and sale by such Holders and any other Holders of the Warrants and/or Warrant Shares who notify the Company within fifteen (15) days after the Company mails notice of such request pursuant to Section 9.3(b) hereof (collectively, the "Requesting Holders") of their respective Warrant Shares so as to allow the unrestricted sale of all or part (as directed by the Holders) of the Warrant Shares to the public from time to time until the earlier of the following: (i) the Expiration Date, or (ii) the date on which all of the Warrant Shares requested to be registered by the Requesting Holders have been sold (the "Registration Period"). The Company must effect as many Demand Registrations requested pursuant to this Section 9.3(a) to the extent such registrations may be effected on Commission Form S-3 or any successor or similar short-form registration statement ("Commission Form S-3"), but the Company shall not be obligated to effect more than two (2) Demand Registrations hereunder on Commission Form S-1 or any other Commission Form other than Commission Form S-3.

(b) The Company covenants and agrees to give written notice of any registration request under this Section 9.3 by any Holder or Holders representing a Majority of the Warrants and/or Warrant Shares to all other registered Holders of the Warrants and the Warrant Shares within ten (10) days from the date of the receipt of any such registration request.

(c) In addition to the registration rights under Section 9.2 and subsection (a) of this Section 9.3, at any time commencing six months from the date hereof and expiring on the Expiration Date, the Holders of Warrants and/or Warrant Shares shall have the right on one occasion, exercisable by written request to the Company, to have the Company prepare and file with the Commission a registration statement so as to permit a public offering and sale by such Holders of their respective Warrant Shares from time to time until the first to occur of the following: (i) the expiration of this Agreement, or (ii) all of the Warrant Shares requested to be registered by such Holders have been sold; provided, however, that the provisions of Section 9.4(b) hereof shall not apply to any such registration request and registration and all costs incident thereto shall be at the expense of the Holder or Holders making such request.

9.4 Covenants of the Company With Respect to Registration. In connection with any registration under Section 9.2 or 9.3 hereof, the Company covenants and agrees as follows:

(a) The Company shall use its best efforts to file a registration statement within ninety (90) days of receipt of any demand therefor, and to have any registration statements declared effective at the earliest possible time, and shall furnish each Holder desiring to sell Warrant Shares such number of prospectuses as shall reasonably be requested. The Company shall also file such applications and other documents as may be necessary to permit the sale of the Warrant Shares to the public during the Registration Period in those states to which the Company and the holders of the Warrants and/or Warrant Shares shall mutually agree.

(b) The Company shall pay all costs (excluding fees and expenses of Holder(s)' counsel and any underwriting or selling commissions), fees and expenses in connection with all registration statements filed pursuant to Sections 9.2 and 9.3(a) hereof including, without limitation, the Company's legal and accounting fees, printing expenses, blue sky fees and expenses. The Holder(s) will pay all costs, fees and expenses in connection with the registration statement filed pursuant to Section 9.3(c).

(c) The Company will take all necessary action which may be required in qualifying or registering the Warrant Shares included in a registration statement for offering and sale under the securities or blue sky laws of such states as reasonably are requested by the Holder(s), provided that the Company shall not be obligated to execute or file any general consent to service of process or to qualify as a foreign corporation to do business under the laws of any such jurisdiction.

(d) The Company shall indemnify the Holder(s) of the Warrant Shares to be sold pursuant to any registration statement and each person, if any, who controls such Holder(s) within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement.

(e) In order to provide for just and equitable contribution under the Act in any case in which (i) any Holder of the Warrant Shares or controlling person thereof makes a claim for indemnification but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that the express provisions of Section 9.4(d) hereof provide for indemnification in such case or (ii) contribution under the Act may be required on the part of any Holder of the Warrant Shares, or controlling person thereof, then the Company, any such Holder of the Warrant Shares, or controlling person thereof shall contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (which shall, for all purposes of this Agreement, include, but not be limited to, all costs of defense and investigation and all attorneys fees), in either such case (after contribution from others) on the basis of relative fault as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand, or a Holder of Warrant Shares, or controlling person thereof on the other, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and such Holders of such securities and such controlling persons agree that it would not be just and equitable if contribution pursuant to this Section 9.4(e) were determined by pro rata allocation or by any other method which does not take account of the equitable considerations referred to in this Section 9.4(e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this Section 9.4(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) The Holder(s) of the Warrant Shares to be sold pursuant to a registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against any loss, claim, damage or expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished in writing by, or on behalf of, such Holders, or their successors or assigns, for specific inclusion in such registration statement.

(g) Nothing contained in this Agreement shall be construed as requiring the Holder(s) to exercise their Warrants prior to the initial filing of any registration statement or the effectiveness thereof.

(h) The Company shall not permit the inclusion of any securities other than the Warrant Shares to be included in any registration statement filed pursuant to Section 9.3 hereof, or permit any other registration statement (other than a registration statement on Form S-4 or S-8) to be or remain effective during a one hundred and eighty (180) day period following the effective date of a registration statement filed pursuant to Section 9.3 hereof, without the prior written consent of the Holder(s) of the Warrants and Warrant Shares representing a Majority of such securities or as otherwise required by the terms of any existing registration rights granted prior to the date of this Agreement by the Company to the holders of any of the Company's securities.

(i) The Company shall furnish to each Holder participating in the offering and to each underwriter, if any, a signed counterpart, addressed to such Holder or underwriter, of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under the underwriting agreement), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a "cold comfort" letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities.

(j) The Company shall as soon as practicable after the effective date of the registration statement, and in any event within 15 months thereafter, make "generally available to its security holders" (within the meaning of Rule 158 under the Act) an earnings statement (which need not be audited) complying with Section 11(a) of the Act and covering a period of at least 12 consecutive months beginning after the effective date of the registration statement.

(k) The Company shall enter into an underwriting agreement with the managing underwriters selected for such underwriting by Holders holding a Majority of the Warrant Shares requested to be included in such underwriting. Such agreement shall be satisfactory in form and substance to the Company, each Holder and such managing underwriters, and shall contain such representations, warranties and covenants by the Company and such other terms as are customarily contained in agreements of that type used by the managing underwriter. The Holder(s) shall be parties to any underwriting agreement relating to an underwritten sale of their Warrant Shares and may, at their option, require that any or all of the representations, warranties and covenants of the Company to or for the benefit of such underwriters shall also be made to and for the benefit of such Holder(s). Such Holder(s) shall not be required to make any representations or warranties to or agreements with the Company or the underwriters except as they may relate to such Holder(s) and their intended methods of distribution.

(l) For purposes of this Agreement, the term "Majority" in reference to the Warrants or Warrant Shares, shall mean in excess of fifty percent (50%) of the then outstanding Warrants or Warrant Shares that (i) are not held by the Company, or (ii) have not been resold to the public pursuant to a registration statement filed with the Commission under the Act or Rule 144 promulgated under the Act.

10. Obligations of Holders. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 9 hereof that each of the selling Holders shall:

(a) Furnish to the Company such information regarding themselves, the Warrant Shares held by them, the intended method of sale or other disposition of such securities, the identity of and compensation to be paid to any underwriters proposed to be employed in connection with such sale or other disposition, and such other information as may reasonably be required to effect the registration of their Warrant Shares.

(b) Notify the Company, at any time when a prospectus relating to the Warrant Shares covered by a registration statement is required to be delivered under the Act, of the happening of any event with respect to such selling Holder as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

11. Adjustments to Exercise Price and Number of Securities. The Exercise Price in effect at any time and the number and kind of securities purchasable upon the exercise of the Warrants or the securities underlying the Warrants shall be subject to adjustment from time to time upon the happening of certain events as follows:

11.1 Adjustment for Combinations or Consolidations of Common Stock. In the event the Company at any time or from time to time after the date of the issuance of the Warrants (the "Warrant Issue Date"), as the case may be, effects a subdivision or combination of its outstanding Common Stock into a greater or lesser number of shares, then the existing Exercise Price for the Warrants will be decreased or increased proportionately.

11.2 Adjustment for Dividends and Distributions of Common Stock and Common Stock Equivalents. In the event the Company at any time or from time to time after the Warrant Issue Date makes or issues, or fixes a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights (hereinafter referred to as "Common Stock Equivalents") convertible into or entitling the holder thereof to receive additional shares of Common Stock without payment of any consideration for such Common Stock Equivalents or the additional shares of Common Stock, for the purpose of protecting the Holders from any dilution in connection therewith, then and in each such event the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable in payment of such dividend or distribution or upon conversion or exercise of such Common Stock Equivalents will be deemed to be issued and outstanding as of the time of such issuance or, in the event such a record date has been fixed, as of the close of business on such record date. In each such event, the then existing Exercise Price for the Warrants will be decreased as of the time of such issuance or, in the event such a record date has been fixed, as of the close of business on such record date, by multiplying the applicable Exercise Price by a fraction:

(i) the numerator of which will be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date; and

(ii) the denominator of which will be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus that number of shares of Common Stock issuable in payment of such dividend or distribution or upon conversion or exercise of such Common Stock Equivalents; provided that if such record date has been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, then the Exercise Price for the Warrants will be recomputed accordingly as of the close of business on such record date and thereafter the Exercise Price for the Warrants will be adjusted pursuant to this Section 11.2 as of the time of actual payment of such dividends or distribution.

11.3 Recapitalization. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or consolidation transaction provided for elsewhere in this Section 11), provision shall be made so that the holders of Warrants shall thereafter be entitled to receive upon exercise of such Warrants the number of shares of stock or other securities or property of the Company or otherwise, to which a holder of Common Stock issuable upon exercise thereof would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 11 with respect to the rights of the holders of Warrants after the recapitalization to the end that the provisions of this Section 11 (including adjustment of the Exercise Price then in effect and the number of shares purchasable upon exercise of Warrants) shall be applicable after that event as nearly equivalent as may be practicable.

11.4 Adjustment for Sale of Shares.

(i) If at any time after the Warrant Issue Date, the Company issues or sells any shares of its Common Stock, other than "Excluded Shares" (as defined below), for a consideration per share less than the Exercise Price in effect on the date of and immediately prior to such issue, then and in each such case, the Exercise Price will be reduced to a price (calculated to the nearest cent) determined by multiplying the Exercise Price by a fraction (1) the numerator of which will be the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of Common Stock which the aggregate consideration received by the Company for such issuance would purchase at such Exercise Price, and (2) the denominator of which will be the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of Common Stock issued pursuant to such issuance; provided that such fraction will in no event be greater than one (1), such that the Exercise Price will not be increased by the adjustment provided in this clause (i).

For purposes of this Section 11: the shares of Common Stock initially issuable upon exercise of the Warrants will be deemed to be outstanding on the Warrant Issue Date; and the term "Excluded Shares" will mean (A) shares of Common Stock issued on exercise of the Warrants; (B) shares of Common Stock issued either directly or upon exercise of options or warrants to officers, directors or employees of, or consultants, advisers and others who provide services to, the Company and its subsidiaries (the "Compensatory Shares") pursuant to any stock option or purchase plan or similar arrangement approved by the Board of Directors and (C) shares of Common Stock or Preferred Stock issued either directly or upon the exercise or conversion of options, warrants or rights or other securities convertible into shares of Common Stock ("Strategic Shares"), in connection with a transaction with a third party which is determined to have as its primary purpose the formation of a strategic business relationship, such determination being made in good faith by the Board of Directors, provided that the number of Strategic Shares so issued does not exceed, in the aggregate, 20% of the Fully-Diluted Outstanding Stock, or such higher percentage of the Fully-Diluted Outstanding Stock as may be approved by the unanimous written consent of all of the Directors of this Company. The term "Fully-Diluted Outstanding Stock" means all of the outstanding shares of Common Stock of the Company, including the total number of shares of Common Stock into which all outstanding warrants, options, and rights are then exercisable and all outstanding shares of convertible stock are then convertible. For the purpose of making any adjustment in the Exercise Price as provided above, the consideration received by the Company for any issue or sale of Common Stock will be computed:

(A) to the extent it consists of cash, as the amount of cash received by the Company before deduction of any offering expenses payable by the Company and any underwriting or similar commissions, compensation, or concessions paid or allowed by the Company in connection with such issue or sale;

(B) to the extent it consists of property other than cash, at the fair market value of that property as determined in good faith by the Company's Board of Directors; and

(C) if Common Stock is issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Common Stock.

(ii) If the Company (1) grants any rights or options (other than rights or options issued in connection with the Compensatory Shares or Strategic Shares) to subscribe for, purchase, or otherwise acquire shares of Common Stock, or (2) issues or sells any security ultimately convertible into shares of Common Stock, then, in each such case, the price per share of Common Stock issuable on the exercise of the rights or options or the conversion of the securities will be determined by dividing the total amount, if any, received or receivable by the Company as consideration for the granting of the rights or options or the issue or sale of the convertible securities, plus the minimum aggregate amount of additional consideration payable to the Company on exercise or conversion of the securities, by the maximum number of shares of Common Stock issuable on the exercise or conversion. Such granting or issuance or sale will be considered to be an issuance or sale for cash of the maximum number of shares of Common Stock issuable on exercise or conversion at the price per share determined under this subsection, and the Exercise Price for the Warrants will be adjusted as above provided to reflect (on the basis of that determination) the issuance or sale. No further adjustment of the Exercise Price will be made as a result of the actual issuance of shares of Common Stock on the exercise of any such rights or options or the conversion of any such convertible securities.

(iii) Upon the redemption or repurchase of any such securities exercisable into Common Stock, or the expiration or termination of the right to convert into, exchange for, or exercise with respect to, Common Stock, the Exercise Price will be readjusted to such price as would have been obtained had the adjustment made upon their issuance been made upon the basis of the issuance of only the number of such securities as were actually converted into, exchanged for, or exercised with respect to, Common Stock. If the purchase price or conversion or exchange rate provided for in any such security changes at any time, then, upon such change becoming effective, the Exercise Price then in effect will be readjusted forthwith to such price as would have been obtained had the adjustment made upon the issuance of such securities been made upon the basis of (1) the issuance of only the number of shares of Common Stock theretofore actually delivered upon the conversion, exchange or exercise of such securities, and the total consideration received therefor, and (2) the granting or issuance, at the time of such change, of any such securities then still outstanding for the consideration, if any, received by the Company therefor and to be received on the basis of such changed price or rate.

11.5 Successive Changes. The above provisions of this Section 11 shall similarly apply to successive issuances, sales, dividends or other distributions, subdivisions and combinations on or of the Common Stock after the Warrant Issue Date.

11.6 Excluded Events. Notwithstanding anything in this Section 11 to the contrary, the Exercise Price shall not be adjusted by virtue of the Exercise of Warrants into shares of Common Stock.

11.7 Merger or Consolidation. In case of any consolidation of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger which does not result in any reclassification or change of the outstanding Common Stock), the corporation formed by such consolidation or merger shall execute and deliver to each Holder a supplemental warrant agreement providing that (i) the Holder of each Warrant then outstanding shall have the right thereafter (until the Expiration Date) to receive, upon exercise of such Warrant, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or merger to which the Holder would have been entitled if the Holder had exercised such Warrant immediately prior to such consolidation, merger, sale or transfer, and (ii) the corporation resulting from such merger or consolidation shall expressly assume the due and punctual performance and observance of each and every covenant and condition of this Agreement to be performed and observed by the Company. Such supplemental warrant agreement shall provide for adjustments which shall be identical to the adjustments provided in this Section 11. The above provision of this subsection shall similarly apply to successive consolidations or mergers.

11.8 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Exercise Price for the Warrants, pursuant to this Section 11, the Company, at its expense upon request by any holder of Warrants shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each such holder of Warrants a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. Such certificate shall set forth (i) such adjustment and readjustment, (ii) the current Exercise Price for the Warrants, at the time in effect, (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the Exercise of a Warrant, and (iv) if such adjustment is the result of an issuance of Common Stock, the number of shares of Common Stock issued and the consideration received therefor.

12. Exchange and Replacement of Warrant Certificates. Each Warrant Certificate is exchangeable, without expense, upon the surrender thereof by the registered Holder at the principal executive office of the Company for a new Warrant Certificate of like tenor and date representing in the aggregate the Holder's right to purchase the same number of Warrant Shares in such denominations as shall be designated in such Warrant Certificate at the time of such surrender.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it and reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrant Certificate, if mutilated, the Company will make and deliver a new Warrant Certificate of like tenor, in lieu thereof.

13. Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock or other securities upon the exercise of the Warrants, nor shall it be required to issue scrip or pay cash in lieu of fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

14. Reservation and Listing of Securities. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of the Warrants, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof or the exercise or conversion of any other exercisable or convertible securities underlying the Warrants. Every transfer agent and warrant agent (collectively "Transfer Agent") for the Common Stock and other securities of the Company issuable upon the exercise of the Warrants will be irrevocably authorized and directed at all times to reserve such number of authorized shares of Common Stock and other securities as shall be requisite for such purpose. The Company will keep a copy of this Agreement on file with every Transfer Agent for the Common Stock and other securities of the Company issuable upon the exercise of the Warrants. The Company will supply every such Transfer Agent with duly executed stock and other certificates, as appropriate, for such purpose. The Company covenants and agrees that, upon each exercise of the Warrants and payment of the Purchase Price, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as the Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock and other securities issuable upon the exercise of the Warrants and the securities underlying the securities issuable upon exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges or securities associations on which the Common Stock issued to the public in connection herewith may then be listed and/or quoted.

15. Representations and Warranties of the Company The Company hereby represents and warrants, as follows:

(a) All corporate action on the part of the Company, its officers, directors, and stockholders necessary for the sale and issuance of the Warrants pursuant to this Agreement and the performance of the Company's obligations hereunder including without limitation the consent of certain shareholders of the Company (if necessary) has been taken. This Agreement is a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting enforcement of creditors' rights, and except as limited by application of legal principles affecting the availability of equitable remedies.

(b) The Common Stock and any other securities issued to the Holders hereunder, when issued in compliance with the provisions of this Agreement, will be validly issued, fully paid and nonassessable, and will be free of any liens or encumbrances; provided, however, that such shares may be subject to restrictions on transfer under state and/or federal securities laws as set forth herein, and as may be required by future changes in such laws.

(c) No shareholder of the Company has any right of first refusal or any preemptive rights in connection with the issuance of the Common Stock by the Company pursuant to this Agreement.

(d) The execution, delivery, and performance by the Company of this Agreement, and the issuance and sale of the Warrants pursuant thereto, will not result in any such violation or be in conflict with or constitute a default under any such term, or cause the acceleration of maturity of any loan or material obligation to which the Company or the subsidiaries are a party or by which any of them is bound or with respect to which any of them is an obligor or guarantor, or result in the creation or imposition of any material lien, claim, charge, restriction, equity or encumbrance of any kind whatsoever upon, or, to the best knowledge of the Company after due inquiry, give to any other person any interest or right (including any right of termination or cancellation) in or with respect to any of the material properties, assets, business or agreements of the Company or its subsidiaries. To the best knowledge of the Company after due inquiry, no such term or condition materially adversely affect the business, property, prospects, condition, affairs, or operations of the Company and its subsidiaries.

(e) No consent, approval, or authorization of, or designation, declaration, or filing with any governmental unit is required on the part of the Company in connection with the valid execution and delivery of this Agreement, or the offer, sale or issuance of the Notes or Warrants or the obtaining of any consents, permits and waivers, or the consummation of any other transaction contemplated hereby.

(f) The offer, sale and issuance of the Securities in conformity with the terms of this Agreement will not violate the Securities Act.

(g) The net proceeds from the sale of the Warrants shall be used for working capital purposes.

16. Notices to Warrant Holders. Nothing contained in this Agreement shall be construed as conferring upon the Holder(s) of the Warrants the right to vote or to consent or to receive notice as a stockholder in respect of any meetings of stockholders for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the following events shall occur:

(a) the Company shall take a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of current or retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company; or

(b) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor; or

(c) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business as an entirety shall be proposed;

(d) then in any one or more of said events, the Company shall give written notice to the registered Holders of the Warrants of such event at least fifteen (15) days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, convertible or exchangeable securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of closing the transfer books, as the case may be. Failure to give such notice or any defect therein shall not affect the validity of any action taken in connection with the declaration or payment of any such dividend, or the issuance of any convertible or exchangeable securities, or subscription rights, options or warrants, or any proposed dissolution, liquidation, winding up or sale.

16. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) if to the registered Holder of the Warrants, to the address of such Holder as shown on the books of the Company, with a copy (with respect to Sandler) to Lawrence N. Rosen, Esquire, Lawrence N. Rosen, P.A., 2925 Aventura Boulevard, Suite 308, Aventura, Florida 33180; or

(b) if to the Company, to the address set forth in Section 4 hereof or to such other address as the Company may designate by notice to the Holders.

Each party hereto may from time to time change the address to which notices are to be delivered or mailed hereunder by notice in accordance with the foregoing to the other party.

17. Supplements; Amendments; Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought. The Company and the Initial Holders may from time to time supplement or amend this Agreement without the approval of any Holders of Warrant Certificates (other than the Initial Holders) in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any provisions herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company and the Initial Holders may deem necessary or desirable and which the Company and the Initial Holders deem shall not adversely affect the interests of the Holders of Warrant Certificates.

18. Successors. All of the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Holder(s) and their respective heirs, personal representatives, successors and assigns hereunder.

19. Survival of Representations and Warranties. All statements in any schedule, exhibit or certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated by this Agreement, shall be deemed to be representations and warranties hereunder. Notwithstanding any investigations made by or on behalf of the parties to this Agreement, all representations, warranties and agreements made by the parties to this Agreement or pursuant hereto shall survive.

20. Governing Law; Submission to Jurisdiction.

(a) This Agreement and each Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of New York for all purposes shall be construed in accordance with the laws of said State without giving effect to the rules of said State governing the conflicts of laws

(b) THE COMPANY, AND ANY ENDORSERS, SURETIES, GUARANTORS AND ALL OTHERS WHO ARE, OR WHO MAY BECOME, LIABLE FOR THE PAYMENT HEREOF SEVERALLY, IRREVOCABLY AND UNCONDITIONALLY (A) AGREE THAT ANY SUIT, ACTION, OR OTHER LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER AGREEMENT, DOCUMENT OR INSTRUMENT DELIVERED PURSUANT TO, OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT AND MAINTAINED IN THE COURTS IN AND FOR NEW YORK COUNTY, NEW YORK, OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; (B) CONSENT TO THE JURISDICTION OF EACH SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING; AND (C) WAIVE ANY OBJECTION WHICH IT OR THEY MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING IN ANY OF SUCH COURTS.

(c) THE COMPANY AND HOLDER HEREBY KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THIS AGREEMENT, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE COMPANY AND HOLDER TO ENTER INTO THIS AGREEMENT.

21. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

22. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

23. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Initial Holders and any other registered Holder(s) of the Warrant Certificates or Warrant Shares any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company, the Initial Holders and any other registered Holder(s) of the Warrant Certificates or Warrant Shares.

24. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

25. No Waiver. No waiver, amendment, release or modification of any provision of this Agreement shall be established by conduct, custom or course of dealing, and shall not be effective unless it is in writing and signed by the party against whom it is asserted and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be continuing of further waiver. No delay or omission in the exercise of any right, power or remedy accruing to either party upon any breach by the other party under this Agreement shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

CECO ENVIRONMENTAL CORP.

By: /s/ Phillip DeZwirek

Name: Phillip DeZwirek

Title: President

GREEN DIAMOND OIL CORP.

By: /s/ Phillip DeZwirek

Name: Phillip DeZwirek

Title: President

/s/ Harvey Sandler

HARVEY SANDLER

ICS TRUSTEE SERVICES LTD.

By: /s/ Eliza S. Y. Wu

Name: Eliza S. Y. Wu

Title: Authorized Signing Officer

EXHIBIT A

[FORM OF WARRANT CERTIFICATE]

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, DECEMBER __, 2009

Warrant No.____

WARRANT CERTIFICATE

This Warrant Certificate certifies that __________, or registered assigns, is the registered holder of Warrants to purchase initially, at any time from June __, 5:30 p.m., New York time, on December __, 2009 ("Expiration Date"), up to shares, of fully-paid and non-assessable common stock, $.01 par value ("Common Stock") of CECO Environmental Corp., a New York corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $2.25 per share upon surrender of this Warrant Certificate and payment of the Exercise Price at the principal executive office of the Company, but subject to the conditions set forth herein. Payment of the Exercise Price shall be made by certified or official bank check in United States dollars payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter expire and shall be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal executive office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered of unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any Warrant holder to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated as of ___________________ , 199__.

CECO ENVIRONMENTAL CORP.

By:__________________________
Name:________________________
Title:_______________________

[FORM OF ELECTION TO PURCHASE PURSUANT TO SECTION 4.1 OF THE WARRANT AGREEMENT]

The undersigned hereby irrevocably elects to exercise the right, represented by Warrant Certificate No._________, to purchase ________ shares of Common Stock (as defined in the Warrant Agreement described below) and herewith tenders in payment for such securities a certified or official bank check payable in United States dollars to the order of CECO Environmental Corp., a New York corporation (the "Company") in the amount of $________, all in accordance with the terms of Section 4.1 of the Warrant Agreement dated as of _______________ , 1999 between the Company, Green Diamond Oil Corp., Harvey Sandler, and ICS Trustee Services Ltd. The undersigned requests that a certificate for such securities be registered in the name of _____________, whose address is ____________________ and that such certificate be delivered to ____________, whose address is ____________________, and if said number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant Certificate for the balance of the shares of Common Stock purchasable under the within Warrant Certificate be registered in the name of the undersigned warrant holder or his assignee as below indicated and delivered to the address stated below.

Dated: ____________________

Signature:____________________________________
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)

Address: ___________________________________
____

____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed:____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

[FORM OF ASSIGNMENT]

(To be executed by the registered holder if such holder desires to transfer the Warrant Certificate.)

FOR VALUE RECEIVED ____________ hereby sells, assigns and transfers unto [NAME OF TRANSFEREE] Warrant Certificate No. ___, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint ____________________ Attorney, to transfer the within Warrant Certificate on the books of the within-named Company, with full power of substitution.

Dated: ____________________

Signature:____________________________________
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)

Address: ___________________________________
____

____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed:____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

EXHIBIT 10.13

KBD/TECHNIC, INC. VOTING TRUST

KBD/TECHNIC, INC.
VOTING TRUST AGREEMENT

KBD/TECHNIC, INC. VOTING TRUST AGREEMENT made this 7th day of December, 1999, by and between CECO GROUP, INC., a Delaware Corporation (the "Stockholder"), and Richard J. Blum ("Blum"), as Voting Trustee (hereinafter referred to as the "Voting Trustee"):

W I T N E S S E T H:

WHEREAS, the Stockholder purchased all of the outstanding shares of stock of kbd/Technic, Inc. ("Company");

WHEREAS, pursuant to Section 4733.16 of the Ohio Revised Code, no corporation shall provide engineering or surveying services in the State of Ohio unless more than fifty percent of the shareholders are professional engineers, professional surveyors, architects or landscape architects;

WHEREAS, the Company may provide the services identified in Section 4733.16 of the Ohio Revised Code and therefore, the Corporation may not own directly a majority of the shares of the Company;

WHEREAS, the Attorney General for the State of Ohio has determined that Ohio Law does not prohibit the stock of a professional association from being held in trust, for the benefit of non- professionals by an individual who is duly licensed or otherwise legally authorized to render the professional services for which the association was organized; and

WHEREAS, the Stockholder organized this Trust to hold the common stock of the Company for the benefit of the Stockholder;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and conditions contained herein, the parties agree as follows:

1. Commencement; Transfer of Stock to Voting Trustee.

(a) The Stockholder hereby enters into this Voting Trust Agreement for the purposes set forth herein, and the Voting Trustee hereby accepts the responsibilities of Voting Trustee hereunder and agrees to hold the assets of the Voting Trust as provided herein;

(b) Simultaneously with the execution hereof, the Stockholder shall cause all of the outstanding shares of common stock of the Company to be issued to the Voting Trustee to be deposited with the Voting Trustee under the terms of this Voting Trust Agreement.

(c) Should the Stockholder obtain or have the right to obtain additional shares of stock of the Company during the term of the Voting Trust, the Stockholder may at any time deposit additional certificates for such stock with the Voting Trustee. No stock shall be deposited hereunder except stock having general voting powers as provided in the Company's Certificate of Incorporation.

(d) All stock certificates delivered to the Voting Trustee under subparagraphs (a) or (b) of this Article 1 shall be duly endorsed, or accompanied by such instruments of transfer, as to enable the Voting Trustee to cause such stock certificates to be transferred into his name as such trustee.

(e) Any certificates for stock of the Company shall be surrendered by the Voting Trustee to the Company and canceled, and the Company shall issue to the Voting Trustee new stock certificates in the name of "kbd/Technic, Inc. Voting Trust, under agreement dated December __, 1999, Richard J. Blum, Voting Trustee."

(f) On receipt by the Voting Trustee of such stock certificates in his name, the Voting Trustee shall thereupon issue and deliver Voting Trust Certificates to the Stockholder in the form set forth in Article 5 hereof evidencing the number of shares so deposited (hereinafter referred to collectively as the "Voting Trust Certificates").

2. Term.

The Voting Trust shall be irrevocable and continue for a period of nine (9) years and eleven (11) months from the date hereof, unless terminated pursuant to Article 6 hereof or renewed as described in Article 6 hereof.

3. Transfer of Certificates.

(a) Subject to the terms of Article 16, the Voting Trust Certificates shall be transferable by the registered owners thereof on the books of the Voting Trustee at the Principal Office of the Voting Trustee (as hereinafter defined in subparagraph (c) of Article 12 hereof) according to the rules established for that purpose by the Voting Trustee; and the Voting Trustee may treat the registered holders thereof as owners for all purposes whatsoever, except that the Voting Trust shall not be required to deliver stock certificates hereunder without the surrender of such Voting Trust Certificates. An assignee of Voting Trust Certificates shall obtain the rights set forth in this Voting Trust Agreement, and shall not otherwise be entitled to stock of the Company.

(b) If a Voting Trust Certificate is lost, stolen, mutilated or destroyed, the Voting Trustee, in his discretion, may issue a duplicate of such certificate upon receipt of: (i) evidence of such fact satisfactory to him; (ii) indemnity satisfactory to him; (iii) the existing certificate, if mutilated; and (iv) his reasonable expenses in connection with the issuance of a new Voting Trust Certificate. The Voting Trustee shall not be required to recognize any transfer of a Voting Trust Certificate not made in accordance with the provisions hereof, unless the person claiming such ownership shall have produced indicia of title satisfactory to the Voting Trustee, and shall in addition deposit with the Voting Trustee indemnity satisfactory to him.

4. Voting Trustee.

(a) In the event of the death, resignation or Disability, of the Voting Trustee, or if beneficial owners of a majority of the shares of the Company represented by the then outstanding Voting Trust certificates shall send the then serving Voting Trustee written notice that he is being replaced, which notice may be sent in such owners' sole direction, with or without cause, beneficial

owners of a majority of the shares of the Company represented by the then outstanding Voting Trust Certificates shall elect a successor Voting Trustee provided, however, that such successor Voting Trustee shall be an engineer licensed to practice in the State of Ohio. Any Voting Trustee may resign by delivering sixty (60) days written notice to the Stockholder. For purposes of this subparagraph (a), the term "Disability" means incapable of performing the functions of a person's principal occupation, as determined by such person's regular, licensed physician, if any, or if not, by any licensed physician.

(b) The Voting Trustee (and any successor Voting Trustee) may act as a director or officer of the Company, and may contract with the Company, or be pecuniarily interested in any transaction to which the Company may be a party or in which it may in any way be interested, as fully as though he were not a Voting Trustee.

5. Form of Voting Trust Certificates.

The Voting Certificates shall be in the following form:

No. _________________ _____________ Shares

Kbd/TECHNIC, INC.
AN INDIANA CORPORATION
VOTING TRUST CERTIFICATE FOR CAPITAL STOCK PURSUANT TO
KBD/TECHNIC, INC. VOTING TRUST

This certifies that _____________ or registered assigns is entitled to all the benefits arising from the deposit with the Voting Trustee under kbd/Technic, Inc. Voting Trust Agreement hereinafter mentioned, of certificates for ___________ (___) shares of the capital stock of kbd/Technic, Inc., an Indiana corporation (hereinafter called the "Company"), as provided in such Voting Trust Agreement and subject to the terms thereof.

This certificate is issued, received and held under, and the rights of the owner hereof are subject to, the provisions of the kbd/Technic, Inc. Voting Trust Agreement dated as of December __, 1999 among the Voting Trustee identified therein and the various holders of similar certificates (copies of which Voting Trust Agreement, and of every agreement amending or supplementing the same, are on file in the Registered Office of the Company and in the Principal Office of the Voting Trustee). The holder of

this certificate, by acceptance hereof, assents to and agrees to be bound as if such Voting Trust Agreement had been signed by him in person.

Until the Voting Trustee shall have delivered the stock held under such Voting Trust Agreement to the holders of the Voting Trust Certificates, or to the Company, as specified in such Trust Agreement, the Voting Trustee shall possess and shall be entitled to exercise all rights and powers of an absolute owner of such stock, including the right to vote thereon for every purpose, and to execute consents in respect thereof for every purpose, it being expressly stipulated that no voting right passes to the owner hereof, or his assigns, under this certificate of any agreement, expressed or implied.

The registered holder hereof, or assigns, is entitled to receive payment equal to the amount of cash dividends, if any, received by the Voting Trustee upon the number of shares of capital stock of the Company in respect of which this certificate is issued. Dividends received by the Voting Trustee in common or other stock of the Company having general voting powers shall be retained by the Voting Trustee and in lieu of such dividends the holder hereof shall receive Voting Trust Certificates from the Voting Trustee in form similar hereto.

In the event that any dividend or distribution, other than cash dividends or stock of the Company having general voting powers, is received by the Voting Trustee, the Voting Trustee shall distribute the same to the registered holders of Voting Trust Certificates promptly after such receipt, pursuant to the provisions of Article 9 of such Voting Trust Agreement. Such distribution shall be made to the certificate holder or holders ratably in accordance with the number of shares represented by their respective Voting Trust Certificates.

Stock certificates for the number of shares of capital stock then represented by this certificate, or the net proceeds in cash or property of such shares, shall be due and deliverable hereunder upon the termination of such Voting Trust Agreement as provided therein.

Such Voting Trust Agreement shall continue in full force and effect pursuant to the provisions of Article 2 of such Voting Trust Agreement. Such Voting Trust Agreement may be renewed for successive nine (9) year and eleven (11) month periods, as provided therein.

This certificate is transferable on the books of the Voting Trustee at the Principal Office of the Voting Trustee by the holder hereof, either in person or by attorney duly authorized, in accordance with the rules established for that purpose by the Voting Trustee and on surrender of this certificate properly endorsed. Title to this certificate when duly endorsed shall, to the extent permitted by law, be transferable with the same effect as in the case of a negotiable instrument. Each holder hereof agrees that delivery of this certificate, duly endorsed by any holder hereof, shall vest title hereto and all rights hereunder in the transferee; provided, however, that the Voting Trustee may treat the registered holder hereof, or when presented duly endorsed in blank the bearer hereof, as the absolute owner hereof, and of all rights and interests represented hereby, for all purposes whatsoever, and the

Voting Trustee shall not be bound or affected by any notice to the contrary, or by any notice of any trust, whether express, implied or constructive, or of any charge or equity respecting the title or ownership of this certificate, or the share of stock represented hereby; provided, however, that no delivery of stock certificates hereunder, or the proceeds thereof, shall be made without surrender hereof properly endorsed.

This certificate shall not be valid for any purpose until duly signed by the Voting Trustee.

The term "Voting Trustee" as used in this certificate means the Voting Trustee or the successor trustees acting under such Voting Trust Agreement.

IN WITNESS WHEREOF, the Voting Trustee has signed this certificate on ______________, 19____.

____
Voting Trustee

LEGEND:

THIS VOTING TRUST CERTIFICATE AND THE STOCK REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAWS. THIS CERTIFICATE MAY NOT BE SOLD, OFFERED FOR SALE OR TRANSFERRED WITHOUT AN OPINION OF COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED, THAT THE PROPOSED TRANSFER WILL NOT VIOLATE FEDERAL SECURITIES LAWS, OHIO LAWS OR ANY OTHER APPLICABLE LAWS.

(Form of Assignment):

FOR VALUE RECEIVED _________________________ hereby assigns the certificate within, and all rights and interest represented thereby, to _____ (Social Security Number) and appoints ________________ as attorney to transfer this certificate on the books of the Voting Trustee mentioned therein, with full power of substitution.

-----------------------   -------------------------
Dated

(Seal)

In presence of/guaranteed by:

Note: The signature on this assignment must correspond with the name as written upon the face of this certificate in every particular, without alteration, enlargement or any change whatever. All endorsements, in the discretion of the Voting Trustee, shall be guaranteed by a bank or trust company satisfactory to the Voting Trustee.

6. Termination Procedure; Renewal.

(a) At any time within two (2) years prior to the time of expiration of the kbd/Technic, Inc. Voting Trust (the "Voting Trust") as originally fixed or as last extended as provided in this Section 6, the Voting Trustee shall mail written notice of such anticipated expiration to the registered owners of the outstanding Voting Trust Certificates at their addresses as appearing on the transfer books of the Voting Trustee. Such notice shall state that the Voting Trust Certificates must be surrendered to the Voting Trustee by the expiration date in order to receive the corresponding stock in the Company or other property in exchange therefor upon termination of the Voting Trust.

(b) The Voting Trust shall terminate immediately upon any of the following events and at such time the remaining Voting Trust property shall be distributed to the Stockholder or its nominee:

(i) The sale by the Voting Trust of the shares of the Company held by it or the Voting Trust for any other reason ceasing to hold shares of the Company;

(ii) The Company ceasing to be registered in the State of Ohio as a corporation engaged in engineering;

(iii) The sale of substantially all the assets of the Company in one or more transactions;

(iv) The Company is no longer required to have its stock owned by an engineer licensed to practice engineering with State of Ohio for any reason;

(v) The Company dissolves prior to the expiration of the term of the Voting Trust or any renewal period thereof;

(c) At any time after notice of the expiration of the kbd/Technic, Inc. Voting Trust has been given as provided above and ending thirty (30) days prior to such expiration, one (1) or more holders of Voting Trust Certificates hereunder may, by written agreement and with the written consent of the Voting Trustee, renew the Voting Trust as to their stock in the Company for an additional period not to exceed nine (9) years and eleven (11) months from the expiration date of the Voting Trust as originally fixed or as last extended as provided in this Section 6. In the event of such renewal, the renewal agreement shall specify the stock that is subject to it. The Voting Trustee shall, prior to the time of expiration of the Voting Trust, file copies thereof with the Company at the Registered Office of the Company (as hereinafter defined in subparagraph (b) of Article 12 hereof) and with the Voting Trustee at the Principal Office of the Voting Trustee. Such renewal shall have the effect of creating a new voting trust as to the shares in the Company to which the renewal applies, except that such shares shall remain in the name and possession of the Voting Trustee as if no termination had occurred. Such renewal shall have no effect on the termination of the Voting Trust as to the remaining shares of stock in the Company not subject to the renewal agreement, which shall be tendered in accordance with the provisions relating to termination hereunder. No such renewal agreement shall extend the term of this Voting Trust Agreement beyond the maximum period permitted by applicable law or affect the rights or obligations of persons not parties thereto.

(d) Upon termination of the kbd/Technic, Inc. Voting Trust, the Voting Trust Certificates shall cease to have any effect and the holders of such Voting Trust Certificates shall have no further rights under this Voting Trust Agreement other than to receive certificates for shares of stock of the Company or other property distributable under the terms hereof upon the surrender of such Voting Trust Certificates to the Voting Trustee.

(e) Subject to Article 11, within thirty (30) days after the termination of the Voting Trust, the Voting Trustee shall deliver to the registered holders of such Voting Trust Certificates, at

their addresses as they appear on the records of the Voting Trustee, properly endorsed certificates for the number of shares of the capital stock of the Company represented by the Voting Trust Certificates actually received from them.

(f) At any time subsequent to thirty (30) days after the termination of the Voting Trust, the Voting Trustee may deposit with the Company (if the Company shall consent to such deposit) any properly endorsed stock certificates or other property which have not been delivered to the holders of Voting Trust Certificates, together with written authority for the Company to deliver the same to the persons entitled thereto upon receipt of their Voting Trust Certificates. Upon such deposit all further liability of the Voting Trustee for the delivery of such stock certificates shall cease and the Voting Trustee shall not be required to take any further action hereunder.

7. Rights and Powers of Voting Trustee.

(a) The Voting Trustee shall possess and be entitled to exercise, subject to the provisions hereof, all the rights and powers of absolute owners of all shares deposited hereunder, including, but without limitation, the right to receive dividends on such shares and the right to vote, consent in writing or otherwise act with respect to any corporate or shareholders' action, to increase or reduce the stated capital of the Company, to classify or reclassify any of the shares as now or hereafter authorized into preferred or common shares or other classes of shares with or without par value, to amend the Articles of Incorporation or By-Laws, to merge or consolidate the Company with other corporations, to sell all or any part of its assets (except for the stock of the Company without the consent of the Stockholder), to create any mortgage or security interest in or lien on any property of the Company, or for any other corporate act or purpose; provided that the Voting Trustee shall give the holders of Voting Stock certificates not less than fifteen (15) days prior written notice of the exercise of such rights and powers if such exercise is not at the request of the beneficial owners of a majority of the shares of the Company, it being expressly stipulated that no voting right shall pass to others by or under the Voting Trust Certificates, under this Voting Trust Agreement or by or under any other agreement expressed or implied.

(b) In case the Company effectuates a consolidation or merger with or into another corporation, or of another corporation with or into the Company, or all or substantially all of the assets of the Company are transferred to another corporation, then in connection with such consolidation, merger or transfer the term "Company" for all purposes of this Voting Trust Agreement shall be taken to include such successor corporation. The Voting Trustee may in connection with such consolidation or merger surrender such shares and receive in lieu thereof and exchange therefor the shares issuable thereof in such merger or consolidation, and may hold the shares so received in place of the shares deposited hereunder. Thereafter, the rights and obligations of the Voting Trustee and of the holders of Voting Trust Certificates with respect to shares deposited hereunder shall for all purposes be treated as applying to the shares so received, there being substituted for each share of the Company an amount of the new shares proportionate to the entire amount of such new shares received for all of the shares of the Company so surrendered. Upon demand of the Voting Trustee to the holders of Voting Trust Certificates, such holders shall surrender their Voting Trust Certificates and shall accept in lieu thereof one (1) or more new Voting Trust Certificates in form similar to that hereinbefore set forth, but modified so as to describe expressly the interest then represented by the Voting Trust Certificate. The terms "stock" and "capital stock" as used herein shall be taken to include any stock which may be received by the Voting Trustee in lieu of all or any part of the capital stock of the Company. Any transfer tax or other charges payable in respect of any such exchange, if so required by the Voting Trustee, shall be paid by the holders of the Voting Trust Certificates.

(c) The Voting Trustee is authorized to become a party to or prosecute or defend or intervene in any suits or legal proceedings, and the shareholders and holders from time to time of the Voting Trust Certificates agree to hold the Voting Trustee harmless from any action or omission by him in connection therewith. The Voting Trustee shall be under no obligation to institute any action to recover amounts owed with respect to stock of the Company unless the holders of Voting Trust Certificates deposit funds in an amount sufficient for all expenses and attorneys' fees which

may reasonably be anticipated to be incurred by the Voting Trustee in such action and agree to indemnify the Voting Trustee for all expenses and attorneys' fees in connection with such action.

(d) The Voting Trustee is authorized to pledge the capital stock of the Company held hereunder in connection with any financing for the benefit of, among other parties, the Stockholder.

8. Liability of Voting Trustee.

Provided that the Voting Trustee gives the holders of Voting Stock certificates fifteen (15) days prior written notice of whether or not he will vote the shares of stock in accordance with the their recommendations, the Voting Trustee shall exercise business judgment in voting the shares of stock of the Company, or otherwise acting hereunder, with respect to such shares, but shall not be liable to the holders of Voting Trust Certificates for errors of law or of any thing done or suffered or omitted in connection therewith, except for his own individual willful misconduct. The Voting Trustee shall act with due care and shall act in compliance with all applicable laws, but shall not be bound by the prudent person rule or any equivalent rule imposing fiduciary liability. The Voting Trustee shall not be required to give any bond or other security for the discharge of his duties.

Specifically, Voting Trustee shall not be liable for any loss, liability, expense or damage to the Company or the stock occasioned by such Voting Trustee's acts or omissions undertaken or omitted in good faith (including, without limiting the generality of the foregoing, acts or omissions in reliance on opinion of counsel). The Voting Trustee may rely upon any notice, certificate, will, affidavit, letter, telegram, or other paper or document believed by him to be valid or genuine, or upon any evidence deemed by him to be sufficient, in making any payment, allocation or distribution hereunder. No successor Voting Trustee shall be personally liable for any act or omission of any predecessor Voting Trustee. Any successor Voting Trustee shall have all the rights, duties and powers granted to the original Voting Trustee hereunder.

9. Dividends.

(a) During the term of the Voting Trust, the holder of each Voting Trust Certificate shall be entitled to receive from the Company payments equal to the cash dividends, if any, receivable by the Voting Trustee upon that number and class of shares of capital stock of the Company as is represented by such Voting Trust Certificate. If any cash dividend is paid to the Voting Trustee, the Voting Trustee shall pay such dividend to those holders registered as such on the transfer books of the Voting Trustee at the close of business on the day fixed by the Company for the taking of a record to determine those holders of the Company stock entitled to receive such dividend. Such distributions shall be made to such holders of Voting Trust Certificates in accordance with the number of shares represented by their respective Voting Trust Certificates.

(b) If any dividend in respect of the stock deposited with the Voting Trustee is paid, in whole or in part, in stock of the Company having general voting powers, the Voting Trustee shall likewise hold, subject to the terms of this Voting Trust Agreement, the certificates for stock which are received by it on account of such dividend, and the holder of each Voting Trust Certificate representing stock on which such stock dividend has been paid, shall be entitled to receive a Voting Trust Certificate, issued under this Voting Trust Agreement, for the number of shares received with respect to such stock. Holders entitled to receive the dividends described above shall be those registered as such on the transfer books of the Voting Trustee at the close of business on the day fixed by the Company for the taking of a record to determine those holders of Company stock entitled to receive such dividends.

(c) If any dividend or distribution in respect of the stock deposited with the Voting Trustee is paid other than in cash or in capital stock having general voting powers (including distributions in respect to the dissolution or partial or total liquidation of the Company), then the Voting Trustee shall distribute the same among the holders of Voting Trust Certificates registered as such on the transfer books of the Voting Trustee at the close of business on the day fixed by the Company for the taking of a record to determine the holders of Company stock entitled to receive such distribution. If such a distribution is a result of the dissolution or in total liquidation of the

Company the Voting Trustee may in his discretion deposit such monies, securities, rights or property with any bank or trust company doing business in the United States of America with authority and instructions to distribute the same as above provided, and upon such deposit all further obligations or liabilities of the Voting Trustee in respect of such monies, securities, rights or property so deposited shall cease.

(d) If the Company does not fix a record date with respect to a dividend or distribution, the actual date of the distribution of such dividend or distribution by the Company shall be deemed the record date.

10. Subscription Rights.

In case any stock or other securities of the Company are offered for subscription to the holders of capital stock of the Company deposited hereunder, the Voting Trustee, promptly upon receipt of notice of such offer, shall mail a copy thereof to each of the holders of the Voting Trust Certificates. Upon receipt by the Voting Trustee, at least five (5) days prior to the last day fixed by the Company for subscription and payment, of a request from any such registered holder of a Voting Trust Certificate to subscribe in his behalf, accompanied with the sum of money required to pay for such stock or securities (not in excess of the amount subject to subscription in respect of the shares represented by the Voting Trust Certificate held by such certificate holder), the Voting Trustee shall make such subscription and payment, and upon receiving from the Company the certificates for shares or securities so subscribed for, shall issue to such holder a Voting Trust Certificate in respect thereof if the same be stock having general voting powers, but if the same be securities other than stock having general voting powers, the Voting Trustee shall mail or deliver such securities to the certificate holder in whose behalf the subscription was made, or may instruct the Company to make delivery directly to the certificate holder entitled thereto.

11. Expenses.

The Voting Trustee shall be entitled to reimbursement for its expenses incurred in performance of its duties hereunder. If the Voting Trustee becomes involved in litigation on account

of this Voting Trust Agreement it shall have the right to retain counsel. The Voting Trustee shall have a lien on all stock, cash and other property held pursuant to the Agreement for any and all costs, attorneys' fees, charges, disbursement and expenses incurred by the Voting Trustee in connection with this Voting Trust Agreement. The holders of Voting Trust Certificates agree to pay the Voting Trustee on demand such costs, attorneys' fees, charges, disbursements and expenses with each holder being responsible for that portion equal to the portion that the number of shares represented by his Voting Trust Certificate represent of the total number of shares which all the Voting Trust Certificates represent. In the event one of the holders of a Voting Trust Certificate shall fail to pay his share of the Voting Trustee's costs and expenses within fifteen (15) days of his receipt of a demand therefor, such amount shall be treated as a business loan from the Voting Trustee to the party who has failed to pay his share of the Voting Trustee's fees and expenses. Such loan shall accrue interest from the date of such holder's receipt of the demand from the Voting Trustee for payment at the variable rate of interest equal to the sum of the corporate base rate (as announced from time to time by PNC Bank, National Association) plus an additional four (4) percentage points and shall be immediately due and payable. Such loan may be enforced against such defaulting party in a court of competent jurisdiction (and the costs of collection, including attorneys fees, shall be paid by such defaulting party or by right of set off). The Voting Trustee shall not transfer any Voting Trust Certificate with respect to which any costs or expenses are owed. In the event any such loan or any amount is outstanding as of the date of the termination of this Agreement with respect to a Voting Trust Certificate, the Voting Trustee may refuse to surrender the stock of the Company or other property held with respect to such certificate until such amount is paid in full with interest as herein provided.

12. Notice.

(a) Any notice to the holders of the Voting Trust Certificates hereunder shall be deemed given on the date delivered, if delivered in person, or on the date deposited with the U.S. Postal Service, if enclosed in postpaid envelopes and sent by registered or certified mail, return

receipt requested, addressed to such holders at their respective addresses appearing below their signatures on the signature page of this agreement, or at such other address of which a holder shall notify the Voting Trustee in accordance with the provisions of Paragraph (c).

(b) The Registered Office of the Company shall mean the Registered Office of the Company in the State of Indiana as required to be maintained by the Company pursuant to provisions of Indiana corporate law. Any document required to be deposited in the Registered Office of the Company shall be deposited in such offices.

(c) Any notice to the Voting Trustee hereunder shall be deemed to be sufficiently given on the date delivered, if delivered in person to the Voting Trustee or on the date deposited with the U.S. Postal Service, if enclosed in a postpaid envelope and sent by registered or certified mail, return receipt requested, addressed to the Voting Trustee at _________________ _______________ or to such other address as the Voting Trustee may designate by notice in writing to the holders of the Voting Trust Certificates in accordance with Section (a) (the "Principal Office of the Voting Trustee").

(d) All distributions of cash, securities, or other property hereunder by the Voting Trustee to the holders of Voting Trust Certificates may be sent in the same manner as hereinabove provided for the giving of notices to the holders of Voting Trust Certificates.

13. Books and Records.

Copies of this Voting Trust Agreement, and of every agreement supplemental hereto or amendatory hereof, shall be filed with the Company at the Registered Office of the Company and with the Voting Trustee at the Principal Office of the Voting Trustee, and shall be open to the inspection of any stockholder of the Company, daily during business hours.

14. Continuing Agreement.

All Voting Trust Certificates issued as herein provided shall be issued, received and held subject to all the terms of this Voting Trust Agreement. Every person, firm or corporation, including their successors and assigns, that deposits stock of the Company with the Voting Trustee

and is entitled to receive Voting Trust Certificates representing such shares, upon accepting the Voting Trust Certificates issued hereunder, shall be bound by the provisions of this Voting Trust Agreement as if such had actually been a signatory hereto, without the further agreement of the Voting Trustee or of the holders of the other Voting Trust Certificates at such time.

15. Miscellaneous.

Wherever necessary or proper herein the singular imports the plural or vice versa, and masculine, feminine and neuter expressions are interchangeable. This Agreement shall be interpreted according to the laws of the State of Ohio (without regard to its choice of law rules). This Agreement constitutes the entire Agreement between the parties; and it may be amended only by a written document executed by the Voting Trustee and all parties then holding Voting Trust Certificates. This Agreement shall be binding upon, and shall inure to the benefit of, the heirs, executors, assigns, transferees, and successors in interest of the parties hereto, notwithstanding the death, bankruptcy or incompetency of any party. Any reference to a section number in this Agreement shall be deemed to be to sections in this Agreement. The section titles used herein are provided for informational purposes only and shall affect neither the meaning of the terms nor the intent of the parties. This Agreement may be executed in one or more counterparts, all of which shall be deemed one original document. Any portion of this Agreement which shall be deemed void, or unenforceable, or contrary to public policy, shall be deemed severed from this Agreement.

16. Transferability.

The Voting Trustee agrees that it shall not allow any Voting Trust Certificate to be transferred if such transfer would result in a violation by a Stockholder of federal or state securities laws treating his Voting Trust Certificate as if it were the common stock of the Company. In furtherance of the preceding sentence, the Stockholders hereby agree that the Voting Trustee shall be entitled to rely on an opinion of counsel furnished by a Stockholder who wishes to assign his Voting Trust Certificate that a proposed transfer of a Voting Trust Certificate is not in violation of

state and federal securities laws, treating his Voting Trust Certificate as is it were the common stock of the Company.

IN WITNESS WHEREOF, the Stockholder and the Voting Trustee have executed this Voting Trust Agreement as of the above date.

THE VOTING TRUSTEE:	THE STOCKHOLDER:
	CECO GROUP, INC.
Richard J. Blum	By: Phillip Dewirek
- ----------------------------	-------------------------------
Richard J. Blum	Phillip DeZwirek, President

EXHIBIT 10.14

CONSULTING AGREEMENT

This Consulting Agreement (the "Agreement") is made as of the 1st day of June, 1999, between CECO Environment Corp. ("CECO"), a New York corporation, and CECO Filters, Inc. a Delaware corporation.

WHEREAS, CECO Filters, Inc. and its subsidiaries (collectively, where appropriate, "Company") are engaged in the manufacture and sale of industrial air filters;

WHEREAS, CECO wants to provide management and financial consulting services to the Company that will involve advising the Company on corporate policies, marketing, strategic and financial planning, and mergers and acquisitions and related matters.

WHEREAS, the Company believes that CECO's skills, expertise and qualifications will be valuable to its business; and

WHEREAS, the Company desires to engage CECO and CECO desires to be engaged by the Company to provide consulting services to the Company on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Engagement. The Company hereby engages CECO to render to it the consulting services herein described and CECO hereby accepts such engagement.

2. Duties. The Company and CECO agree that CECO shall provide consulting services regarding the Company's corporate policies, marketing, strategic and financial planning, including long and short-term goals, mergers and acquisitions and other business combinations, financing, growth plans and other related matters.

3. Compensation. As compensation for the consulting services to be rendered hereunder, the Company shall pay to CECO a consulting fee of $50,000 per month until the termination of this Agreement ("Monthly Fees") payable in advance on or prior to the first business day of each month at CECO's offices in Toronto, Ontario or such other address as CECO shall direct.

4. Term. This Agreement shall be terminable upon the occurrence of the events described below:

(a) At the option of CECO, upon 10 days notice to the other, upon the sale of substantially all of the assets of the Company or the merger of the Company into or with another entity that results in a change in control of the Company. For purposes of this Section 4(a) a change in control of the Company shall mean: (i) a change in ownership of the Company of 50% or more; or (ii) a decrease in CECO's ownership of the outstanding voting securities of the Company to less than 51%.

(b) At the Company's or CECO's option, respectively, if the CECO or the Company, respectively, pursuant to or within the meaning of any Bankruptcy Law: (i) commences a voluntary case; (ii) consents to the entry of an order for relief against it in an involuntary case; (iii) consents to the appointment of a Custodian of it or for all or substantially all of its property; or (iv) makes a general assignment for the benefit of its creditors; or

(c) At the Company's or CECO's option, respectively, if a court of competent jurisdiction enters an order or decree under any Bankruptcy Law (defined below) that: (i) is for relief against CECO or the Company, respectively, in an involuntary case; (ii) appoints a Custodian (defined below) for all or substantially all of the property of CECO or the Company, respectively; or (iii) orders the liquidation of CECO or the Company, and the order or decree remains unstayed and in effect for 90 days.

For purposes of this Agreement, the term "Bankruptcy Law" shall mean Title 11, United States Code, or any similar federal or state law for the relief of debtors.

For purposes of this Agreement, the term "Custodian" shall mean any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

5. Severance Fee. In the event this Agreement is terminated for any reason other than the Company's termination of this Agreement for the reasons set forth in Sections 4(b) or 4(c), the Company shall pay to CECO a severance fee ("Severance Fee") equal to $600,000. The Severance Fee shall be paid by the Company to CECO within 30 days of the termination of this Agreement.

6. No Quotas. CECO's consulting arrangement hereunder shall not be subject to any quotas or other similar type of performance measurement.

7. CECO's Availability. CECO shall not be required to provide services to the Company for a specified number of hours or at predetermined times, other than as may be agreed upon between CECO and the Company, from time to time.

8. Expense Reimbursement. CECO shall pay all of the expenses incurred in connection with the provision of consulting services hereunder, unless otherwise specifically agreed to by the Company and CECO.

9. Independent Contractor Status. Nothing set forth herein shall be deemed or construed to create a joint venture relationship or a partnership relationship between CECO and the Company or any officers or directors of CECO, it being the express intention of the parties hereto that CECO, in performing services hereunder, is an independent contractor and has no authority to bind the Company. CECO agrees that neither it nor any of its officers and directors, acting in their capacity as officers or directors of CECO, will represent or hold themselves out as joint venturers or partners of the Company, nor represent that they have any authority to contract for or bind the Company in any manner.

CECO's employees and independent contractors shall at all times remain employees and independent contractors, respectively, of CECO. CECO shall be solely responsible for the payment of each of its: (i) employee's benefits and entire compensation, including employment taxes, worker's compensation and any similar taxes associated with employment; and (ii) independent contractor's compensation.

CECO and the Company acknowledge that Phillip DeZwirek ("DeZwirek") the Chief Executive Officer, Chief Financial Officer, a director and a controlling shareholder of CECO is an executive officer and a director of the Company and that this Agreement and the performance by CECO of consulting services hereunder shall not affect the Company's relationship with DeZwirek or the rights of DeZwirek to receive compensation for such activities and the ability of DeZwirek to bind the Company when acting in such capacities.

10. Mutual Representations, Warranties and Covenants. Each party represents and warrants to the other that it is not a party to any agreement, contract or understanding which will in any way restrict or prohibit it from entering into this Agreement and performing its obligations hereunder in accordance with the terms and conditions of this Agreement. Each party represents and warrants to the other that it has the requisite corporate authority and other approvals necessary to enter into this Agreement and that all approvals required for the execution, delivery and performance of the terms and conditions of this Agreement have been received. Each party agrees that it shall comply with all applicable federal and state or other laws, rules and regulations in the performance of its responsibilities and the exercise of its rights hereunder.

11. The Company's Approvals. The Company represents and warrants to CECO that the consulting arrangement between CECO and the Company and this Agreement have been approved by a majority of the disinterested members of the Company's Board of Directors.

12. Other Activities of CECO. CECO and its principals have the right to engage in such other business activities or businesses as they may choose, except that during the term of this Agreement CECO may not engage in consulting relationships with businesses that directly compete with the business activities of the Company.

13. Indemnification. Each party shall indemnify and hold the other (including its officers, directors, employees and agents) harmless from and against any and all losses, liabilities, damages and expenses (including legal fees and expenses to be paid as incurred), judgments, fines, settlements and all other amounts arising out of any and all claims, costs, demands, actions, suits, or other proceedings (whether civil, criminal, administrative or investigative) in which the indemnified parties may be involved as parties or threatened to be involved or otherwise incurred by any of such indemnified parties arising out of or resulting from the failure by such indemnifying party or any person employed by such party to comply with the terms of this Agreement, any applicable federal, state or other law, rule or regulation relating to the provision of services under this Agreement or any gross negligence or willful misconduct of such indemnifying party occurring or alleged to have occurred in connection with or as a result of the performance or failure to perform services under this Agreement. The provisions of this section shall survive termination of this Agreement for a period of three years.

Expenses incurred in investigating claims related to and defending a civil, criminal, administrative or investigative action, suit or other proceedings shall be paid by the indemnifying parties as incurred by the indemnified parties if so requested by the indemnified parties.

The indemnification provided hereby shall be in addition to any other rights to which the indemnified parties may be entitled under any agreement, as a matter of law or otherwise.

If the right to indemnification provided shall to any extent be invalid, unenforceable or unavailable, a right of contribution shall exist for the benefit of the indemnified parties, to the extent of 99% of any and all losses, claims, damages, liabilities and expenses to which the indemnified parties may become liable, or if such level of contribution is not enforceable or otherwise invalid, in such amounts as are appropriate to reflect equitable considerations and the relative faults of each party. Such contribution provisions shall be in addition to any right to contribution otherwise available to the indemnified parties.

14. Severability. Each of the terms and provisions of this Agreement is and is to be deemed severable in whole or in part and, if any term or provision or the application thereof in any circumstance should be invalid, illegal or unenforceable, the remaining terms and provisions or the application thereof to circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and shall remain in full force and effect.

15. No Exclusive Rights. During the term of this Agreement, the Company shall not grant any rights to any third parties or enter into any exclusive agreements or arrangements with any third parties that would prevent CECO from performing services hereunder.

16. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, to the other parties hereto at his or its address as set forth on the signature page of this Agreement and shall be deemed received when delivered, or three days after mailing, respectively. Any party may change the address to which notices, requests, demands, and other communications hereunder shall be sent by sending written notice of such change of address to the other parties in the manner above provided.

17. No Assignment. Neither CECO nor the Company may assign, transfer, pledge, encumber, hypothecate or otherwise dispose of its rights or obligations under this Agreement, and any such attempted delegation, assignment or disposition by any such party shall be null, void and without effect, unless the other party consents thereto; except, that CECO may assign or transfer its rights hereunder to a successor corporation controlled by DeZwirek.

18. Waiver. Waiver by any party hereto of any breach or default by another party in respect of any of the terms and conditions of this Agreement shall not operate as a waiver of any other breach or default, whether similar to or different from the breach or default waived.

19. Entire Agreement; Modification. This writing sets forth the entire agreement and supersedes all prior agreements among the parties respecting the subject matter hereof. No modification or amendment of this Agreement or waiver or cancellation of any provision hereof shall be valid except by a written document signed by all parties hereto.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Pennsylvania.

21. Dispute Resolution - Arbitration. All disputes arising out of or in connection with this Agreement, or for the breach thereof, shall be referred to and finally settled by arbitration (without being submitted to any court in the United States or elsewhere). Such arbitration shall take place in Philadelphia, Pennsylvania, U.S.A. in accordance with the Commercial Rules of Procedure of the American Arbitration Association ("AAA") by three arbitrators approved by the AAA, and shall be limited in duration to two days. The award rendered shall be final and binding upon both parties hereto, and judgment upon the award rendered may be entered in any court of competent jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

CECO ENVIRONMENTAL CORP.

By: /s/ Phillip DeZwirek

Title: President

Address: 505 University Avenue, Suite 1400
Toronto, Ontario
Canada M5G 1X3

CECO FILTERS, INC.

By: /s/ Phillip DeZwirek

Title: Assistant Secretary

Address: 1027-29 Conshohocken Road
Conshohocken, PA 19428

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the inclusion in this Report on Form 8-K of our reports dated April 16, 1997 and March 11, 1999 relating to the financial statements of The Kirk & Blum Manufacturing Company for the years ended December 31, 1996, December 31, 1997 and December 31, 1998.

/s/ Rippe & Kingston Co. PSC

Rippe & Kingston Co. PSC

Cincinnati, Ohio
December 14 , 1999