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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): July 31, 2008

CECO ENVIRONMENTAL CORP.

(Exact Name of registrant as specified in its charter)

Delaware	**0-7099**	**13-2566064**
(State or other jurisdiction of in corporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

3120 Forrer Street,
Cincinnati, OH 45209
(Address of principal executive offices, including zip code)

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

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

Stock Purchase Agreement

On August 1, 2008, CECO Environmental Corp. (the "Company"), through a subsidiary, acquired all of the stock of Flextor Inc., a Quebec company ("Flextor"), pursuant to the terms of a Stock Purchase Agreement (the "SPA") dated August 1, 2008, among the Company, 9199-3626 Quebec Inc., Michael dos Santos, The Dos Santos Family Trust, Thierry Allegrucci, The Allegrucci Family Trust, Francois Rouviere and Antandamy Investments Inc. Flextor is a provider of engineered-to-order dampers and expansion joints for the power, natural gas, cement, smelting, incineration, and other industries.

Asset Purchase Agreement

Fisher-Klosterman, Inc. ("FKI"), a subsidiary of the Company, purchased all of the assets and assumed certain liabilities of Shideler, Inc. (f/k/a/ A.V.C. Specialists, Inc.) ("AVC") on August 1, 2008 pursuant to an Asset Purchase Agreement (the "APA") dated August 1, 2008 by and among FKI, AVC, and Thomas J. Shideler and Barbara Shideler.

The consideration paid for Flextor and AVC is approximately $8 million cash in the aggregate, subject, with respect to Flextor, certain adjustments, including a three year earn-out. The acquisitions were financed with the proceeds of the Subordinated Debt described in Item 2.03 and from the Company's credit facility.

The parties to both the SPA and the APA have made customary representations, warranties and covenants therein. The assertions embodied in those representations and warranties were made for purposes of the SPA and APA, respectively, and are subject to qualifications and limitations agreed by the respective parties in connection with negotiating the terms of the SPA and APA, respectively. In addition, certain representations and warranties made as of a specified date may be subject to a contractual standard of materiality different from what might be viewed as material to stockholders, or may have been used for the purpose of allocating risk between the respective parties rather than establishing matters as facts. For the foregoing reasons, no person should rely on the representations and warranties as statements of factual information at the time they were made or otherwise.

Fourth Amendment to Credit Agreement

On August 1, 2008, Ceco Environmental Corp. (the "Company") entered into a Fourth Amendment to Credit Agreement ("Amendment"). The Amendment was entered into among the Company, Ceco Group, Inc, Ceco Filters, Inc., New Busch Co., Inc., The Kirk & Blum Manufacturing Company, Kbd/Technic, Inc., CecoAire, Inc., Ceco Abatement Systems, Inc., H.M. White, Inc., Effox Inc., GMD Environmental Technologies, Inc., FKI, LLC, CECO Mexico Holdings LLC and Fisher-Klosterman, Inc.("FKI") (all of which are direct or indirect subsidiaries of the Company and collectively with the Company, the "Borrowers") and Fifth Third Bank, an Ohio banking corporation ("Lender"). The Amendment amends the Credit Agreement entered into December 29, 2007 with Lender and certain Borrowers, as amended by the First Amendment to Credit Agreement dated as of June 8, 2006, Second Amendment to Credit Agreement dated as of February 28, 2007, and Third Amendment to Credit Agreement dated as of February 29, 2008 (as amended, the "Credit Agreement").

The Amendment amends the Credit Agreement to (i) consent to the acquisition by FKI of substantially all of the assets of AVC, (ii) consent to the acquisition by a wholly owned subsidiary of the Company of all of the shares of Flextor, (iii) consent to a $5,000,000 loan by Phillip DeZwirek ("DeZwirek") to the Company, and (iv) to make certain other additional changes.

Registration Rights Agreement

In connection with the Subordinated Debt as described in Item 2.03, the Company and DeZwirek entered into a registration rights agreement, dated July 31, 2008 (the "Registration Rights Agreement"), providing DeZwirek with piggyback registration rights in the event the Company registers its stock in a primary offering. The Registration Rights Agreement provides for customary cross indemnification.

Security Agreement

The Subordinated Debt is secured by a general lien on the Company and its subsidiaries' (other than foreign subsidiaries) assets pursuant to a Security Agreement entered into with the Company and such subsidiaries for the benefit of DeZwirek on July 31, 2008. The lien is subordinate and subject to the Lender's rights and interests in such assets pursuant to a Subordination Agreement entered into between DeZwirek and Lender.

The description set forth herein of the terms and conditions of the SPA, the APA, and the Amendment are qualified in their entirety by reference to the full text of the SPA, the APA and the Amendment, which are filed with this report as Exhibits 2.1, 2.2 and 10.1, respectively, and incorporated by reference into this Item 1.01.

The description of the Note in Item 2.03 is hereby incorporated into this Item 1.01.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information provided in Item 1.01 of this current report on Form 8-K under the heading, "Fourth Amendment to Credit Agreement" is hereby incorporated by reference into this Item 2.03.

On July 31, 2008, the Company issued a Subordinated Convertible Promissory Note (the "Note") in the amount of Canadian $5,000,000 (the "Subordinated Debt") to Phillip DeZwirek, the Chairman and CEO of the Company. The Canadian $5,000,000 proceeds received by the Company were used to finance a portion of the Flextor acquisition. The Note provides for interest to accrue at the rate of 10% per annum in 2008, 11% per annum in 2009, and 12% per annum commencing January 1, 2010 until paid. Interest payments are payable semi-annually subject to the Subordination Agreement with the Lender. The holder of the Note may convert at any time, commencing August 4, 2008, the outstanding principal and accrued and unpaid interest under the Note into common stock of the Company at a per share price of $5.83, the closing consolidated bid price immediately preceding the entering into of the Note.

The Note's maturity date is the earlier of July 31, 2010 or six (6) months after repayment of the Lender facility. The Note also matures in the event of (i) a merger or reorganization of the Company that results in a change of control, (ii) the sale of 50% of the assets of the Company, or (iii) any sale of any division of the Company in excess of $5 million. To the extent that the Company completes an equity financing in excess of $10 million, 25% of the amount in excess of the $10 million is required to be used to repay the Subordinated Debt, provided that the Company is not in default under the Credit Agreement. The holder of the Note may also elect to be repaid in the event a third party, including an affiliate of the holder, agrees within 90 days of the date of the Note to refinance the Subordinated Debt.

Item 3.02. Unregistered Sales of Equity Securities

Item 2.03 is incorporated herein by reference to this Item 3.02. As of the date of the issuance of the Note, using the noon buying rate of the Federal Reserve Bank of New York as of July 31, 2008, the number of shares of common stock that could be issued under the Note is 835,818. Because accrued interest may be converted, such number of shares may increase as interest accrues. The number of shares issued is also subject to the fluctuation of the exchange rates. The Note was issued in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), provided by Section 4(2) of the Securities Act as a private offering. Such issuance did not involve a public offering, and was made without general solicitation or advertising.

Item 8.01. Other Events

The Company issued a press release on August 4, 2008 announcing the acquisition of Flextor and AVC. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit 2.1	Stock Purchase Agreement dated August 1, 2008 (Schedules Omitted)
Exhibit 2.2	Asset Purchase Agreement dated August 1, 2008 (Schedules Omitted)
Exhibit 10.1	Fourth Amendment to Credit Agreement dated August 1, 2008
Exhibit 99.1	Press Release August 4, 2008

Signature(s)

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

Date: August 4, 2008

By: /s/ Dennis W. Blazer
Dennis W. Blazer
Chief Financial Officer and Vice President – Finance and Administration

EXHIBIT 2.1

FINAL EXECUTION VERSION

STOCK PURCHASE AGREEMENT

by and among

CECO ENVIRONMENTAL CORP.

9199-3626 QUÉBEC INC.

MICHAEL DOS SANTOS

THE DOS SANTOS FAMILY TRUST

THIERRY ALLEGRUCCI

THE ALLEGRUCCI FAMILY TRUST (holding all the shares of 9162-2563 QUÉBEC INC.)

FRANÇOIS ROUVIÈRE

AND

ANTANDAMY INVESTMENTS INC. (formerly 9162-4551 Québec Inc.)

Dated August 1, 2008

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "**Agreement**") is made as of August 1, 2008, by and among CECO Environmental Corp., a Delaware corporation ("**Buyer**"), 9199-3626 Québec Inc., Michael dos Santos, an individual resident of Québec ("**dos Santos**"), The dos Santos Family Trust, a Québec trust (the "**DS Trust**"), Thierry Allegrucci ("**Allegrucci**"), The Allegrucci Family Trust (holding all the shares of 9162-2563 Québec Inc., a Québec company) (the "**TA Trust**"), François Rouvière ("**Rouvière**") and Antandamy Investments Inc. (the "**DS Company**", and collectively with dos Santos, the DS Trust, Allegrucci, the TA Trust, and Rouvière the "**Sellers**"). In respect of each of the Sellers DS Trust, TA Trust and DS Company, the individuals dos Santos and Allegrucci and Rouvière controlling these entities, respectively, are for purposes of this Agreement deemed to be the Sellers and shall also sign this Agreement in their personal capacities to reflect their assuming the obligations personally in respect of each such Seller.

RECITALS

Sellers desire to sell, and Buyer desires to purchase, all of the issued and outstanding shares of every class of the capital stock of Flextor Inc., a Québec company (the "**Company**") and all of the shares of 9162-2563 Québec Inc. (collectively, the "**Shares**"), for the consideration and on the terms set forth in this Agreement. The Buyer will purchase the Shares through 9199-3626 Québec Inc., a wholly owned subsidiary company formed under the laws of the Province of Québec (the "**Acquisition Company**"), and the references to the "Buyer" in this Agreement shall include the Acquisition Company as the context requires.

AGREEMENT

The parties, intending to be legally bound, agree as follows:

1. Definitions and Usage

For purposes of this Agreement, the following terms have the meanings specified or referred to in this **Article 1**:

"**Acquired Companies**" means, collectively, the Company, its Subsidiaries Flextor Chile S.A. and Flextor do Brasil Ltda. and one of the shareholders of the Company, 9162-2563 Québec Inc.

"**Acquisition Company**" is as defined in the Recitals of this Agreement.

"**Affiliate**" means "affiliate" as defined by the *Canada Business Corporations Act*.

"**Agreement**" is as defined in the first paragraph.

"**Applicable Contract**" means any Contract (a) under which any Acquired Company has or may acquire any rights, (b) under which any Acquired Company has or may become subject to any obligation or liability, or (c) by which any Acquired Company or any of the assets owned or used by it is or may become bound.

"**Arm's Length**" has the meaning ascribed to that term under the Income Tax Act.

"**Balance Sheet**" is as defined in **Section 3.4**.

"**Best Efforts**" means the efforts that a prudent Person desirous of achieving a result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible; provided, however, that an obligation to use Best Efforts under this Agreement does not require the Person subject to that obligation to take actions that would result in a materially adverse change in the benefits to such Person of this Agreement and the Contemplated Transactions.

"**Breach**" means a "breach" of a representation, warranty, covenant, obligation, or other provision of this Agreement or any instrument delivered pursuant to this Agreement and will be deemed to have occurred if there is or has been (a) any inaccuracy in or breach of, or any failure to perform or comply with, such representation, warranty, covenant, obligation, or other provision, or (b) any claim (by any Person) or other occurrence or circumstance that is or was inconsistent with such representation, warranty, covenant, obligation, or other provision, and the term "Breach" means any such inaccuracy, breach, failure, claim, occurrence, or circumstance.

"**Buyer**" is as defined in the first paragraph of this Agreement.

"**Buyer's Closing Documents**" is as defined in **Section 4.2.**

"**Claim**" means a claim made by a party to this Agreement against another party based on damages, losses, costs, liabilities, foregone benefits or expenses (including without limitation, expenses of investigation or other expenses in connection with any action, suit, claim, inquiry or proceeding) suffered or incurred by the party making the claim as a result of, or arising out of any non-performance or non-fulfillment of any covenant or agreement (including any indemnity obligation) by the other party or any breach of any representation or warranty made by the other party, in any case contained in this Agreement or in any agreement or certificate given in order to carry out the transactions contemplated hereby.

"**Closing**" is as defined in **Section 2.3**.

"**Closing Date**" means the date on which the Closing actually takes place.

"**Closing Time**" means 12:01 a.m. on the Closing Date.

"**Company**" is as defined in the Recitals of this Agreement.

"**Consent**" means any approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization).

"**Contemplated Transactions**" means all of the transactions contemplated by this Agreement, including: (a) the sale of the Shares by Sellers to Buyer; (b) the performance by Buyer and Sellers of their respective covenants and obligations under this Agreement; and (c) Buyer's acquisition and ownership of the Shares and exercise of control over the Acquired Companies.

"**Contract**" means any agreement, contract, obligation, promise, or undertaking (whether written or oral and whether express or implied) that is legally binding.

"Copyrights" is as defined in **Section 3.23**.

"**Damages**" is as defined in **Section 6.2**.

"**Disclosure Schedule**" means the disclosure schedule delivered by Sellers to Buyer.

"**Earn-out Amount**" is as defined in **Section 2.7**.

"**Earn-out Cap**" is as defined in **Section 2.7**.

"**Earn-out Deficiency**" is as defined in **Section 2.7**.

"**Earn-out Threshold**" is as defined in **Section 2.7**.

"**Earn-out Year**" is as defined in **Section 2.7**.

"**EBITDA**" means the Company's actual earnings before interest, taxes, depreciation and amortization, calculated in accordance with GAAP, including net R&D credits (which for these purposes means any R&D credits as calculated by an independent consulting firm, less the costs of retaining the independent consulting firm for this purpose), but not including the earnings of the Company's wholly owned Subsidiaries Flextor Chile S.A. and Flextor do Brasil Ltda.

"**EBITDA Escrow Amount**" means that amount that has been placed in escrow pursuant to the Escrow Agreement to secure any amounts due to Buyer pursuant to **Section 2.5** hereof.

"**Employment Agreements**" mean the employment agreements entered into between the Company and Buyer and each Seller (or as set out in the recitals, the individuals controlling the Sellers that are not individuals) for employment after the Closing Date on terms and conditions as agreed by the parties, substantially in the forms attached hereto as **Schedule 1**.

"**Encumbrance**" means any hypothec (with or without delivery), charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, 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.

"**Environmental Claim**" means any action, order, cause of action, investigation, suit, proceeding, judgment, award, fine, penalty, assessment or written notice or Claim by any Governmental Body alleging potential liability (including, without limitation, potential liability for investigatory costs, clean up costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, discharge, migration or release into the environment, of any Hazardous Substance or (b) the generation, handling, use, treatment, recycling, storage, disposal or transport of any Hazardous Substance; or (c) any violation of Environmental Laws.

"**Environmental Laws**" means any law, by-law, order, ordinance, ruling, regulation, direction or guideline of any applicable federal, provincial or municipal government or governmental department, agency or regulatory authority or any court of competent jurisdiction

relating to environmental matters or regulating the import, manufacture, storage, distribution, labelling, sale, use, handling, transport or disposal of hazardous substances of each jurisdiction in which the business is carried on or in which any asset of any Acquired Company is located.

"**Environmental Permits**" includes all permits, certificates, approvals, consents, registrations and licences issued or required by any Environmental Law or any court or governmental authority and relating to or required for the ownership or operation of the Acquired Companies.

"**Escrow Agreement**" is as defined in **Section 2.4**.

"**GAAP**" means generally accepted accounting principles for financial reporting in Canada, applied on a basis consistent with the basis on which the Balance Sheet and the other financial statements referred to in **Section 3.4(b)** were prepared.

"**Governmental Authorization**" means any approval, consent, license, permit, waiver, or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"**Governmental Body**" means any (a) nation, state, county, city, town, village, district, or other jurisdiction of any nature; (b) federal, state, province, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (d) multi-national organization or body; or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

"**Gross Profit**" is as defined in **Section 2.7**.

"**Hazardous Substance**" means any contaminant, pollutant, dangerous substance, noxious substance, toxic substance, hazardous waste, flammable or explosive material, radioactive material, polychlorinated by-phenyls, polychlorinated by-phenyl waste, polychlorinated by-phenyl related waste and any other substance or material now or hereafter declared or defined to be regulated or controlled in or pursuant to Environmental Law.

"Immovable Property" means the Land and Improvements and all appurtenances thereto and any ground lease property.

"Improvements" means all buildings, structures, fixtures and improvements located on the Land or included in the Assets, including those under construction.

"**Income Tax Act**" means the Income Tax Act (Canada) as amended, re-enacted or restated from time to time.

"**Indemnified Persons**" is as defined in **Section 6.2**.

"**Intellectual Property Assets**" is as defined in **Section 3.23**.

"**Interim Balance Sheet**" is as defined in **Section 3.4**.

"**Key Employee**" means any employee of the Acquired Companies identified on **Part 3.23** of the Disclosure Schedule.

"**Knowledge**" means when used with respect to Seller or any of the Acquired Company's knowledge of a particular fact or other matter of which any Seller or any executive officer of Seller, or any other officer or employee of Seller having primary responsibility for such matter is actually aware or could be expected to discover or otherwise become aware in the course of conducting a reasonably comprehensive investigation thereof.

"**Land**" means all parcels and tracts of land in which any Acquired Company has a direct or indirect ownership interest.

"**Lease Agreements**" means those certain immovable lease agreements between Buyer and/or the Company and Sellers for the properties located at 41 and 61, chemin du Tremblay, Boucherville, Québec, with the Lease Agreement for 61 chemin du Tremblay extended for a term of three years as agreed by the parties.

"**Legal Requirement**" means any federal, provincial, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

"**Marks**" is as defined in **Section 3.23**.

"**Material Adverse Change**" means (a) a material adverse change in the business, current prospects, operations, results of operations, assets, liabilities, or condition (financial or otherwise) of the referenced Person and its Subsidiaries, taken as a whole, (b) a change that results in a material impairment of the referenced Person's ability to perform its obligations under this Agreement or the other documents and agreements to which it is a party that have been entered into in connection with this Agreement or the transactions contemplated hereby, or (c) a change that materially and negatively impacts the rights and remedies of any of the other parties hereunder or thereunder.

"**Material Adverse Effect**" means any effect that results in, or has a reasonable possibility of resulting in, a Material Adverse Change.

"**Net Asset Value**" means the Company's total assets minus the Company's total liabilities.

"**Order**" means any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Body or by any arbitrator.

"**Ordinary Course of Business**" means an action taken by a Person will be deemed to have been taken in the "Ordinary Course of Business" only if: (a) such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person; (b) such action is not required to be authorized by the board of directors of such Person (or by any Person or group of Persons exercising similar authority); and (c) such action is similar in nature and magnitude to actions customarily taken, without any authorization by the board of directors (or by any Person or group of Persons exercising similar authority), in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as such Person.

"**Organizational Documents**" means (a) the certificate of incorporation and the bylaws of a corporation; (b) the certificate of organization and the operating agreement of a limited liability company (c) the partnership agreement and any statement of partnership of a general partnership; (d) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (e) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (f) any amendment to any of the foregoing.

"**Patents**" is as defined in **Section 3.23**.

"**Person**" means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body.

"**Pre Closing Transactions**" means the reorganization for tax purposes of the shareholdings of the TA Trust in the Company, resulting in the Buyer acquiring such shareholdings in the Company through the acquisition from TA Trust of all the shares of 9162-2563 Québec Inc.

"**Proceeding**" means any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"**Proprietary Rights Agreement**" is as defined in **Section 3.21**.

"**Representative**" with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

"**Sellers**" is as defined in the first paragraph of this Agreement.

"**Shares**" is as defined in the Recitals of this Agreement, and a complete listing of the authorized capital of the Company, the issued and outstanding Shares of the Company, and the entire, complete and accurate list of holders of all the Shares is attached to this Agreement as **Schedule 3.3**.

"**Subsidiary**" means, with respect to any Person, any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by such Person or one or more of its Subsidiaries; when used without reference to a particular Person, "Subsidiary" means a Subsidiary of the Company.

"**Tangible Movable Property**" means all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, vehicles and other items of tangible movable or personal property (other than Inventories) of every kind owned or leased by the Company

(wherever located and whether or not carried on the Company's books), together with any express or implied warranty by the manufacturers or sellers or lessors of any item or component part thereof and all maintenance records and other documents relating thereto.

"**Tax**" means any tax (including without limitation any income tax, capital tax, capital gains tax, value-added tax, goods and services tax, excise tax, sales tax, transfer tax, property tax, payroll tax, gift tax, or estate tax, as well as any claim for reimbursement of any income tax credits including without limitation research and development tax credits), levy, government pension plan contribution, employment insurance premium assessment, other employer contribution, tariff, duty (including without limitation any customs duty), deficiency, or other fee, and any related charge or amount (including without limitation any fine, penalty, interest, or addition to tax), imposed, assessed, or collected by or under the authority of any Governmental Body or payable pursuant to any tax-sharing agreement or any other Contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee.

"**Tax Return**" means any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body or required to be completed and retained in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax, and includes any copy thereof required to be distributed to any other Person pursuant to any Legal Requirement.

"**Threatened**" means a claim, Proceeding, dispute, action, or other matter will be deemed to have been "Threatened" if any demand or statement has been made (orally or in writing) or any notice has been given (orally or in writing), or if any other event has occurred or any other circumstances exist, that would lead a prudent Person to conclude that such a claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.

"**Trade Secrets**" is as defined in **Section 3.23**.

2. Sale And Transfer Of Shares; Closing

2.1. SHARES

Subject to the terms and conditions of this Agreement, at the Closing, Sellers will sell and transfer the Shares to Buyer, and Buyer will purchase the Shares from Sellers.

2.2. PURCHASE PRICE

The aggregate consideration (the "**Purchase Price**") for the Shares will be (a) the aggregate amount listed on **Schedule 2.2**; (b) plus or minus the EBITDA Adjustment Amount as determined in accordance with **Section 2.5**; (c) plus the Earn-out Amount, if any, as determined in accordance with **Section 2.7**.

2.3. CLOSING

The purchase and sale provided for in this Agreement will take place via the exchange of signature pages and other items electronically and by mail or other courier on August 1, 2008 or at such other time and place as the parties may agree (the "**Closing**"), and Closing will be deemed to occur at the Closing Time.

2.4. CLOSING OBLIGATIONS

At the Closing:

(a) Sellers will deliver to Buyer: (i) certificates representing the Shares, duly endorsed (or accompanied by duly executed stock powers), for transfer to Buyer and (ii) any Consents identified as required in **Section 3.2(c)**.

(b) Buyer will deliver: (i) the proceeds to the Sellers according to **Schedule 2.2**; (ii) the amount set out in **Schedule 2.2** to the escrow agent referred to in **Section 2.4(c)**; and (iii) the Employment Agreements.

(c) Buyer and Sellers will enter into an escrow agreement (the "**Escrow Agreement**") with Robinson Sheppard Shapiro LLP**,** in the form attached as **Schedule 2.4 (c)**.

2.5. EBITDA ADJUSTMENT

(a) As promptly as possible, and in any event within sixty (60) days after August 1, 2008 or the Closing Date, whichever is later, Buyer shall deliver to Sellers a statement from Buyer's accountants showing the EBITDA for the Company for the fiscal year ended July 31, 2008 (the "**Actual EBITDA**") and showing the amount by which the Actual EBITDA is greater than or less than the amount shown on **Schedule 2.2**.

(b) If the Actual EBITDA is equal or greater than the amount shown on **Schedule 2.2**, then the Buyer and Sellers shall cause the EBITDA Escrow Amount, with accrued interest, to be released to Sellers according to **Schedule 2.2**.

(c) If the Actual EBITDA is less than the amount shown on **Schedule 2.2** (the amount by which Actual EBITDA is less than the amount shown on **Schedule 2.2** referred to as the "**EBITDA Shortfall**"), then Sellers, subject to any dispute in accordance with **Section 2.8**, shall promptly, but in no event later than five (5) business days after the delivery of the statement, pay to Buyer, either in cash or by release of some or all of the EBITDA Escrow Amount, an amount equal to the EBITDA Shortfall, provided that to the extent the EBITDA Escrow Amount held under the Escrow Agreement does not satisfy in full such amount of any EBITDA Shortfall, then the Sellers shall be responsible, solidarily, all benefits of division and discussion being hereby expressly waived, to the Buyer for such EBITDA Shortfall owing to the Buyer. To the extent there is any amount of the EBITDA Escrow Amount remaining after any such payment of EBITDA Shortfall to the Buyer, then the balance of such amount shall be distributed to the Sellers pro rata to the distribution ratios set out in **Schedule 2.2**.

2.6. NET ASSET VALUE

The Sellers covenant with the Buyer that they shall not, and shall not cause the Company or any of the Acquired Companies to, pay or accrue any distributions, dividends or payments of any kind to the Sellers or the benefit of the Sellers, out of the Ordinary Course of Business, which will negatively impact the Net Asset Value of the Company at Closing.

2.7. EARN-OUT

(a) Buyer shall pay to Sellers an amount equal to fifty percent (50%) of the amount by which annual Gross Profit of the Company exceeds the amount set out in **Schedule 2.2** (such amount being referred to herein as the "**Earn-out Threshold**") during each Earn-out Year, to be calculated after the close of each Earn-out Year (with Gross Profit prorated for a 12 month period in the case of Earn-out Year One and the final period in **Section 2.7 (c) (iv)**) (the "**Earn-out Amount**"). In the event that in any Earn-out Year the annual Gross Profit of the Company is less than the Earn-out Threshold (such deficiency being referred to herein as the "**Earn-out Deficiency**"), the Earn-out Threshold for the following Earn-out Year shall be deemed to be the amount equal to the Earn-out Threshold for that Earn-out Year plus the Earn-out Deficiency from the immediately preceding Earn-out Year, and so on for each successive Earn-out Year. For purposes of the foregoing calculation, the Earn-out Threshold for Earn-out Year One shall be pro rated to equal five-twelfths ($5/12^{ths}$) of the amount set out in **Schedule 2.2** and for Earn-out Year Four shall be equal to seven-twelfths ($7/12^{ths}$) of the said amount set out in **Schedule 2.2**. Notwithstanding any other provision of this Agreement, the Earn-out Amount paid to Sellers shall not exceed in the aggregate the amount set out in **Schedule 2.2** (the "**Earn-out Cap**"), upon payment of which the Buyer shall have no further obligation or liability hereunder whatsoever.

(b) The Earn-out Amount shall be paid by wire transfer by Buyer to an account specified by Sellers on or before the later of the last day of the third calendar month following each Earn-out Year or three (3) business days after the calculation of the Earn-out Amount becomes binding and conclusive on the parties pursuant to **Section 2.10**.

(c) "**Gross Profit**" as of a given date shall mean the aggregate gross profits of the Company in an Earn-out Year, calculated in the same manner as is reflected as "Gross Profit" in Company's regularly prepared, income statements, provided such amounts are calculated in aggregate for the Acquired Companies, which includes the Company and its wholly owned Subsidiaries. The statement delivered pursuant to this **Section 2.7(c)** shall be calculated on the same basis and applying the historical accounting principles, policies and practices as used in the Company's historical financial statements delivered pursuant to **Section 3.4**.

(d) "**Earn-out Year**" shall mean each of the following periods:

(i) the period commencing at the beginning of the month following the month of the Closing and ending on December 31, 2008 ("**Earn-out Year One**");

(ii) the 12-month period commencing January 1, 2009 and ending on December 31, 2009 ("**Earn-out Year Two**");

(iii) the 12-month period commencing January 1, 2010 and ending on December 31, 2010 ("**Earn-out Year Three**"); and

(iv) the period commencing on January 1, 2011 and ending on July 31, 2011 ("**Earn-out Year Four**").

(e) Buyer shall prepare a statement of Gross Profit and deliver the statement to Sellers within ninety (90) days of the end of each Earn-out Year. Buyer shall furnish or cause to be furnished to Sellers such work papers, records, or other documents relating to the applicable calculation of Gross Profit and Earn-out Amount (and, if applicable, the Earn-out Deficiency), and access thereto, as may be necessary or reasonably appropriate for evaluation of each calculation.

2.8. FINAL DETERMINATION; DISPUTE RESOLUTION

(a) If within thirty (30) days following delivery of the EBITDA Adjustment Amount calculation Sellers have not given Buyer written notice of their objection as to the EBITDA Adjustment Amount calculation (which notice shall state the basis of Sellers' objection in reasonable detail), then the EBITDA Adjustment Amount calculated by Buyer shall be binding and conclusive on the parties.

(b) If within forty-five (45) days following delivery of the Earn-out Amount calculation Sellers have not given Buyer written notice of their objections to the Earn-out Amount calculation (which notice shall state the basis of Sellers' objection in reasonable detail), then the Earn-out Amount calculated by Buyer shall be binding and conclusive on the parties.

(c) If either party duly gives the other party a notice of objection pursuant to **Section 2.8(a) or (b)**, and if Sellers and Buyer fail to resolve the issues outstanding with respect to the calculation of the EBITDA Adjustment Amount or the Earn-out Amount within thirty (30) days after the applicable party's receipt of the objection notice, Sellers and Buyer shall submit the issues remaining in dispute to the Canadian affiliate of PriceWaterhouseCoopers, chartered accountants (the "**Independent Accountants**") for resolution applying the principles, policies, and practices set forth in the appropriate Section set forth above. If issues are submitted to the Independent Accountants for resolution, (i) Sellers and Buyer shall furnish or cause to be furnished to the Independent Accountants such work papers and other documents and information relating to the disputed issues as the Independent Accountants may request and are available to that party or its agents and shall be afforded the opportunity to present to the Independent Accountants any material relating to the disputed issues and to discuss the issues with the Independent Accountants; (ii) the determination by the Independent Accountants, as set forth in a notice to be delivered to Sellers and Buyer within forty-five (45) days of the submission to the Independent Accountants of the issues remaining in dispute, shall be final, binding, and conclusive on the parties; and (iii) Sellers (as a group) and Buyer will each bear 50% of the fees and costs of the Independent Accountants for such determination.

3. Representations And Warranties Of Sellers

Sellers represent and warrant, solidarily, and hereby expressly waiving all benefits of division and discussion, to Buyer as follows:

3.1. ORGANIZATION AND GOOD STANDING

(a) **Part 3.1(a)** of the Disclosure Schedule contains a complete and accurate list for each Acquired Company of its name, its jurisdiction of incorporation, other jurisdictions in which it is authorized to do business, and its capitalization (including the identity of each stockholder and the number of shares held by each). Each Acquired Company is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, with full 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 under Applicable Contracts. Each Acquired Company is duly qualified to do business as a foreign corporation and is in good standing under the laws of each province, country, state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification/where the failure to so qualify would have or result in a Material Adverse Effect.

(b) Complete and accurate copies of the Governing Documents of each of the Acquired Companies, as currently in effect, have been provided to Buyer. The Company has also provided to the Buyers complete and accurate copies of the Governing Documents of the Dos Santos Family Trust, Allegrucci Family Trust and Antandamy Investments Inc.

(c) No Acquired Company has any Subsidiary (which for these purposes includes Affiliates) and, except as disclosed in **Part 3.1(c)**, no Acquired Company owns any shares of capital stock or other securities or equity interests of any other Person. On Closing, TA Trust shall own 100 Class A shares of 9162-2563 Québec Inc., being all of its issued and outstanding shares at such time and 9162-2563 Québec Inc. shall own no property or assets other than the Shares of the Company sold to the Buyer hereunder.

3.2. ENFORCEABILITY; AUTHORITY; NO CONFLICT

(a) This Agreement constitutes the legal, valid, and binding obligation of each of the Sellers, enforceable against each of the Sellers in accordance with its terms, except as the enforcement thereof may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally. Upon the execution and delivery by Sellers of the Escrow Agreement and each other agreement to be executed or delivered by any or all Sellers at the Closing (collectively, the "**Sellers' Closing Documents**"), the Sellers' Closing Documents will constitute the legal, valid, and binding obligations of Sellers, enforceable against Sellers in accordance with their respective terms, except as the enforcement thereof may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally. Sellers have the absolute and unrestricted right, power, authority, and legal capacity to execute and deliver this Agreement and the Sellers' Closing Documents and to perform such obligations hereunder and thereunder.

(b) Except as set forth in **Part 3.2** of the Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions does, directly or indirectly (with or without notice or lapse of time): (i) breach (A) any provision of the Organizational Documents of the Acquired Companies or of the DS Trust, the TA Trust and DS Company, or (B) any resolution adopted by the board of directors or the stockholders of any Acquired Company or of DS Company, or by the trustees of the DS Trust or TA Trust; (ii) breach or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which any Acquired Company or Seller, or any of the assets owned or used by any Acquired Company, may be subject; (iii) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization that is held by any Acquired Company or that otherwise relates to the business of, or any of the assets owned or used by, any Acquired Company; (iv) cause Buyer or any Acquired Company to become subject to, or to become liable for the payment of, any Tax; (v) cause any of the assets owned by any Acquired Company to be reassessed or revalued by any taxing authority or other Governmental Body; (vi) 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 Applicable Contract; or (vii) result in the imposition or creation of any Encumbrance upon or with respect to any of the assets owned or used by any Acquired Company.

(c) Except as set forth in **Part 3.2** of the Disclosure Schedule, no Seller or Acquired Company is or will be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

3.3. CAPITALIZATION

Schedule 3.3 accurately and completely sets out the authorized capital stock of each of the Company and 9162-2563 Québec Inc. and the number and classes of shares currently issued and outstanding, all of which are fully paid and non-assessable and constitute the Shares. Sellers are and will be on the Closing Date the record and beneficial owners and holders of the Shares, free and clear of all Encumbrances. Each of the Sellers owns the number and class of Shares set out alongside his or its (as the case may be) name in **Schedule 3.3** hereto. With the exception of the Shares (which are owned by Sellers), all of the outstanding securities of each Acquired Company are owned of record and beneficially by the Company, free and clear of all Encumbrances. No legend or other reference to any purported Encumbrance appears upon any certificate representing the securities of any Acquired Company. All of the outstanding securities of each Acquired Company have been duly authorized and validly issued and are fully paid and nonassessable. There are no Contracts relating to the issuance, sale, or transfer of any securities of any Acquired Company. Since August 1, 2005, and except as set forth in **Schedule 3.3**, there has been no change in any Acquired Company's authorized or issued capital stock; grant of any stock option or right to purchase shares of capital stock of any Acquired Company; issuance of any security convertible into such capital stock; grant of any registration rights; purchase, redemption, retirement, or other acquisition by any Acquired Company of any shares

of any such capital stock; or declaration or payment of any dividend or other distribution or payment in respect of shares of capital stock. None of the outstanding securities of any Acquired Company was issued in violation of the Securities Act or any other Legal Requirement. No Acquired Company owns, or has any Contract to acquire, any equity securities or other securities of any Person (other than Acquired Companies) or any direct or indirect equity or ownership interest in any other business. Each of the Company and 9162-2563 Québec Inc. is a "private issuer" as defined in "*Regulation 45-106 respecting prospectus and registration exemptions* (Québec)".

3.4. FINANCIAL STATEMENTS

Sellers have delivered to Buyer: (a) "review engagement" unconsolidated balance sheets of each of the Acquired Companies as at July 31, 2007 and for each of the four previous calendar years (such consolidated balance sheet of each of the Acquired Companies as at July 31, 2007 being referred to herein as the "**Balance Sheet**"), and the related unconsolidated statements of income, changes in stockholders' equity, and cash flow of each of the Acquired Companies for each of the fiscal years then ended, together with the review engagement report thereon of Deloitte & Touche, independent chartered accountants, and (b) an unaudited unconsolidated balance sheet of each of the Acquired Companies as at June 30, 2008 (the "**Interim Balance Sheet**") and the related unaudited unconsolidated statements of income, changes in stockholders' equity, and cash flow for each of the Acquired Companies for the 11 months then ended, including in each case the notes thereto for each of the Acquired Companies. Such financial statements and notes fairly present the financial condition and the results of operations, changes in stockholders' equity, and cash flow of each of the Acquired Companies as at the respective dates of and for the periods referred to in such financial statements, all in accordance with GAAP, save and except for the financial statements dated as at June 30, 2008, with any differences or departures from GAAP being listed in **Schedule 3.4**. The financial statements referred to in this **Section 3.4** reflect the consistent application of such accounting principles throughout the periods involved, except as disclosed in the notes to such financial statements. No financial statements of any Person are required by GAAP to be included in the financial statements of the Company. Since June 30, 2008 to the Closing Date, neither the Company nor any other of the Acquired Companies have paid or accrued any distributions, dividends or payments of any kind to the Sellers or to the benefit of the Sellers out of the Ordinary Course of Business.

3.5. BOOKS AND RECORDS

The books of account, minute books, stock record books, and other records of the Acquired Companies, all of which have been made available to Buyer, are complete and correct and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. The minute books of the Acquired Companies contain accurate and complete records of all meetings held of, and corporate action taken by, the shareholders, the Boards of Directors, and committees of the Boards of Directors of the Acquired Companies, and no meeting of any such shareholders, Board of Directors, or committee has been held and no corporate action has been taken for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Acquired Companies and will be delivered to the Buyer.

3.6. TITLE TO PROPERTIES; ENCUMBRANCES

The Acquired Companies do not own any Immovable Property. **Part 3.6** of the Disclosure Schedule contains a complete and accurate list of all leaseholds or other interests in Immovable Property of any Acquired Company, including a description of the Immovable Property in which any Acquired Company has an interest. The Acquired Companies own all the properties and assets (whether immovable by nature or destination, fixtures, real, movable, personal, or mixed and whether tangible or intangible) that they purport to own, including all of the properties and assets that are reflected on Interim Balance Sheet (except for assets sold since the date of Interim Balance Sheet in the Ordinary Course of Business), and all of the properties and assets purchased or otherwise acquired by the Acquired Companies since the date of Interim Balance Sheet (except for movable or personal property acquired and sold since the date of Interim Balance Sheet in the Ordinary Course of Business and consistent with past practice). Except as set forth on **Part 3.6** of the Disclosure Schedule, all material properties and assets reflected in the Interim Balance Sheet are free and clear of all Encumbrances and are not, in the case of immovable or real property, subject to any servitudes, rights of way, building use restrictions, exceptions, variances, reservations, or limitations of any nature. The lease for 61 chemin du Tremblay has been duly published against title to the Immovable Property.

3.7. CONDITION OF FACILITIES

(a) Use of the Immovable Property for the various purposes for which it is presently being used is permitted as of right under all applicable zoning legal requirements and is not subject to "permitted nonconforming" use or structure classifications. All Improvements are in compliance with all applicable Legal Requirements, including those pertaining to zoning, building and the disabled, are in good repair and in good condition, ordinary wear and tear excepted, and are free from latent and patent defects. No part of any Improvement encroaches on any immovable or real property not included in the Immovable Property, and there are no buildings, structures, fixtures or other Improvements primarily situated on adjoining property which encroach on any part of the Land. The Land for each Facility abuts on and has direct vehicular access to a public road or has access to a public road via a permanent, irrevocable, servitude or appurtenant easement benefiting such Land and comprising a part of the Immovable Property, is supplied with public or quasi-public utilities and other services appropriate for the operation of the Facilities located thereon and to the Sellers' Knowledge is not located within any flood plain or area subject to wetlands regulation or any similar restriction. To the Sellers' Knowledge there is no existing or proposed plan to modify or realign any street or highway or any existing or proposed expropriation or eminent domain proceeding that would result in the taking of all or any part of any Facility or that would prevent or hinder the continued use of any Facility as heretofore used in the conduct of the business of Seller.

(b) Except as disclosed in **Part 3.7(b)**, each item of Tangible Movable Property is in good repair and good operating condition, ordinary wear and tear excepted, is suitable for immediate use in the Ordinary Course of Business and is free from latent and patent defects. Except as disclosed in **Part 3.7(b)**, no item of Tangible Movable Property is in need of repair or replacement other than as part of routine maintenance in the Ordinary Course of Business, and all such routine maintenance has been properly done in a timely

fashion so as to preserve the protection of all applicable manufacturers' warranties. Except as disclosed in **Part 3.7(b)**, all Tangible Movable Property used in Seller's business is in the possession of Seller.

3.8. CONDITION AND SUFFICIENCY OF ASSETS

The buildings, plants, structures, and equipment of the Acquired Companies are structurally sound, are in good 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 Acquired Companies are sufficient for the continued conduct of the Acquired Companies' businesses after the Closing in substantially the same manner as conducted prior to the Closing.

3.9. ACCOUNTS RECEIVABLE

All accounts receivable of the Acquired Companies that are reflected on the Interim Balance Sheet, (collectively, the "**Accounts Receivable**") represent or will represent valid obligations arising from sales actually made or services actually performed in the Ordinary Course of Business. Unless paid prior to the Closing Date, the Accounts Receivable are or will be as of the Closing Date current and collectible net of the respective reserves shown on the Interim Balance Sheet (which reserves are adequate and calculated consistent with past practice). Subject to such reserves, each of the Accounts Receivable either has been or will be collected in full, without any set-off, within ninety days 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. **Part 3.9** of the Disclosure Schedule contains a complete and accurate list of all Accounts Receivable as of the date of the Interim Balance Sheet, which list sets forth the aging of such Accounts Receivable.

3.10. INVENTORY

All inventory of the Acquired Companies, whether or not reflected on the Interim Balance Sheet, consists of a quality and quantity usable and salable in the Ordinary Course of Business, except for obsolete items and items of below-standard quality, all of which have been written off or written down to net realizable value in the Interim Balance Sheet. All inventories not written off have been priced at the lower of cost or market on a first-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 Acquired Companies and are consistent with past practice.

3.11. NO UNDISCLOSED LIABILITIES

Except as set forth in **Part 3.11** of the Disclosure Schedule, the Acquired Companies have no liabilities or obligations of any nature (whether known or unknown and whether absolute, accrued, contingent, or otherwise) except for liabilities or obligations reflected or reserved against on the Interim Balance Sheet, and current liabilities incurred in the Ordinary Course of Business since the respective dates thereof, other than 9162-2563 Québec Inc. which has no outstanding liabilities of any nature or kind whatsoever

3.12. TAXES

(a) Each Acquired Company has filed all tax returns and other documents required to be filed by it in respect of Taxes in each jurisdiction in which it carries on business. No claim has ever been made by any Governmental Body in any jurisdiction against any Acquired Company in respect of Taxes where the Acquired Company has not filed a tax return that the Acquired Company is or may be subject to any Taxes in that jurisdiction.

(b) All tax returns required to be filed by each Acquired Company in any jurisdiction have been timely filed and such tax returns, individually and in the aggregate, are true, complete and correct. No tax returns individually and in the aggregate contain any misstatement or omit any statements that should have been included. Complete and correct copies of all tax returns filed in respect of the last three (3) completed fiscal years of each Acquired Company ending prior to the date hereof have been provided to the Buyer.

(c) All Taxes assessed or assessable against each Acquired Company which are due and payable by it on or before the date hereof have been paid. Adequate provision was made in the financial statements of each Acquired Company for all Taxes for the periods covered by such statements respectively. Each Acquired Company has no liability for Taxes other than those provided for in its financial statements and those arising in the ordinary course of business since the statements' date.

(d) All applicable federal, provincial, state, municipal or local income tax assessments have been issued by each relevant Governmental Body to the Company and each Acquired Company covering all past periods up to and including the fiscal year ended July 31, 2007.

(e) There are no actions, suits, proceedings, investigations, reviews, enquiries, audits or claims now pending or made or, to the best of the Knowledge of the Sellers, threatened against any Acquired Company in respect of Taxes. There are no deficiencies for Taxes or assessments against any Acquired Company that have not been paid or fully and finally settled. No issue previously raised by any Governmental Body reasonably would be expected to result in a proposed deficiency or assessment for any prior, parallel or subsequent period.

(f) There are no agreements, waivers, or other arrangements by any Acquired Company providing for any extension of time with respect to the filing of any tax return or the payment or collection of any Taxes or the period for any assessment or reassessment of Taxes or any tax deficiency, assessment or reassessment with respect to any Acquired Company.

(g) Each Acquired Company has withheld from each amount paid or credited to any Person the amount of Taxes required to be withheld therefrom and has remitted such Taxes to the proper Governmental Body within the time required under applicable legislation.

(h) Each Acquired Company has collected all amounts as Taxes from any Person required by any Governmental Body to be so collected and has accounted for and remitted such Taxes to the proper Governmental Body within the time required under applicable legislation.

(i) **Schedule 3.12(i)** accurately sets out, for purposes of the *Income Tax Act* (Canada) and the *Taxation Act* (Québec), the following:

(i) the amount of all investment tax credits available to the Company and 9162-2563 Québec Inc.;

(ii) the amount (if any) of the cumulative eligible capital account for each of the Company and 9162-2563 Québec Inc.

(j) Except as disclosed in **Schedule 3.12(j)**, neither the Company nor 9162-2563 Québec Inc. has, since August 1, 2005, and except as set forth in **Schedule 3.3**, and prior to the date hereof:

(i) made or filed any election under Section 85 of the *Income Tax Act* (Canada) or Sections 518 to 520.1 inclusively of the *Taxation Act* (Québec) with respect to the acquisition or disposition of any property;

(ii) made or filed any election under Section 83 of the *Income Tax Act* (Canada) or Sections 502 and 503 of the *Taxation Act* (Québec);

(iii) made or filed any elections under any other provision of the *Income Tax Act* (Canada), the *Taxation Act* (Québec) or any other taxing legislation.

(k) Except as disclosed in **Schedule 3.12(k)**, each Acquired Company has not, prior to the date hereof:

(i) acquired or had the use of any property from a Person with whom it was not dealing at Arm's Length; or

(ii) disposed of anything to a Person with whom it was not dealing at Arm's Length for proceeds less than fair market value.

(l) The Company and 9162-2563 Québec Inc. have each complied with Part XVI.I of the *Income Tax Act* (Canada) and Title 1.2 of the *Taxation Act* (Québec).

(m) Since August 1, 2005, and except as set forth in **Schedule 3.3**, neither the Company nor 9162-2563 Québec Inc. has ever been involved in, or been a party to one or more transactions or series of transactions to which any of Section 55 and 245 of the *Income Tax Act* (Canada) or Sections 308.01 to 308.6 inclusively and 1079.9 to 1079.16 inclusively of the *Taxation Act* (Québec) would apply.

(n) Each Acquired Company is not a party to or bound by any tax sharing, tax indemnity or tax allocation agreement or other similar arrangement (including without limitation, any advance pricing agreement, closing agreement, or other agreement relating to Taxes with any Governmental Body).

(o) In the event that any Governmental Body submits that a dividend was paid by and Acquired Company at a particular time, for which an election was made under subsection 83(2) of the *Income Tax Act* (Canada) and/or the equivalent provisions of the *Taxation Act* (Québec), in excess of the "Capital Dividend Account" of such Acquired Company immediately before that time, the Sellers hereby irrevocably agree and consent that the election under subsection 184(3) of the *Income Tax Act* (Canada) and/or the equivalent provisions of the *Taxation Act* (Québec) be made by the appropriate Acquired Company such that the excess be deemed to be a separate dividend that is a taxable dividend that became payable at the particular time.

(p) In the event that any Governmental Body submits that any Acquired Company has made an "Excessive Eligible Dividend Designation", the Sellers hereby irrevocably agree and consent that the election under subsection 185.1(2) of the *Income Tax Act* (Canada) and/or the equivalent provisions of the *Taxation Act* (Québec) be made by the appropriate Acquired Company to treat the "Excessive Eligible Dividend Designation" as a separate dividend that is a taxable dividend paid immediately before the particular time.

3.13. NO MATERIAL ADVERSE CHANGE

Since the date of the Balance Sheet, there has not been any Material Adverse Change in the business, operations, properties, current prospects, assets, or condition of any Acquired Company, and no event has occurred or circumstance exists that may reasonably result in such a Material Adverse Change.

3.14. EMPLOYEES, CONSULTANTS, BENEFITS

(a) **Part 3.14** of the Disclosure Schedule contains a complete and accurate list of the following information for each employee, consultant, director and officer of the Acquired Companies, including each such Person on leave of absence or layoff status: employer; name; job title; current compensation paid or payable; vacation accrued; service credited for purposes of benefits and description of any applicable employee benefits (including severance pay and group insurance). There is no default by any of the Acquired Companies with respect to any such terms and conditions set out in **Part 3.14** of the Disclosure Schedule and there are no arrears in respect of payment of any such remuneration and benefits. The Company has complied with all applicable documentation requirements of Immigration Canada and has taken all precautionary measures to ensure that all of its non-citizen or non-resident employees have valid work permits under Canadian law. 9162-2563 Québec Inc. has no employees or consultants.

(b) **Employment Contracts, Etc. -** Except as disclosed in **Part 3.14** of the Disclosure Schedule, none of the Acquired Companies has any written contracts of employment

entered into with any employees employed by any of the Acquired Companies, any oral contracts of employment which are not terminable on the giving of reasonable notice in accordance with applicable law, any management or service agreement or any other agreement with any independent contractor (other than management, service or such other agreements which can be cancelled on not more than thirty (30) days' notice), any employee benefit, deferred compensation, profit sharing or other similar agreement or plan, or any union or collective bargaining agreement. There are no contracts of employment (whether written or verbal) which call for any payments to be made as a result of the transactions contemplated by this Agreement. The Sellers have no reason to believe any employee of any of the Acquired Companies would voluntarily terminate employment with any Acquired Company due to the transactions contemplated by this Agreement.

(c) **Union Rights and Employee Termination -**

(d) **Labour Relations. -** Except as disclosed in **Part 3.14** of the Disclosure Schedule, none of the Acquired Companies is currently experiencing, has ever experienced at any time and there is no basis to expect any of the Acquired Companies to experience: (i) any strike, slowdown, picketing or work stoppage by or lockout of its employees; (ii) any Proceeding relating to the alleged violation of any Legal Requirement relating to labour relations or employment matters (including any charge or complaint filed by an employee or union with the applicable Governmental Body); or (iii) any other labour or employment dispute.

(e) **Vacation Pay, Overtime Pay, Etc. -** All vacation pay, overtime pay, bonuses, commissions and other emoluments for employees of any of the Acquired Companies is reflected and have been properly accrued in the financial statements and books of account of each such Acquired Company and such accruals are adequate to meet any bona fide claims of the employees of the Acquired Companies. The Sellers shall indemnify and hold harmless the Buyer for any liability with respect to the period prior to Closing, whether arising prior to, as a result of or following Closing, and whether or not such liability is disclosed as set out in the preceding sentence, for: (i) salary, wages, bonuses, vacation pay, sick pay or other compensation due to employees, consultants and other independent contractors of any Acquired Company or (ii) a failure to remit deductions at source to any applicable Governmental Body in a timely manner.

(f) **Pension Plans -** No pension plan has been established by or for any of the Acquired Companies for their respective employees.

(g) **Proprietary Rights -** No employee, consultant, director or officer of any Acquired Company is a party to, or is otherwise bound by, any agreement or arrangement, including any confidentiality, noncompetition, or proprietary rights agreement, between or among such employee, consultant, director or officer and any other Persons ("**Proprietary Rights Agreement**") that in any way adversely affects or will affect (i) the performance of duties as an employee, consultant, director or officer of the Acquired Companies, or (ii) the ability of any Acquired Company to conduct its business, including any Proprietary Rights Agreement with any of the Sellers or the Acquired Companies by any such employee, consultant, director or officer. The Sellers have not been informed that any director, officer, or other Key Employee of any Acquired Company intends to terminate employment with such Acquired Company.

3.15. COMPLIANCE WITH LEGAL REQUIREMENTS; GOVERNMENTAL AUTHORIZATIONS

(a) Except as set forth in **Part 3.15** of the Disclosure Schedule:

(i) each Acquired Company is, and at all times since August 1, 2005, has been, in full compliance with each Legal Requirement that is or was applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets, except where the failure to so comply would not have a Material Adverse Effect on any Acquired Company;

(ii) no event has occurred or circumstance exists that (with or without notice or lapse of time) (A) may constitute or result directly or indirectly in a violation of or a failure to comply with any term or requirement of any Legal Requirement by any Acquired Company, except for such violation or failure that would not have a Material Adverse Effect on any Acquired Company, or (B) may give rise to any obligation on the part of any Acquired Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature, except for such obligations that would not have a Material Adverse Effect on any Acquired Company; and

(iii) no Acquired Company has received, at any time since August 1, 2005 any notice or other communication from any Governmental Body or any other Person regarding (A) any actual, alleged, possible, or potential violation of, or failure to comply with, any Legal Requirement, or (B) any actual, alleged, possible, or potential obligation on the part of any Acquired Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(b) **Part 3.15** of the Disclosure Schedule contains a complete and accurate list of each Governmental Authorization that is held by any Acquired Company or that otherwise relates to the business of, or to any of the assets owned or used by, any Acquired Company. Each Governmental Authorization listed or required to be listed in **Part 3.15** of the Disclosure Schedule is valid and in full force and effect. Except as set forth in **Part 3.15** of the Disclosure Schedule:

(i) each Acquired Company is, and at all times since August 1, 2005 has been, in full compliance with all of the terms and requirements of each Governmental Authorization identified or required to be identified in **Part 3.15** of the Disclosure Schedule, except where the failure to so comply would not have a Material Adverse Effect on any Acquired Company;

(ii) no event has occurred or circumstance exists that (with or without notice or lapse of time) (A) may constitute or result directly or indirectly in a violation of or a failure to comply with any term or requirement of any Governmental Authorization listed or required to be listed in **Part 3.15** of the Disclosure Schedule, except for such violation or failure that would not have a Material Adverse Effect of any Acquired Company or (B) may result directly or indirectly in the revocation, withdrawal,

suspension, cancellation, or termination of, or any modification to, any Governmental Authorization listed or required to be listed in **Part 3.15** of the Disclosure Schedule, except for such revocations, withdrawals, suspensions, cancellations, terminations, or modifications that would not have a Material Adverse Effect on any Acquired Company;

(iii) no Acquired Company has received, at any time since August 1, 2005, any notice or other communication from any Governmental Body or any other Person regarding (A) any actual, alleged, possible, or potential violation of or failure to comply with any term or requirement of any Governmental Authorization, or (B) any actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, termination of, or modification to any Governmental Authorization; and

(iv) all applications required to have been filed for the renewal of the Governmental Authorizations listed or required to be listed in **Part 3.15** of the Disclosure Schedule have been duly filed on a timely basis with the appropriate Governmental Bodies, and all other filings required to have been made with respect to such Governmental Authorizations have been duly made on a timely basis with the appropriate Governmental Bodies.

The Governmental Authorizations listed in **Part 3.15** of the Disclosure Schedule collectively constitute all of the Governmental Authorizations necessary to permit the Acquired Companies to lawfully conduct and operate their businesses in the manner they currently conduct and operate such businesses and to permit the Acquired Companies to own and use their assets in the manner in which they currently own and use such assets.

3.16. LEGAL PROCEEDINGS; ORDERS

(a) Except as set forth in **Part 3.16** of the Disclosure Schedule, there is no pending Proceeding:

(i) that has been commenced by or against any Acquired Company or that otherwise relates to or may affect the business of, or any of the assets owned or used by, any Acquired Company; or

(ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions.

To the Knowledge of Sellers and the Acquired Companies, (1) no such Proceeding has been Threatened, and (2) no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such Proceeding. Sellers have delivered to Buyer copies of all pleadings, correspondence, and other documents relating to each Proceeding listed in **Part 3.16** of the Disclosure Schedule. The Proceedings listed in **Part 3.16** of the Disclosure Schedule have no reasonable possibility of resulting in a Material Adverse Effect on any Acquired Company.

(b) Except as set forth in **Part 3.16** of the Disclosure Schedule:

(i) there is no Order to which any of the Acquired Companies, or any of the assets owned or used by any Acquired Company, is subject;

(ii) no Seller is subject to any Order that relates to the business of, or any of the assets owned or used by, any Acquired Company; and

(iii) to the Knowledge of Sellers and the Acquired Companies, no officer, director, agent, or employee of any Acquired Company is subject to any Order that prohibits such officer, director, agent, or employee from engaging in or continuing any conduct, activity, or practice relating to the business of any Acquired Company.

(c) Except as set forth in **Part 3.16** of the Disclosure Schedule:

(i) each Acquired Company is, and at all times has been, in full compliance with all of the terms and requirements of each Order to which it, or any of the assets owned or used by it, is or has been subject, except where failure to so comply would not have a Material Adverse Effect on any Acquired Company;

(ii) no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation of or failure to comply with any term or requirement of any Order to which any Acquired Company, or any of the assets owned or used by any Acquired Company, is subject, except for such violations or failures to comply that would not result in a Material Adverse Effect on any Acquired Company; and

(iii) no Acquired Company has received, at any time since August 1, 2005, any notice or other communication from any Governmental Body or any other Person regarding any actual, alleged, possible, or potential violation of, or failure to comply with, any term or requirement of any Order to which any Acquired Company, or any of the assets owned or used by any Acquired Company, is or has been subject.

3.17. ABSENCE OF CERTAIN CHANGES AND EVENTS

Except as set forth in **Part 3.17** of the Disclosure Schedule, since the date of the Balance Sheet, the Acquired Companies have conducted their businesses only in the Ordinary Course of Business and there has not been any:

(a) change in any Acquired Company's authorized or issued capital stock; grant of any stock option or right to purchase shares of capital stock of any Acquired Company; issuance of any security convertible into such capital stock; grant of any registration rights; purchase, redemption, retirement, or other acquisition by any Acquired Company of any shares of any such capital stock; or declaration or payment of any dividend or other distribution or payment in respect of shares of capital stock;

(b) amendment to the Organizational Documents of any Acquired Company;

(c) payment or increase by any Acquired Company of any bonuses, salaries, or other compensation to any stockholder, director, officer, or (except in the Ordinary Course of Business) employee or entry into any employment, severance, or similar Contract with any director, officer, or employee;

(d) adoption of, or increase in 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 employees of any Acquired Company;

(e) damage to or destruction or loss of any asset or property of any Acquired Company, whether or not covered by insurance, materially and adversely affecting the properties, assets, business, financial condition, or current prospects of the Acquired Companies, taken as a whole;

(f) entry into, termination of, or receipt of notice of termination of (i) any license, distributorship, dealer, sales representative, joint venture, credit, or similar agreement, or (ii) any Contract or transaction involving a total remaining commitment by or to any Acquired Company of at least $50,000;

(g) sale (other than sales of inventory in the Ordinary Course of Business), lease, or other disposition of any asset or property of any Acquired Company or the imposition of any Encumbrance on any material asset or property of any Acquired Company, including the sale, lease, exchange, hypothecation or other disposition of any of the Intellectual Property Assets;

(h) cancellation or waiver of any claims or rights with a value to any Acquired Company in excess of $50,000 in the aggregate;

(i) material change in the accounting methods used by any Acquired Company; or

(j) agreement, by any Acquired Company to do any of the foregoing.

3.18. CONTRACTS; NO DEFAULTS

(a) **Part 3.18(a)** of the Disclosure Schedule contains a complete and accurate list, and Sellers have delivered to Buyer true and complete copies, of:

(i) each Applicable Contract that involves performance of services or delivery of goods or materials by any Acquired Company of an amount or value in excess of $50,000;

(ii) each Applicable Contract that involves performance of services or delivery of goods or materials to any Acquired Company of an amount or value in excess of $50,000;

(iii) each Applicable Contract that was not entered into in the Ordinary Course of Business;

(iv) each lease, rental or occupancy agreement, license, installment and conditional sale agreement, hypothec, and other Applicable Contract affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in, any immovable, real, movable or personal property;

(v) each licensing agreement or other Applicable Contract with respect to patents, trademarks, copyrights, industrial designs or other intellectual property, including agreements with current or former employees, consultants, or contractors regarding the appropriation or the non-disclosure of any of the Intellectual Property Assets;

(vi) each collective bargaining agreement and other Applicable Contract to or with any labor union or other employee representative of a group of employees;

(vii) each joint venture, partnership, and other Applicable Contract (however named) involving a sharing of profits, losses, costs, or liabilities by any Acquired Company with any other Person;

(viii) each Applicable Contract containing covenants that in any way purport to restrict the business activity of any Acquired Company or any Affiliate of any Acquired Company or limit the freedom of any Acquired Company or any Affiliate of any Acquired Company to engage in any line of business or to compete with any Person;

(ix) each Applicable Contract providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods;

(x) each power of attorney that is currently effective and outstanding;

(xi) each Applicable Contract for capital expenditures in excess of $50,000;

(xii) each written warranty, guaranty, and or other similar undertaking with respect to contractual performance extended by any Acquired Company; and

(xiii) each amendment, supplement, and modification concerning any of the foregoing.

Part 3.18(a) of the Disclosure Schedule sets forth reasonably complete details concerning such Contracts, including the parties to the Contracts, and, other than the purchase orders of the Acquired Companies, the amount of the remaining commitment of the Acquired Companies under the Contracts, expiration dates and limitations on assignability in each such Contract.

(b) Except as set forth in **Part 3.18(b)** of the Disclosure Schedule:

(i) No Seller (and no Related Person of any Seller) has or has the right to acquire any rights under, and no Seller is subject to any obligation or liability under, any Contract that relates to the business of, or any of the assets owned or used by, any Acquired Company; and

(ii) to the Knowledge of Sellers and the Acquired Companies, no officer, director, agent, employee, consultant, or contractor of any Acquired Company is bound by any Contract that purports to limit the ability of such officer, director, agent, employee, consultant, or contractor to (A) engage in or continue any conduct, activity, or practice relating to the business of any Acquired Company, or (B) assign to any Acquired Company or to any other Person any rights to any invention, improvement, or discovery.

(c) Except as set forth in **Part 3.18(c)** of the Disclosure Schedule, each Contract identified or required to be identified in **Part 3.18(a)** of the Disclosure Schedule is in full force and effect and is valid and enforceable in accordance with its terms.

(d) Except as set forth in **Part 3.18(d)** of the Disclosure Schedule:

(i) each Acquired Company is, and at all times since January 1, 2005 has been, in full compliance with all applicable terms and requirements of each Applicable Contract;

(ii) to Sellers' Knowledge, each other Person party to any Applicable Contract is, and at all times since January 1, 2005 has been, in full compliance with all applicable terms and requirements of such Applicable Contract;

(iii) no event has occurred or circumstance exists that (with or without notice or lapse of time) may contravene, conflict with, or result in a violation or breach of, or give any Acquired Company or other 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 Applicable Contract; and

(iv) no Acquired Company has given to or received from any other Person, at any time since August 1, 2005, any notice or other communication regarding any actual, alleged, possible, or potential violation or breach of, or default under, any Contract.

(e) Except as set forth in **Part 3.18(e)** of the Disclosure Statement, there are no renegotiations of, attempts to renegotiate, or outstanding rights to renegotiate any material amounts paid or payable to any Acquired Company under current or completed Contracts with any Person and no such Person has made written demand for such renegotiation.

(f) The Contracts relating to the sale, design, manufacture, or provision of products or services by the Acquired Companies have been entered into in the Ordinary Course of Business and have been entered into without the commission of any act alone or in concert with any other Person, or any consideration having been paid or promised, that is or would be in violation of any Legal Requirement.

3.19. INSURANCE

(a) Sellers have delivered to Buyer:

(i) true and complete copies of all policies of insurance to which any Acquired Company is a party or under which any Acquired Company, or any director or officer of any Acquired Company, is or has been covered at any time within the three years preceding the date of this Agreement (individually a "**Policy**" and collectively the "**Policies**");

(ii) true and complete copies of all pending Policies; and

(iii) if one exists, any statement by the auditor of any Acquired Company's financial statements with regard to the adequacy of such entity's coverage or of the reserves for claims.

(b) **Part 3.19(b)** of the Disclosure Schedule describes:

(i) any self-insurance or captive arrangement by or affecting any Acquired Company, including any reserves established thereunder;

(ii) any contract or arrangement, other than a Policy, for the transfer or sharing of any risk by any Acquired Company; and

(iii) all obligations of the Acquired Companies to third parties with respect to insurance (including such obligations under leases and service agreements) and identifies the policy under which such coverage is provided.

(c) **Part 3.19(c)** of the Disclosure Schedule sets forth, by year, for the current policy year and each of the three preceding policy years:

(i) a summary of the loss experience under each Policy;

(ii) a statement describing each claim under a Policy for an amount in excess of $10,000, which sets forth: (A) the name of the claimant; (B) a description of the Policy by insurer, type of insurance, and period of coverage; and (C) the amount and a brief description of the claim; and

(iii) a statement describing the loss experience for all claims that were self-insured, including the number and aggregate cost of such claims.

(d) Except as set forth on **Part 3.19(d)** of the Disclosure Schedule:

(i) All Policies: (A) are valid, outstanding, and enforceable; (B) are issued by an insurer that is financially sound and reputable; (C) taken together, provide adequate insurance coverage for the assets and the operations of the Acquired Companies for all risks normally insured against by a Person carrying on the same business or businesses as the Acquired Companies; (D) are sufficient for compliance with all Legal Requirements and Applicable Contracts; (E) will continue in full force and effect following the consummation of the Contemplated Transactions; and (F) do not provide for any retrospective premium adjustment or other experienced-based liability on the part of any Acquired Company.

(ii) No Seller or Acquired Company has received (A) any refusal of coverage or any notice that a defense will be afforded with reservation of rights, or (B) any notice of cancellation or any other indication that any Policy is no longer in full force or effect or will not be renewed or that the issuer of any Policy is not willing or able to perform its obligations thereunder.

(iii) The Acquired Companies have paid all premiums due, and have otherwise performed all of their respective obligations, under each Policy.

(iv) The Acquired Companies have given notice to the insurer of all claims that may be insured thereby.

3.20. ENVIRONMENTAL MATTERS

(a) *Compliance with Environmental Laws* – To the best of the Sellers and the Acquired Companies' Knowledge, the business and the assets as carried on or used by the Acquired Companies and its respective predecessors have been, are and operate in material compliance with all Environmental Laws;

(b) *Creation of Hazardous Substances* – To the best of the Sellers' and the Acquired Companies' Knowledge, neither the Acquired Companies nor any of its respective predecessors have used any machinery, equipment or facility constituting its assets, or permitted them to be used, to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process any Hazardous Substance, except in compliance with all Environmental Laws in all material respects;

(c) *Proceedings* – The Acquired Companies and the Sellers have not, and have never been, subject to any proceedings alleging the violation of any Environmental Law applicable to the business or the assets;

(d) *Release of Substances* – Neither the Sellers nor the Acquired Companies knows, and they have no reasonable grounds to know after due inquiry and investigation, of any acts or circumstances that could reasonably be expected to give rise to any civil or criminal proceeding or liability regarding (i) the release or presence of a Hazardous Substance on land where the Acquired Companies had disposed or arranged for the disposal of materials arising from the conduct of the business, and (ii) the violation of any Environmental Law;

(e) *Environmental Permits* – To the best of the Sellers' and the Acquired Companies' Knowledge, the Acquired Companies do not presently hold any Environmental Permits and no Environmental Permits are required to operate the business nor own the assets;

(f) *Clean-up Orders* – Neither the Sellers nor the Acquired Companies are aware of any proceeding and have no Knowledge, after due inquiry and investigation, of any circumstance or material facts which could, if true, give rise to any proceeding which alleges or asserts that any of the Acquired Companies are potentially responsible for a domestic or foreign federal, provincial, municipal, state or local clean-up or remediation as a result of Hazardous Substances or for any other remedial or corrective action whatsoever under an Environmental Law; and

(g) *Maintenance of Records* – To the best of the Sellers' and the Acquired Companies' Knowledge, the Acquired Companies have in all material respects maintained all environmental and operating documents and records relating to the business and the assets in the manner and for the time periods required by any Environmental Law and have never conducted or been the object of an environmental audit of the business and assets. For purposes of this **Section 3.20**, an environmental audit shall include any environmental evaluation, assessment, review or study performed at the request of or on behalf of the Buyer, a prospective purchaser of the business or the assets or a court or governmental authority.

3.21. INTELLECTUAL PROPERTY

(a) Intellectual Property Assets - The term "**Intellectual Property Assets**" includes:

(i) the name Flextor, all fictional business names, trading names, registered and unregistered trademarks, service marks, and applications (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 rights in industrial designs*;* and

(v) all know-how, trade secrets, confidential information, customer lists, software, technical information, data, process technology, plans, drawings, and blue prints (collectively, "**Trade Secrets**"); owned, used, or licensed by any Acquired Company as licensee or licensor.

(b) Agreements - **Part 3.21(b)** of the Disclosure Schedule contains a complete and accurate list and summary description, including any royalties paid or received by the Acquired Companies, of all Contracts relating to the Intellectual Property Assets to which any Acquired Company is a party or by which any Acquired 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 $10,000 under which an Acquired Company is the licensee. There are no outstanding and, to Sellers' 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 Acquired Companies' businesses as they are currently conducted. One or more of the Acquired Companies is the owner of all right, title, and interest in and to each of the Intellectual Property Assets, except as set forth in **Part 3.11**, free and clear of all 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) Except as set forth in **Part 3.21(c)** of the Disclosure Schedule, all former and current employees of and consultants to each Acquired Company have executed written Contracts with one or more of the Acquired Companies that assign to one or more of the Acquired Companies all rights to any inventions, improvements, discoveries, or information relating to the business of any Acquired Company. No employee of or consultant to any Acquired Company has entered into any Contract that restricts or limits in any way the scope or type of work in which the employee or consultant may be engaged or requires the employee or consultant to transfer, assign, or disclose information concerning his work to anyone other than one or more of the Acquired Companies.

(d) Patents

The Acquired Companies hold no Patents. To the Sellers' Knowledge none of the products manufactured and sold, nor any process or know-how used, by any Acquired Company infringes or is alleged to infringe any patent or other proprietary right of any other Person.

(e) Trademarks

(i) **Part 3.21(e)** of Disclosure Schedule contains a complete and accurate list and summary description of all Marks. One or more of the Acquired Companies is the owner of all right, title, and interest in and to each of the Marks, free and clear of all Encumbrances, equities, and other adverse claims.

(ii) No Marks have been registered with the United States Patent and Trademark Office or the Canadian Intellectual Property Office. All Marks that have been registered with the Mexican Patent and Trademark Office or the Chilean Patent and Trademark Office (as the case may be) are currently in compliance with all formal legal requirements (including the timely post-registration filing of affidavits of use and incontestability and renewal applications), are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the Closing Date.

(iii) No Mark has been or is now involved in any opposition, invalidation, or cancellation and, to the Knowledge of any of the Acquired Companies or the Sellers, no such action is Threatened with the respect to any of the Marks.

(iv) To the Knowledge of any of the Acquired Companies or the Sellers, there is no potentially interfering trademark or trademark application of any third party.

(v) No Mark is infringed or, to the Knowledge of any of the Acquired Companies or the Sellers, has been challenged or threatened in any way. To the Sellers' Knowledge none of the Marks used by any Acquired Company infringes or is alleged to infringe any trade name, trademark, or service mark of any third party.

(vi) All products and materials containing a Mark bear the proper federal registration notice where permitted by law.

(f) Copyrights

(i) **Part 3.21(f)** of the Disclosure Schedule contains a complete and accurate list and summary description of all Copyrights. One or more of the Acquired Companies is the owner of all right, title, and interest in and to each of the Copyrights, free and clear of all Encumbrances, equities, and other adverse claims.

(ii) No Copyright is infringed or, to the Knowledge of any of the Acquired Companies or the Sellers, has been challenged or threatened in any way. To the Sellers Knowledge, 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) With respect to each Trade Secret, the documentation relating to such Trade Secret is current, accurate, and sufficient in detail and content to identify and explain it and to allow its full and proper use without reliance on the knowledge or memory of any individual.

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

(iii) One or more of the Acquired 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 the Knowledge of any of the Acquired Companies or the Sellers, have not been used, divulged, or appropriated either for the benefit of any Person (other than one or more of the Acquired Companies) or to the detriment of the Acquired Companies. No Trade Secret is subject to any adverse claim or has been challenged or threatened in any way.

3.22. DISCLOSURE

(a) No representation or warranty of Sellers in this Agreement and no statement in the Disclosure Schedule omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

(b) There is no fact known to any Seller that has specific application to any Seller or any Acquired Company (other than general economic or industry conditions) and that materially adversely affects the assets, business, current prospects, financial condition, or results of operations of the Acquired Companies (on a consolidated basis) that has not been set forth in this Agreement or the Disclosure Schedule.

3.23. BROKERS OR FINDERS

Sellers and their agents, except as set forth in **Part 3.23** of the Disclosure Schedule, 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 or the Contemplated Transactions.

3.24. RESIDENCE

None of the Sellers is a non-resident of Canada within the meaning of the Income Tax Act.

4. Representations And Warranties Of Buyer

Buyer represents and warrants to Sellers as follows:

4.1. ORGANIZATION AND GOOD STANDING

Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware. Acquisition Company is a corporation duly organized, validly existing, and in good standing under the laws of the Province of Québec.

4.2. AUTHORITY; NO CONFLICT

(a) This Agreement constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Upon the execution and delivery by Buyer of the Escrow Agreement, and all other documents to be delivered by Buyer at the Closing (collectively, the "**Buyer's Closing Documents**"), the Buyer's Closing Documents will constitute the legal, valid, and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms. Buyer has the absolute and unrestricted right, power, and authority to execute and deliver this Agreement and the Buyer's Closing Documents and to perform its obligations under this Agreement and the Buyer's Closing Documents, except as the enforcement thereof may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(b) Neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer will give any Person the right to prevent, delay, or otherwise interfere with any of the Contemplated Transactions pursuant to: (i) any provision of Buyer's Organizational Documents; (ii) any resolution adopted by the board of directors or stockholder of Buyer; (iii) any Legal Requirement or Order to which Buyer may be subject; or (iv) any Contract to which Buyer is a party or by which Buyer may be bound.

(c) 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 or the consummation or performance of any of the Contemplated Transactions.

(d) Except as set forth in **Part 4.2(d)** of the Disclosure Schedule, Buyer is not nor will it be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

4.3. INVESTMENT INTENT

Buyer is acquiring the Shares for its own account and not with a view to their distribution.

4.4. BROKERS OR FINDERS

Buyer and its officers and 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 and will indemnify and hold Sellers harmless from any such payment alleged to be due by or through Buyer as a result of the action of Buyer or its officers or agents.

5. Post-Closing Covenants

5.1. NONCOMPETITION

For a period of three (3) years from and after the Closing Date, each Seller shall not and will use reasonable efforts to cause their affiliates not to, engage, own, manage, control, participate in, consult with or render service for, directly or indirectly, in any enterprise in the Greater Montreal Area, being the Island of Montréal (including the City of Montréal, its various boroughs and the reconstituted cities of Baie-d'Urfé, Beaconsfield, Côte-Saint-Luc , Dollard-des-Ormeaux , Dorval, Hampstead, Kirkland, L'Île-Dorval, Montreal Est, Montreal West, Mount-Royal, Pointe-Claire, Sainte-Anne-de-Bellevue, Senneville and Westmount), the Urban Agglomeration of Longueuil (including the cities of Boucherville, Brossard, Longueuil and its various boroughs, Saint-Lambert and Saint-Bruno-de-Montarville) and the Île Jésus (including the city of Laval and its various neighbourhoods) (the "**Territory**") that designs and/or manufactures heavy duty diverter, guillotine, stack, louver, radial vane and/or butterfly dampers and/or expansion joints for coal fired power plants, natural gas turbine plants, selective catalystic recovery (SCR) plants, heat recovery steam generation (HRSG) systems, cement plants, smelting, waste to energy and other process industries (the "**Activities**"); provided, however, that owning less than 5% of the outstanding stock of any publicly-traded company shall not violate this **Section 5.1**. Sellers acknowledge and agree that this non-compete is given in connection with the purchase and sale of the Shares pursuant to this Agreement for the amount of $100.00, and given the nature of the Company, the restrictions set forth in this Agreement are necessary and reasonable in terms of the activities restrained, as well as the geographic and temporal scope of such restrictions.

5.2. NONSOLICITATION OF EMPLOYEES

For a period of three (3) years from and after the Closing Date, each Seller will not, and will use reasonable efforts to cause their affiliates not to, directly or indirectly through another Person: (i) solicit or attempt to solicit any officer or employee of any Acquired Company or any Subsidiary thereof to terminate his or her employment with any Acquired Company or any Subsidiary thereof or (ii) hire a director, an officer, consultant or employee of any Acquired Company or any Subsidiary thereof.

5.3. NONSOLICITATION OF CUSTOMERS

For a period of three (3) years from and after the Closing Date, each Seller will not, and will use reasonable efforts to cause their respective Affiliates not to, directly or indirectly through another Person solicit or attempt to solicit any customer or supplier of any Acquired Company or any Subsidiary thereof that was an active customer of such Acquired Company or Subsidiary at Closing or within the twelve (12) month period prior to the Closing Date to purchase any product or service included in the Activities (as defined), provided however that with respect to suppliers, this restriction shall only apply in respect of any suppliers that provide goods or services to Persons which carry on a business that is competitive to the Activities within the Territory.

5.4. INJUNCTIVE RELIEF

Each Seller acknowledges and agrees that a claim for damages or other remedy at law for any breach or threatened breach of **Article 5** could be inadequate and therefore agrees that Buyer shall be entitled to obtain a safeguard order as well as interlocutory and permanent injunctive or other equitable relief in addition to any other available rights and remedies in cases of any such breach or threatened breach, without need to post a bond.

5.5. NONDISPARAGEMENT

After the Closing Date, no party to this Agreement will disparage any other party to this Agreement or its stockholders, directors, officers, employees, or agents.

5.6. MODIFICATION OF COVENANT

If a final judgment of a court or tribunal of competent jurisdiction determines that any term or provision contained in **Article 5** is invalid or unenforceable, then the parties agree that the court or tribunal will have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision. This **Article 5** will be enforceable as so modified after the expiration of the time within which the judgment may be appealed. This **Article 5** is reasonable and necessary to protect and preserve Buyer's legitimate business interests and the value of the Shares.

6. Indemnification; Remedies

6.1. SURVIVAL; RIGHT TO INDEMNIFICATION NOT AFFECTED BY KNOWLEDGE

All representations, warranties, covenants, and obligations in this Agreement, the Disclosure Schedule 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.

6.2. INDEMNIFICATION AND PAYMENT OF DAMAGES BY SELLERS

Sellers hereby solidarily, expressly waiving all benefits of division and discussion, undertake to indemnify, defend and hold harmless Buyer, the Acquired Companies, and their respective Representatives, stockholders, controlling Persons, and affiliates (collectively, the "**Indemnified Persons**") for, and will pay to the Indemnified Persons the amount of, any loss, liability, claim, damage (including incidental and consequential damages paid to third parties), expense (including costs of investigation and defense and reasonable attorneys' fees) or diminution of value, whether or not involving a third-party claim (collectively, "**Damages**"), arising, directly or indirectly, from or in connection with: (a) any Breach of any representation or warranty made by Sellers in this Agreement, the Disclosure Schedule, or any other certificate or document delivered by Sellers pursuant to this Agreement; (b) any Breach by any Seller of any covenant or obligation of such Seller in this Agreement; (c) any product shipped or manufactured by, or any services provided by, any Acquired Company prior to the Closing Date; or (d) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by any such Person with any Seller or any Acquired Company (or any Person acting on their behalf) in connection with any of the Contemplated Transactions. The remedies provided in this **Section 6.2** will not be exclusive of or limit any other remedies that may be available to Buyer or the other Indemnified Persons.

For greater clarity, in the event any claim for Damages made by the Buyer against any of the Sellers hereunder involves a warranty issue, the Sellers obligations for Damages hereunder shall be net of any research and development tax credits that the Acquired Companies subsequently receive in relation to technical developments in connection therewith (the "**R&D Credits**") and to the extent the Acquired Companies receive any such R&D Credits after the Sellers have indemnified Buyer for any such Damages hereunder, the Buyer shall pay an amount equal to the economic value of such R&D Credits to the Sellers, up to a maximum equal to the amount the Sellers actually paid to the Buyer pursuant to an indemnifiable claim for Damages made by the Buyer hereunder.

6.3. INDEMNIFICATION AND PAYMENT OF DAMAGES BY BUYER

Buyer will indemnify, defend, and hold harmless Sellers, and will pay to Sellers the amount of any Damages arising, directly or indirectly, from or in connection with (a) any Breach of any representation or warranty made by Buyer in this Agreement or in any certificate delivered by Buyer pursuant to this Agreement, (b) any Breach by Buyer of any covenant or obligation of Buyer in this Agreement, or (c) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such Person with Buyer (or any Person acting on its behalf) in connection with any of the Contemplated Transactions.

6.4. TIME LIMITATIONS

If the Closing occurs, Sellers will have no liability (for indemnification or otherwise) with respect to any representation or warranty, other than those in **Sections 3.2, 3.3, 3.9, 3.12, 3.14 and 3.20**, unless on or before the third anniversary of the Closing Date, Buyer notifies

Sellers of a claim specifying the factual basis of that claim in reasonable detail to the extent then known by Buyer. A claim with respect to **Sections 3.2, 3.3, 3.9, 3.12, 3.14 and 3.20**, or a claim for indemnification or reimbursement based upon any covenant or obligation to be performed or complied with by Sellers may be made at any time. If the Closing occurs, Buyer will have no liability (for indemnification or otherwise) with respect to any representation or warranty unless on or before the second anniversary of the Closing Date, Sellers notify Buyer of a claim specifying the factual basis of that claim in reasonable detail to the extent then known by Sellers. No limitation in this **Section 6.4** shall apply in the event of fraud or intentional misrepresentation.

6.5. LIMITATIONS ON AMOUNT—SELLERS

Sellers will have no liability (for indemnification or otherwise) with respect to the matters described in **Section 6.2** until the total of all Damages with respect to such matters exceeds $50,000. However, this **Section 6.5** will not apply to any Breach of any of Sellers' representations and warranties of which any Seller had Knowledge at any time prior to the date on which such representation and warranty is made, any intentional Breach by any Seller of any covenant or obligation, or in the event of any fraud committed by any of the Sellers, and Sellers will be solidarily liable for all Damages with respect to any such matters, without the benefits of division or discussion, which are hereby expressly waived.

6.6. LIMITATIONS ON AMOUNT—BUYER

Buyer will have no liability (for indemnification or otherwise) with respect to the matters described in **Section 6.3** until the total of all Damages with respect to such matters exceeds $50,000 (which for greater certainty does not apply to Buyer's obligations in relation to the Purchase Price under **Section 2** of this Agreement). However, this **Section 6.6** will not apply to any Breach of any of Buyer's representations and warranties of which Buyer had Knowledge at any time prior to the date on which such representation and warranty is made, any intentional Breach by Buyer of any covenant or obligation, or in the event of fraud, and Buyer will be liable for all Damages with respect to such Breaches.

6.7. INDEMNITY FOR CLAIMS AND FOR PRE-CLOSING TRANSACTIONS.

Subject to the limitations set out in **Sections 6.5 and 6.6**, the Sellers shall solidarily indemnify the Buyer, without the benefits of division or discussion, which are hereby expressly waived, and the Buyer shall indemnify the Sellers, for any Claims.

Notwithstanding the limitations set out in **Section 6.5**, the Sellers shall solidarily indemnify the Buyer, without the benefits of division or discussion, which are hereby expressly waived, for, without duplication, (i) any Taxes, damages, losses, costs, liabilities or expenses (including, without limitation, expenses of investigation and other expenses in connection with any action, suit, claim, inquiry or proceeding) suffered or incurred by the Buyer or any Acquired Company as a result of, or arising out of the implementation of the Pre-Closing Transactions.

6.8. SELLERS' INDEMNITY FOR TAX CLAIMS

Notwithstanding anything in this Agreement to the contrary, this **Section 6.8** shall apply to the allocation of liability for Taxes attributable to the Acquired Companies between the Sellers and the Buyer (except for the allocation of liability for Taxes attributable to the Acquired Companies as a consequence of the implementation of the Pre-Closing Transactions, which is dealt with in **Section 6.7)** The Sellers shall be responsible for, and shall pay or credit the Acquired Companies or the Buyer all Taxes if determined to be final attributable to the Acquired Companies for all tax periods ending on or before the Closing Date and for the portion ending on the Closing Date of any Tax period that includes (but does not end on) the Closing Date (all of such Tax periods referred to herein as the "**Pre-Closing Tax Period**"). The Sellers shall solidarily indemnify the Buyer, without the benefits of division or discussion, which are hereby expressly waived, and hold it harmless for, from and against any Claim resulting from all liability for all Taxes of any of the Acquired Companies for the Pre-Closing Tax Period not accrued for as a liability in the Acquired Companies' annual financial statements.

6.9. PROVISIONS RELATING TO CLAIMS

(1) The following provisions will apply to any Claim by a party (the "**Indemnified Party**") against any other party (the "**Indemnifying Party**") pursuant to this **Section 6**:

(a) Promptly after becoming aware of a Claim, the Indemnified Party will provide to the Indemnifying Party, written notice of the Claim specifying (to the extent that information is available) the factual basis for the Claim and the amount of the Claim, or if the amount is not determinable, an estimate of the amount of the Claim if an estimate is feasible in the circumstances, and the amount, if any, by which the Claim (together with all other Claims which have arisen to date) exceeds the applicable limitation set out in **Sections 6.5 or 6.6**, as the case may be (the "**Deductible Amount**").

(b) If a Claim relates to an alleged liability of any of the Acquired Companies to any other Person (hereinafter, in this Section, called a "**Third Party Liability**"), including without limitation any Governmental Body, which is of such nature that any of the Acquired Companies is required by applicable law to make a payment to a third party before the relevant procedure for challenging the existence or quantum of the alleged liability can be implemented or completed, then the Sellers may notwithstanding the provisions of **Sections 6.9(c) and (d)** hereof, make such payment; provided that the amount of the Claim, together with all other Claims which have arisen to date, exceeds the Deductible Amount, and provided further that if the alleged Third Party Liability as finally determined on completion of settlement negotiations or related proceedings is less than the amount which was required to be paid in respect of the related Claim, then the effected Acquired Companies shall forthwith, following the final determination and receipt of any applicable refund from a relevant Third Party, pay to the Sellers, the amount by which the amount of the Third Party Liability, as finally determined, is less than the amount which is so paid by the Sellers.

(c) The Buyer shall not negotiate, settle, compromise or pay (except in the case of payment of a judgment) any Third Party Liability as to which it proposes to assert

a Claim, except with the prior consent of the Sellers (which consent shall not be unreasonably withheld or delayed), unless there is, in the reasonable opinion of the Buyer, a significant likelihood that such Third Party Liability may materially and adversely affect the business of any of the Acquired Companies, the condition of such business, the Acquired Companies or the Buyer, in which case the Buyer shall have the right, after notifying the Sellers, to negotiate, settle, compromise or pay such Third Party Liability without prejudice to its rights of indemnification hereunder.

(d) With respect to any Third Party Liability, provided the Sellers first admit the Buyer's right to indemnification for the amount of such Third Party Liability which may at any time be determined or settled, then in any legal, administrative or other proceedings in connection with the matters forming the basis of the Third Party Liability, the following procedures will apply:

(i) the Sellers will have the right to assume carriage of the compromise or settlement of the Third Party Liability and the conduct of any related legal, administrative or other proceedings, but the Buyer and the Acquired Companies shall have the right and shall be given the opportunity to participate in the defence of the Third Party Liability, at their own expense, to consult with the Sellers in the settlement of the Third Party Liability and the conduct of related legal, administrative and other proceedings (including consultation with counsel), and to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Sellers and the Buyer shall be retained by the Sellers;

(ii) the Sellers will co-operate with the Buyer in relation to the Third Party Liability, will keep it fully advised with respect thereto, will provide it with copies of all relevant documentation as it becomes available, will provide it with access to all records and files relating to the defence of the Third Party Liability, and will meet with representatives of the Buyer at all reasonable times to discuss the Third Party Liability; and

(iii) notwithstanding **Sections 6.9(d)(i) and (ii)**, the Sellers will not settle the Third Party Liability or conduct any legal, administrative or other proceedings in any manner which could, in the reasonable opinion of the Buyer, have a material adverse effect on the business of any Acquired Company or the condition of such business, or the Buyer, except with the prior written consent of the Buyer.

(2) If, with respect to any Third Party Liability, the Sellers do not admit the Buyer's right to indemnification or decline to assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability, then the following provisions will apply:

(a) the Buyer, at its discretion, may assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability and may defend or settle the Third Party Liability on such terms as the Buyer, acting in good faith, considers advisable; and

(b) any cost, loss, damage or expense incurred or suffered by the Buyer and the Acquired Companies in the settlement of such Third Party Liability or the conduct of any legal, administrative or other proceedings shall be added to the amount of the Claim.

6.10. RIGHT OF SET-OFF

The Buyer shall have the right to satisfy any amount from time to time owing by it to the Sellers on account of the Purchase Price or otherwise by way of set-off against any amount from time to time owing by the Sellers to the Buyer, including any amount owing to the Buyer pursuant to the Sellers' indemnification obligations pursuant to **Section 6** hereof. The Sellers shall have the right to satisfy any amount from time to time owing by them to the Buyer by way of set-off against any amount from time to time owing by the Buyer to the Sellers, including any amount owing to the Sellers pursuant to the Buyer's indemnification obligations pursuant to **Section 6** hereof.

6.11. CHARACTERIZATION OF PAYMENT OF CLAIM

The parties agree that the payment of any Claim shall be treated as an adjustment to the Purchase Price on a dollar for dollar basis.

6.12. OBLIGATION TO PAY CLAIM

In respect of any Claim, the Indemnifying Party will be responsible for making an indemnity payment upon (i) the Indemnifying Party and the Indemnified Party agreeing thereto in writing; (ii) the determination of a judgment of a court of competent jurisdiction determining the amount of a Third Party Liability which has not been stayed and for which all appeal periods have expired, carriage of which was assumed by the Indemnifying Party; or (iii) the determination of a judgment of a court in the Province of Québec awarding payment of such Claim by the Indemnifying Party to the Indemnified Party which has not been stayed and for which all appeal periods have expired.

6.13. ESCROW

In addition to the EBITDA Escrow Amount, Buyer shall place into escrow pursuant to the Escrow Agreement an amount set out in **Schedule 2.2**. The parties shall instruct the escrow agent to release from escrow a portion of such funds as follows, subject to any disputes then in effect pursuant to this Article 6 and the Escrow Agreement: (a) 50% on the 12 month anniversary of the Closing Date; (b) 25% on the 18 month anniversary of the Closing Date; and (c) 25% on the 36 month anniversary of the Closing Date, payable to the Sellers according to **Schedule 2.2**.

7. General Provisions

7.1. FURTHER ASSURANCES

From and after the Closing Date and from time to time thereafter, each party will do, execute, acknowledge, deliver and file, or cause to be done, executed, acknowledged, delivered and filed, all such acts, instruments of sale, transfer, conveyance, assignment and delivery, consents, assurances, powers of attorney and other instruments as may be reasonably requested by the other in order to carry out the terms and provisions of this Agreement, including the vesting in Buyer of good and valid title in and to the Shares as of the Closing Date.

7.2. EXPENSES

Except as otherwise expressly provided in this Agreement, each party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution, and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of agents, representatives, counsel, and accountants. Sellers will cause the Acquired Companies not to incur any out-of-pocket expenses in connection with this Agreement. In the event of termination of this Agreement, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by another party.

7.3. PUBLIC ANNOUNCEMENTS

Announcements with respect to this Agreement or the Contemplated Transactions will be issued at such time and in such manner as Buyer and Sellers reasonably determine. Unless consented to by Buyer in advance or required by Legal Requirements, prior to the Closing, Sellers shall, and shall cause the Acquired Companies to, keep this Agreement strictly confidential and not make any disclosure of this Agreement to any Person. Sellers and Buyer will consult with each other concerning the means by which the Acquired Companies' employees, customers, and suppliers and others having dealings with the Acquired Companies will be informed of the Contemplated Transactions, and Buyer will have the right to be present for any such communication.

7.4. NOTICES

All notices, consents, waivers, and other communications under this Agreement shall be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by facsimile or electronic mail (with confirmation of receipt), or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and facsimile numbers set forth below (or to such other addresses and facsimile numbers as a party may designate by notice to the other parties):

Sellers:

Michael dos Santos;
The Dos Santos Family Trust; and
Antandamy Investments Inc.

Attention: Michael dos Santos
256, Robert St.,
Saint-Bruno (Québec) J3V 5S5
Canada

- and -

Thierry Allegrucci; and
The Allegrucci Family Trust

Attention: Thierry Allegrucci
266, Régent St.,
Saint-Lambert (Québec) J4R 2A8
Canada

- and -

François Rouvière

Attention: François Rouvière
1317, rue Comptois
Sainte-Julie (Québec) J3E 2B7
Canada

With a copy in each case (which shall not constitute notice) to :

Bernard Brassard
Place Agropur
101, boul. Roland-Therrien, Bureau 200
Longueuil, QC J4H 4B9
Canada

Attn : Me Marc Bernard
Fax n°. : (450) 670-0673
Electronic mail address :
mbernard@bernard-brassard.com

Buyer:

CECO Environmental Corp.
3120 Forrer Street
Cincinnati, Ohio 45209
Attention: Dennis W. Blazer
Facsimile No.: (513) 458-2644
Electronic Mail Address: dblazer@cecoenviro.com

with a copy (which shall not constitute notice) to:

John J. McCoy, Esq.
Taft Stettinius & Hollister LLP
425 Walnut Street, Suite 1800
Cincinnati, Ohio 45202
Facsimile No.: (513) 381-0205
Electronic Mail Address: mccoy@taftlaw.com

7.5. GOVERNING LAW, JURISDICTION and SERVICE OF PROCESS

This Agreement will be governed by the laws of the Province of Québec and the laws of Canada applicable therein without regard to conflicts of laws principles.

The parties hereto agree that the Courts of the Province of Québec shall have exclusive jurisdiction to entertain any action or other legal proceedings in respect of this Agreement, including without limitation based upon its provisions or in respect of its interpretation or execution. Each party hereto does hereby irrevocably attorn to the jurisdiction of the Courts of the Province of Québec.

7.6. WAIVER

The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

7.7. ENTIRE AGREEMENT AND MODIFICATION

This Agreement supersedes all prior agreements between the parties with respect to its subject matter (including the Letter of Intent between Buyer and Sellers dated April 17, 2008 and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by the party to be charged with the amendment.

7.8. ASSIGNMENTS, SUCCESSORS, AND NO THIRD-PARTY RIGHTS

Neither party may assign any of its rights under this Agreement without the prior consent of the other parties, except that Buyer may assign any of its rights under this Agreement to any Affiliate of Buyer, upon simple notice to the Sellers in which case Buyer shall be solidarily responsible for the Affiliate's obligation so assigned. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any

provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and permitted assigns.

7.9. SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

7.10. SECTION HEADINGS, CONSTRUCTION

The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

7.11. TIME OF ESSENCE

With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

7.12. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

7.13. CURRENCY

All references to "$" or "dollars" in this Agreement shall mean Canadian Dollars.

7.14. LEGAL REPRESENTATION

This Agreement was negotiated by the parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.

7.15. LANGUAGE

The parties hereby confirm their express agreement that this Agreement and all documents directly or indirectly related thereto be drawn up in English. LES PARTIES RECONNAISSENT LEUR VOLONTÉ EXPRESSE QUE LA PRÉSENTE CONVENTION AINSI QUE TOUS LES DOCUMENTS QUI S'Y RATTACHENT DIRECTEMENT OU INDIRECTEMENT SOIENT RÉDIGÉS EN LANGUE ANGLAISE.

[signature page to follow]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of this /s/1st day of August, 2008.

Buyer:

CECO ENVIRONMENTAL CORP.

By: /s/ Dennis W. Blazer
Name: Dennis W. Blazer
Its: Assistant Secretary

9199-3626 QUÉBEC INC.

By: /s/ Dennis W. Blazer
Name: Dennis W. Blazer
Its: Secretary-Treasurer

Sellers:

/s/ Michael dos Santos
Michael dos Santos

Witness

THE DOS SANTOS FAMILY TRUST

Per: /s/ Michael dos Santos
Michael dos Santos, Trustee

Witness

/s/ Thierry Allegrucci
Thierry Allegrucci

Witness

THE ALLEGRUCCI FAMILY TRUST

Per: /s/ Thierry Allegrucci
Thierry Allegrucci, Trustee

Witness

ANTANDAMY INVESTMENTS INC.

Per: /s/ Michael dos Santos
Michael dos Santos, President

Witness

/s/ Francois Rouviere
François Rouvière

Witness

EXHIBIT 2.2

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "**Agreement**"), dated as of August 1, 2008, is entered into by and among Fisher-Klosterman, Inc., a Delaware corporation ("**Buyer**"), Shideler, Inc. (f/k/a A.V.C. Specialists, Inc.), a California corporation ("**Seller**"), and Thomas J. Shideler and Barbara Shideler (the "**Shareholders**").

WHEREAS, Seller desires to sell, and Buyer desires to purchase, the Assets for the consideration and on the terms set forth in this Agreement.

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

1. Definitions

Capitalized terms and variations thereof used in this Agreement and not otherwise defined herein have the meanings set forth below:

"**Accounts Receivable**" – (a) all trade accounts receivable and other rights to payment from customers of Seller and the full benefit of all security for such accounts or rights to payment, including all trade accounts receivable representing amounts receivable in respect of goods shipped or products sold or services rendered to customers of Seller, (b) all other accounts or notes receivable of Seller and the full benefit of all security for such accounts or notes, and (c) any claim, remedy or other right of Seller related to any of the foregoing.

"**Adjustment Amount**" – the amount determined by subtracting $575,000.00 from the Net Operating Asset Value at Closing (which may be a positive or negative number).

"**Appurtenances**" – all privileges, rights, easements, hereditaments, and appurtenances belonging to or for the benefit of the Land and all rights existing in and to any streets, alleys, passages, and other rights-of-way included thereon or adjacent thereto (before or after vacation thereof), and vaults beneath any such streets.

"**Assignment and Assumption Agreement**" – an assignment of all of the Assets that are intangible personal property, which assignment shall also contain Buyer's undertaking and assumption of the Assumed Liabilities.

"**Bill of Sale**" – a bill of sale for all of the Assets that are Tangible Personal Property.

"**Business**" – the business and operations of Seller, including the sales, service and engineering of electrostatic precipators, including the provision of replacement parts to original equipment manufacturers (OEM), provided generally under the name A.V.C. Specialists, Inc.

"**CERCLA**" – as defined within the definition of Environmental, Health and Safety Liabilities.

"**Cleanup**" – as defined within the definition of Environmental, Health and Safety Liabilities.

"**COBRA**" – Section 4980B of the Code (as well as its predecessor provision, Section 162(k) of the Code) and Sections 601 through 608, inclusive, of ERISA.

"**Copyrights**" – all registered and unregistered copyrights in both published works and unpublished works.

"**Code**" – the Internal Revenue Code of 1986, as amended.

"**Consent**" – any approval, consent, ratification, waiver, or other authorization.

"**Contemplated Transactions**" – all of the transactions contemplated by this Agreement.

"**Contract**" – any binding contract, Lease or other agreement (whether written or oral).

"**Copyrights**" – all registered and unregistered copyrights in both published works and unpublished works.

"**Damages**" – any actual loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys' fees and expenses), whether or not involving a Third-Party Claim.

"**Disclosure Schedule**" – the Disclosure Schedule delivered by Seller to Buyer concurrently with the execution and delivery of this Agreement.

"**Dollars**" or "**$**"– United States dollars.

"**Employment Agreements**" – the employment agreements between Buyer and each of: (a) Thomas J. Shideler and (b) Barbara Shideler, as agreed by the parties.

"**Encumbrance**" – any charge, claim, community or other marital property interest, condition, equitable interest, lien, option, pledge, security interest, mortgage, right of way, easement, encroachment, right of first option, right of first refusal, or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income, or exercise of any other attribute of ownership.

"**Environment**" – soil, land surface or subsurface strata, surface waters (including navigable waters and ocean waters), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource.

"**Environmental, Health and Safety Liabilities**" – any cost, damages, expense, liability, obligation, or other responsibility arising from or under any (i) Environmental Law, (ii) Occupational Safety and Health Law, or (iii) common law, including those consisting of or relating to: (a) any environmental, health, or safety matter or condition (including on-site or off-site contamination, occupational safety and health, and regulation of any chemical substance or product); (b) any fine, penalty, judgment, award, settlement, legal, or administrative proceeding, damage, loss, claim, demand or response, or remedial or inspection cost or expense arising under any Environmental Law or Occupational Safety and Health Law; (c) financial responsibility

under any Environmental Law, Occupational Safety and Health Law or common law for investigation costs, monitoring costs, cleanup costs, or corrective action, including any cleanup, removal, containment, or other remediation or response actions ("**Cleanup**") required by any Environmental Law or Occupational Safety and Health Law (whether or not such Cleanup has been required or requested by any Governmental Body or any other Person) and for any natural resource damages or any other compliance, corrective, or remedial measure required under any Environmental Law or Occupational Safety and Health Law; or (d) personal injury, bodily injury, property damage, environmental damage, natural resource damage, or harm to humans resulting from or arising out of any matter covered by this definition.

The terms "removal," "remedial" and "response action" include the types of activities covered by the United States Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("**CERCLA**").

"**Environmental Law**" – any Legal Requirement as in existence on the Closing Date that requires or relates to: (a) advising appropriate authorities, employees, or the public of intended, threatened, or actual Releases of Hazardous Materials, violations of discharge limits, or other prohibitions and the commencement of activities, such as resource extraction or construction, that could have an impact on the Environment; (b) preventing or reducing to acceptable levels the Release of Hazardous Materials into the Environment; (c) reducing the quantities, preventing the Release, or minimizing the hazardous characteristics of wastes or Hazardous Materials that are generated or possessed; (d) assuring that products are designed, formulated, packaged, and used so that they do not present risks to human health or the Environment when handled, used, or disposed of; (e) protecting resources, species, or ecological amenities; (f) reducing to acceptable levels the risks inherent in the handling or transportation of Hazardous Materials or other potentially harmful substances; (g) cleaning up Hazardous Materials that have been Released, preventing the Threat of Release, or paying the costs of such clean up or prevention; or (h) making responsible parties pay private parties, or groups of them, for damages done to their health or the Environment or permitting self-appointed representatives of the public interest to recover for injuries done to public assets.

"**ERISA**" – the Employee Retirement Income Security Act of 1974, as amended.

"**Escrow Agent**" – U.S. Bank National Association.

"**Escrow Agreement**" –the agreement between the Escrow Agent, Seller and Buyer related to the Escrow Amount.

"**Escrow Amount**" –$100,000.00, which shall remain in escrow as set forth in the Escrow Agreement and as described in this Agreement.

"**Exchange Act**" – the Securities Exchange Act of 1934, as amended.

"**Facilities**" – any real property, leasehold, or other interest in real property currently owned or operated by Seller with respect to the Business or the Assets.

"**Financial Statements**" – with respect to any accounting period for Seller, statements of income and cash flows of Seller for such period, and a balance sheet of Seller as of the end of such period setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year all prepared in reasonable detail in accordance with GAAP, except that interim Financial Statements will omit footnotes, statement of shareholder's equity and year-end adjustments.

"**Fiscal Year**" – the 12-month period ended December 31 of each year.

"**GAAP**" – generally accepted accounting principles for financial reporting in the United States.

"**Governing Documents**" – with respect to any particular entity, (a) if a corporation, the articles or certificate of incorporation and the bylaws or code of regulations; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles of organization or certificate of formation and operating agreement or limited liability company agreement; (e) if another type of Person, any other charter or similar document adopted or filed in connection with the creation, formation, or organization of the Person; and (f) any amendment or supplement to any of the foregoing.

"**Governmental Authorization**" – any Consent, license, registration, or permit issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"**Governmental Body**" – any: (a) nation, state, county, city, town, borough, village, district, or other jurisdiction; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal, or other entity exercising governmental or quasi-governmental powers); (d) multinational organization or body; (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power; or (f) official of any of the foregoing.

"**Ground Lease**" – any long-term lease of land in which most of the rights and benefits comprising ownership of the land and the improvements thereon or to be constructed thereon, if any, are transferred to the tenant for the term thereof.

"**Ground Lease Property**" – any land, improvements, and appurtenances subject to a Ground Lease in favor of Seller.

"**Hazardous Activity**" – the distribution, generation, handling, importing, management, manufacturing, processing, production, refinement, Release, storage, transfer, transportation, treatment, or use (including any withdrawal or other use of groundwater) of Hazardous Material in, on, under, about, or from any of the Facilities or any part thereof into the Environment.

"**Hazardous Material**" – any pollutant, contaminant, chemical, substance, material, or waste that is regulated by any Governmental Body, including any pollutant, contaminant, chemical, material, substance, or waste that is defined as a "hazardous waste," "hazardous

material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "special waste," "contaminant," "toxic waste," or "toxic substance" under any provision of Environmental Law, and including oil, used oil, petroleum, petroleum products and byproducts, asbestos, presumed asbestos-containing material or asbestos-containing material, radon, urea formaldehyde, and polychlorinated biphenyls.

"**Improvements**" – all buildings, structures, fixtures, and improvements located on the Land or included in the Assets, including those under construction.

"**Indemnified Person**" – a Person entitled to indemnity under **Section 6.2** or **6.4**.

"**Indemnifying Person**" – a Person obligated to indemnify an Indemnified Person.

"**Intellectual Property Assets**" – all intellectual property owned or licensed (as licensor or licensee) by Seller in which Seller has a proprietary interest, including Marks, Patents, Copyrights, all rights in mask works, Trade Secrets, and Net Names.

"**Interim Balance Sheet**" – the unaudited balance sheet of Seller as of April 30, 2008.

"**Inventories**" – all inventories of Seller, wherever located, including all finished goods, work in process, raw materials, spare parts, and all other materials and supplies to be used or consumed by Seller in the production of finished goods.

"**IRS**" – the United States Internal Revenue Service and, to the extent relevant, the United States Department of the Treasury.

"**Knowledge**" – an individual will be deemed to have Knowledge of a particular fact or other matter if that individual is actually aware of that fact or matter or would be after reasonable investigation. The Seller will be deemed to have Knowledge of a particular fact or other matter if either of the Shareholders had such Knowledge of the particular fact or other matter, and the Buyer shall be deemed to have Knowledge of a particular fact or other matter if either Gerald Plappert or William Heumann had such Knowledge of the particular fact or other matter.

"**Land**" – all parcels and tracts of land in which Seller has an ownership interest relating to the Business.

"**Lease**" – any Real Property Lease or any lease or rental agreement, license, right to use, or installment and conditional sale agreement to which Seller is a party and any other Seller Contract pertaining to the leasing or use of any Tangible Personal Property.

"**Legal Requirement**" – any federal, state, local, municipal, foreign, international, multinational, or other constitution, law, ordinance, principle of common law, code, regulation, statute, or treaty.

"**Liability**" – with respect to any Person, any liability or obligation of such Person of any kind, character, or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable, or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"**Marks**" – Seller's name, all assumed fictional business names, trade names, registered and unregistered trademarks, service marks, and applications for any of the foregoing.

"**Material Adverse Change**" – (a) a material adverse change in the business, operations, results of operations, assets, liabilities, or financial condition of the referenced Person and its Subsidiaries, taken as a whole, or (b) a change that results in a material impairment of the referenced Person's ability to perform its obligations under this Agreement or the other documents and agreements to which it is a party that have been entered into in connection with this Agreement or the transactions contemplated hereby; provided, however, none of the following shall be taken into account in determining whether there has been a Material Adverse Change: (a) any adverse change, event, development, or effect arising from or relating to (1) general business or economic conditions, including such conditions related to the Business so long as any adverse change, event, development, or effect to the Business is not materially worse than such adverse change, event, development, or effect to the United States marketplace in general, (2) financial, banking, or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (3) changes in the United States generally accepted accounting principles, (4) changes in laws, rules, regulations, orders, or other binding directives issued by any governmental entity, or (5) the taking of any action contemplated by this Agreement and other agreements, contemplated hereby, (b) any existing event, occurrence, or circumstance with respect to which Buyer has Knowledge as of the date hereof, and (c) any adverse change in or effect on the Business that is fully cured by Seller before the Closing Date.

"**Material Adverse Effect**" – any effect that results in, or has a reasonable likelihood of resulting in, a Material Adverse Change.

"**Net Names**" – all rights in Internet web sites and internet domain names presently used by Seller.

"**Net Operating Asset Value**" – Tangible Asset Value less Operating Liabilities, calculated as reflected on **Schedule 2.8**.

"**Occupational Safety and Health Law**" – any Legal Requirement designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, including the Occupational Safety and Health Act, and any required program, whether governmental or private (such as those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

"**Operating Liabilities**" – Seller's current liabilities, consisting solely of accounts payable, as set forth on Seller's Financial Statements, as reflected on **Schedule 2.8**.

"**Order**" – any order, injunction, judgment, decree, ruling, assessment, or arbitration award of any Governmental Body or arbitrator.

"**Ordinary Course of Business**" – an action taken by Seller will be deemed to have been taken in the Ordinary Course of Business if that action is consistent in nature, scope, and magnitude with the past practices of Seller and is taken in the ordinary course of the Business.

"**Patents**" – all patents, patent applications, and inventions and discoveries that may be patentable.

"**Person**" – an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity, or a Governmental Body.

"**Proceeding**" – any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, judicial, or investigative, whether formal or informal, whether public or private) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"**Real Property**" – the Land and Improvements and all Appurtenances thereto and any Ground Lease Property.

"**Real Property Lease**" – any Ground Lease or Space Lease.

"**Record**" – information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"**Related Person**" –

With respect to a particular individual:

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

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

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

(d) any Person with respect to which one or more members of such individual's immediate family serves as a director, officer, partner, manager, 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 controlling interest in such specified Person;

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

(d) any Person in which such specified Person holds a controlling interest; and

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

"**Release**" – any release, spill, emission, leaking, pumping, pouring, dumping, emptying, injection, deposit, disposal, discharge, dispersal, leaching, or migration on or into the Environment or into or out of any property.

"**Remedial Action**" – all actions, including any capital expenditures, required or voluntarily undertaken (a) to clean up, remove, treat, or in any other way address any Hazardous Material or other substance; (b) to prevent the Release or Threat of Release or to minimize the further Release of any Hazardous Material or other substance so it does not migrate or endanger or threaten to endanger public health or welfare or the Environment; (c) to perform pre-remedial studies and investigations or post-remedial monitoring and care; or (d) to bring all Facilities and the operations conducted thereon into compliance with Environmental Laws and environmental Governmental Authorizations.

"**Representative**" – with respect to a particular Person, any director, officer, manager, general partner, employee, agent, consultant, advisor, accountant, financial advisor, legal counsel, or other representative of that Person.

"**SEC**" – the United States Securities and Exchange Commission.

"**Securities Act**" – the Securities Act of 1933, as amended.

"**Seller Contract**" – any Contract: (a) under which Seller has or may acquire any rights or benefits; (b) under which Seller has or may become subject to any obligation or liability; or (c) by which Seller or any of the assets owned or used by Seller is or may become bound.

"**Shareholders**" – means Thomas J. Shideler and Barbara Shideler.

"**Software**" – all computer software and subsequent versions thereof, including source code, object, executable or binary code, objects, comments, screens, user interfaces, report formats, templates, menus, buttons, and icons, and all electronic files, electronic data, materials, manuals, design notes, and other items and documentation related thereto or associated therewith.

"**Space Lease**" – any lease or rental agreement pertaining to the occupancy of any improved space on any Land.

"**Subsidiary**" – as to any Person, (a) any corporation more than fifty percent (50%) of whose capital stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time, any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries, (b) any partnership, association, joint venture, or other entity in which such Person directly or indirectly through Subsidiaries has more than a fifty percent (50%) interest in the total capital, total income, or total ownership interests of such entity at any time, and (c) any partnership in which such Person is a general partner.

"**Tangible Asset Value**" – all of Seller's current assets (excluding cash) and fixed assets, both as reflected on **Schedule 2.8**.

"**Tangible Personal Property**" – all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, vehicles, and other items of tangible personal property (other than Inventories) of every kind owned or leased by Seller (wherever located and whether or not carried on Seller's books), together with any express or implied warranty by the manufacturers or sellers or lessors of any item or component part thereof and all maintenance records and other documents relating thereto.

"**Tax**" – any income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel, or other title or registration, capital stock, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, value added, alternative, add-on minimum, and other tax, fee, assessment, levy, tariff, charge, or duty of any kind whatsoever, and any interest, penalty, addition, or additional amount thereon, in any such case, to the extent imposed, assessed, or collected by or under the authority of any Governmental Body, whether payable directly or payable under any tax-sharing agreement or any other Contract.

"**Tax Return**" – any return (including any information return), report, statement, schedule, notice, form, declaration, claim for refund, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax.

"**Third-Party Claim**" – any claim against any Indemnified Person by a third party, whether or not involving a Proceeding.

"**Threat of Release**" – a reasonable likelihood of a Release that may require action in order to prevent or mitigate damage to property, humans, or the Environment that may result from such Release.

"**Trade Secrets**" – all know-how, trade secrets, confidential or proprietary information, customer lists, Software, technical information, data, process technology, plans, drawings, and blue prints.

2. Sale and Transfer of Assets; Closing

2.1 ASSETS TO BE SOLD

Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, but effective as of the Closing Date, Seller shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller, free and clear of any Encumbrances

other than Permitted Encumbrances, all of Seller's right, title, and interest in and to all property and assets, real, personal, or mixed, tangible and intangible, of every kind and description, wherever located, belonging to Seller and that relate to the Business as conducted immediately prior to the Closing Date (the "**Assets**"). The Assets shall include, but not be limited to, the following (but excluding the Excluded Assets):

(a) all Real Property, including the Real Property described in **Schedules 3.7**;

(b) all Tangible Personal Property, including those items described in **Schedule 2.1(b)**;

(c) all Inventories;

(d) all Accounts Receivable;

(e) all Seller Contracts, including those listed in **Schedule 3.19(a)**, and all outstanding offers or solicitations made by or to Seller to enter into any Contract;

(f) all Governmental Authorizations and all pending applications therefor or renewals thereof, in each case to the extent transferable to Buyer, including those listed in **Schedule 3.16(b)**;

(g) all data and Records related to the operations of Seller, including client and customer lists and Records, referral sources, research and development reports and Records, production reports and Records, service and warranty Records, equipment logs, operating guides and manuals, financial and accounting Records, creative materials, advertising materials, promotional materials, studies, reports, correspondence, and other similar documents and Records and, subject to Legal Requirements, certified copies of all personnel Records and other Records described in **Section 2.2(g)**;

(h) all of the intangible rights and property of Seller, including Intellectual Property Assets, going concern value, goodwill, telephone, telecopy and e-mail addresses and listings, the name "AVC", "AVC Specialists" or any derivative thereof, and those items listed in **Schedules 3.24(c)**, **(d)**, **(e)** and **(f)**;

(i) all insurance benefits, including rights and proceeds, arising from or relating to the Assets or the Assumed Liabilities prior to the Closing Date, unless expended in accordance with this Agreement or relating to a claim, or loss for which Seller or Shareholders are liable or responsible hereunder;

(j) all claims of Seller relating to the Assets, whether, known or unknown, contingent or noncontingent, including all such claims listed in **Schedule 2.1(j)**, except to the extent Seller or Shareholders may use such claims to defend, offset, or counterclaim any claim made by a third party against Seller or Shareholder with respect to a Liability;

(k) all rights of Seller relating to deposits and prepaid expenses, claims for refunds and rights to offset in respect thereof that are not listed in **Schedule 2.2(d)** and that are not excluded under **Section 2.2(h)**.

Notwithstanding the foregoing, the transfer of the Assets pursuant to this Agreement shall not include the assumption of any Liability related to the Assets unless Buyer expressly assumes that Liability pursuant to **Section 2.4(a)**.

2.2 EXCLUDED ASSETS

Notwithstanding anything to the contrary contained in **Section 2.1** or elsewhere in this Agreement, the following assets of Seller (collectively, the "**Excluded Assets**") are not part of the sale and purchase contemplated hereunder, are excluded from the Assets and shall remain the property of Seller after the Closing:

(a) all cash and cash equivalents;

(b) all minute books, stock Records, and corporate seals;

(c) all insurance policies and rights thereunder (except to the extent specified in **Section 2.1(i)** and **(j)**);

(d) all of the Seller Contracts listed in **Schedule 2.2(d)**;

(e) all personnel Records and other Records that Seller is required by law to retain in its possession;

(f) all claims for refund of Taxes and other governmental charges of whatever nature;

(g) all rights of Seller under this Agreement, the Bill of Sale and the Assignment and Assumption Agreement;

(h) the Seller's account receivable from Alstom Projects India, Ltd., relating a project in Kuwait; and

(i) the property and assets expressly designated in **Schedule 2.2(i)**.

2.3 CONSIDERATION

The aggregate consideration for the Assets (the "**Purchase Price**") shall be paid by Buyer, in immediately available funds, as follows:

(a) At the Closing, Buyer shall pay $1,250,000.00 in cash by wire transfer to an account specified by Seller and assume the Assumed Liabilities.

(b) At the Closing, Buyer shall deposit with the Escrow Agent the Escrow Amount, pursuant to the terms and conditions of the Escrow Agreement.

(c) In accordance with **Section 2.8**, Buyer or Seller shall pay the Adjustment Amount.

(d) In accordance with **Section 2.9**, Buyer shall pay the Earn-out Amount.

2.4 ASSUMED LIABILITIES. At the Closing, but effective as of the Closing Date, Buyer shall assume and agree to discharge when due only the following Liabilities of Seller (the "**Assumed Liabilities**"), and all other Liabilities shall be deemed excluded Liabilities and the Seller shall have the sole responsibility to discharge such Liabilities:

(a) any trade account payable reflected on the Interim Balance Sheet (other than a trade account payable to a Related Person of Seller that remains unpaid as of the Closing Date);

(b) any trade account payable (other than a trade account payable to a Related Person of Seller) incurred by Seller in the Ordinary Course of Business between the date of the Interim Balance Sheet and the Closing Date that remains unpaid as of the Closing Date;

(c) any Liability to Seller's customers incurred by Seller in the Ordinary Course of Business for orders outstanding as of the Closing Date reflected on Seller's books (other than any Liability, including, without limitation, warranty claims arising out of or relating to a breach that occurred prior to the Closing Date), including, without limitation, obligations to Seller's customers to provide goods or services from and after the Closing Date;

(d) any Liability of Seller arising after the Closing Date under any Seller Contract included in the Assets;

(e) any Liability of Seller described in **Schedule 2.4(e)**; and

(f) any Liability relating in any way to the Assets or the Business arising from acts or omissions after the Closing.

2.5 ALLOCATION

The Purchase Price shall be allocated in accordance with **Schedule 2.5**. After the Closing, the parties shall make consistent use of the allocation, fair market value, and useful lives specified in **Schedule 2.5** for all Tax purposes and in all filings, declarations, and reports with the IRS in respect thereof, including the reports required to be filed under Section 1060 of the Code. Buyer shall prepare and deliver IRS Form 8594 to Seller within forty-five (45) days after the Closing to be filed with the IRS. In any Proceeding related to the determination of any Tax, neither Buyer nor Seller shall contend or represent that such allocation is not a correct allocation.

2.6 CLOSING

The purchase and sale provided for in this Agreement will take place via the exchange of signature pages and closing documents by facsimile, electronic and/or courier service on the date on which this Agreement is signed (the "**Closing Date**"), which the parties intend to be as soon as practicable, but no later than August 1, 2008.

2.7 CLOSING OBLIGATIONS

In addition to any other documents to be delivered under other provisions of this Agreement, at the Closing:

(a) Seller shall deliver to Buyer:

(i) the Bill of Sale executed by Seller;

(ii) the Assignment and Assumption Agreement executed by Seller;

(iii) for each interest in Real Property identified on **Schedule 3.7**, a recordable general warranty deed, an assignment and assumption of Lease or such other appropriate document or instrument of transfer, as the case may require, each in form and substance satisfactory to Buyer and its counsel and executed by Seller;

(iv) assignments of all Intellectual Property Assets and separate assignments of all registered Marks and Patents executed by Seller;

(v) such other deeds, bills of sale, assignments, certificates of title (including endorsed certificates of title for motor vehicles), documents, and other instruments of transfer and conveyance as may reasonably be requested by Buyer, each in form and substance satisfactory to Buyer and its legal counsel and executed by Seller;

(vi) the Employment Agreements, each executed the appropriate employee party;

(vii) a certificate of the Secretary of Seller certifying, as complete and accurate as of the Closing, attached copies of the Governing Documents of Seller, certifying and attaching all requisite resolutions or actions of Seller's board of directors and the Shareholders approving the execution and delivery of this Agreement and the consummation of the Contemplated Transactions and the change of name contemplated by **Section 5.4** and certifying to the incumbency and signatures of the officers of Seller executing this Agreement and any other document relating to the Contemplated Transactions, accompanied by the requisite documents for amending the relevant Governing Documents of Seller required to effect such change of name in form sufficient for filing with the appropriate Governmental Body;

(viii) a certificate issued by the jurisdiction of Seller's organization as of a date not more than 5 days before the Closing certifying that Seller is validly existing and in good standing;

(ix) the Consents;

(x) payoff letters or release letters from each party which holds an Encumbrance on any of the Assets, accompanied by proper lien release documents, in the form as acceptable to Buyer.

(b) Buyer shall deliver to Seller:

(i) $1,250,000.00 by wire transfer to an account specified by Seller;

(xiv) the Assignment and Assumption Agreement executed by Buyer;

(iii) the Employment Agreements executed by Buyer;

(iv) a certificate of the Secretary of Buyer certifying, as complete and accurate as of the Closing, attached copies of the Governing Documents of Buyer and certifying and attaching all requisite resolutions or actions of Buyer's board of directors and, if necessary or required, its Shareholders, approving the execution and delivery of this Agreement and the consummation of the Contemplated Transactions and certifying to the incumbency and signatures of the officers of Buyer executing this Agreement and any other document relating to the Contemplated Transactions; and

(v) a certificate issued by the jurisdiction of Buyer's organization as of a date not more than 5 days before the Closing certifying that Buyer is validly existing and in good standing.

2.8 ADJUSTMENTS

(a) Within 45 days after the Closing, Seller shall deliver to Buyer a statement of showing the Net Operating Asset Value and Adjustment Amount as of the Closing Date; calculated in accordance with GAAP and on the same basis and applying the same accounting principles, policies and practices for the accounts set forth on **Schedule 2.8**. Seller shall furnish or cause to be furnished to Buyer such work papers, records, or other documents relating to the applicable calculation of the Net Operating Asset Value and the Adjustment Amount, and access thereto, as may be necessary or reasonably appropriate for evaluation of each calculation.

(b) If the Adjustment Amount is negative, the Adjustment Amount shall be paid by wire transfer by Seller to an account specified by Buyer and if the Adjustment Amount is positive, the Adjustment Amount shall be paid by wire transfer by Buyer to an account specified by Seller, each within five (5) business days after the delivery of the statement or the resolution of any dispute pursuant to **Section 2.10**, whichever is later.

2.9 EARN-OUT

(a) The Earn-out shall be:

(i) an amount (not to exceed $400,000.00 in the aggregate) equal to fifty percent (50%) of the cumulative amount by which annual Gross Profit of the Business exceeds $1,400,000.00 per Fiscal Year (the result of each calculation being an "**Earn-out Amount**") in any of the following (each, an "**Earn-out Period**"):

(A) the partial portion of Fiscal Year 2008, which period commences at the beginning of the month next succeeding the Closing;

(B) Fiscal Year 2009; and

(C) the partial portion of Fiscal Year 2010, which period commences on January 1, 2010 and continues until the two-year anniversary of the commencement date set forth in subsection (A) above

(a) (ii) At the conclusion of each Earn-out Period, Buyer shall perform a calculation to determine the Earn-out Amount due to the Seller. For purposes of Fiscal Year 2008, the annual Gross Profit shall be prorated at the rate of five twelfths, so that if the actual prorated results exceed $583,333.33 of Gross Profit, then the Seller shall be deemed to have achieved an Earn-out Amount as stated above. Likewise, Fiscal Year 2010 amounts shall be prorated in a similar manner except at the rate of seven-twelfths. Each Earn-out Amount is subject, in all respects, to the $400,000 aggregate cap described in **Section 2.9(a)(i)** and before consideration of the prorated amounts as noted above. Notwithstanding anything in this Agreement to the contrary, once Seller is entitled to an Earn-out Payment, Seller shall have no obligation to repay or refund any portion of such Earn-out Amount. Earn-out Amounts shall be paid by wire transfer by Buyer to an account specified by Seller on or before the later of the third calendar month following the conclusion of each Earn-out Period or 3 business days after the calculation of the applicable Earn-out Amount becomes binding and conclusive on the parties pursuant to **Section 2.10.** If during any time during the Earn-Out Period, Thomas Shideler is not employed by Buyer, upon written request of either Shareholder, Buyer shall provide to the Shareholders the most recent monthly financial statements of the A.V.C. Specialists division of Buyer and such other information reasonably related to the Earn-out set forth in this **Section 2.9**; provided, however, that Shareholders shall not be permitted to make more than one such request in any thirty (30) day period. Within three (3) days of the receipt of such written request, Buyer shall provide the Shareholders either such physical documents or access to Buyer's facilities for Shareholders to review such information.

(b) (b) "**Gross Profit**" as of a given date shall mean the aggregate gross profits of the Business in a Fiscal Year, calculated in the same manner as is reflected as "Gross Profit" in Seller's regularly prepared income statements prior to Closing as set forth on **Schedule 2.9(b)**.

(c) Buyer shall prepare a statement of Gross Profit calculated in accordance with **Schedule 2.9(b)** and deliver the statement to Seller within 60 days of the end of each Earn-out Period. Buyer shall furnish or cause to be furnished to Seller such work papers, records, or other documents relating to the applicable calculation of Gross Profit and Earn-out Amount, and access thereto, as either Shareholder or Seller may deem to be necessary or reasonably appropriate for evaluation of each calculation.

(d) Buyer agrees not to (i) operate the Business in a manner and to the extent intended to misrepresent or manipulate the earnings of the Business in any Earn-out Period or the Earn-out Amount, (ii) fail to cause the books and records of the Business to be maintained in a manner as will allow for the segregation, identification and accounting for expenses and revenues for the Business applied in conformance with GAAP and on a basis consistent with the preparation of the financial statements of Seller and otherwise in accordance with the historical practices of the Business prior to Closing, and (iii) operate the Business in a manner designed to reduce revenue or increase operating costs during any Earn-out Period. Notwithstanding the foregoing, any and all decisions regarding the operations of the Business based on Buyer's good faith business judgment shall not be deemed to be violations of the conditions of this **Section 2.9(d)**.

2.10 DISPUTE PROCEDURE

(a) If within 30 days following delivery of the Adjustment Amount calculation Buyer has not given Seller written notice of its objection as to the Adjustment Amount calculation (which notice shall state the basis of Buyer's objection), then the Adjustment Amount calculated by Seller shall be binding and conclusive on the parties.

(b) If within 30 days following the delivery of the Earn-out Amount calculation either Seller or a Shareholder has not given Buyer written notice of its objections to the Earn-out Amount calculation (which notice shall state the basis of Seller's or the Shareholders' objection), then the Earn-out Amount calculated by Buyer shall be binding and conclusive on the parties. Notice by one Shareholder shall be deemed to be given on behalf of and with the concurrence and agreement of both Shareholders.

(c) If either party duly gives the other party a notice of objection pursuant to **Section 2.10(a) or (b)**, and if Seller and Buyer fail to resolve the issues outstanding with respect to the calculation of the Adjustment Amount or the Earn-out Amount within 30 days after the applicable party's receipt of the objection notice, Seller and Buyer shall submit the issues remaining in dispute to Deloitte & Touche USA LLP, independent public accountants or another independent public accounting firm mutually satisfactory to the parties (the "**Independent Accountants**") for resolution applying the applicable principles, policies, and practices referred to in **Sections 2.8(a) and 2.9(b) and (c)**. If issues are submitted to the Independent Accountants for resolution, (i) Seller and Buyer shall furnish or cause to be furnished to the Independent Accountants such work papers and other documents and information relating to the disputed issues as the Independent Accountants may request and are available to that party or its agents and shall be afforded the opportunity to present to the Independent Accountants any material relating to the disputed issues and to discuss the issues with the Independent Accountants; (ii) the determination by the Independent Accountants, as set forth in a notice to be delivered to both Seller and Buyer within 60 days of the submission to the Independent Accountants of the issues remaining in dispute, shall be final, binding, and conclusive on the parties; and (iii) Seller and Buyer will each bear 50% of the fees and costs of the Independent Accountants for such determination.

2.11 CONSENTS.

If there are any Consents that have not yet been obtained (or otherwise are not in full force and effect) as of the Closing, in the case of each Seller Contract as to which such Consents were not obtained (or otherwise are not in full force and effect) (the "**Restricted Contracts**"), Buyer may waive the closing conditions as to any such Consent and either: (i) elect to have Seller continue its efforts to obtain the Consents; or (ii) elect to have Seller retain that Restricted Contract and all Liabilities arising therefrom or relating thereto. If Buyer elects to have Seller continue its efforts to obtain any Consents and the Closing occurs, notwithstanding **Sections 2.1** and **2.4**, neither this Agreement nor the Assignment and Assumption Agreement nor any other document related to the consummation of the Contemplated Transactions shall constitute a sale, assignment, assumption, transfer, conveyance, or delivery or an attempted sale, assignment, assumption, transfer, conveyance, or delivery of the Restricted Contracts, and following the Closing, the parties shall use commercially reasonable efforts, and cooperate with each other, to obtain the Consent relating to each Restricted Contract as quickly as practicable. Pending the obtaining of such Consents relating to any Restricted Contract, the parties shall cooperate with each other in any reasonable and lawful arrangements designed to provide to Buyer the benefits of use of the Restricted Contract for its term (or any right or benefit arising thereunder, including the enforcement for the benefit of Buyer of any and all rights of Seller against a third party thereunder). Once a Consent for the sale, assignment, assumption, transfer, conveyance, and delivery of a Restricted Contract is obtained, Seller shall promptly assign, transfer, convey, and deliver such Restricted Contract to Buyer, and Buyer shall assume the obligations under such Restricted Contract assigned to Buyer from and after the date of assignment to Buyer pursuant to a special-purpose assignment and assumption agreement substantially similar in terms to those of the Assignment and Assumption Agreement (which special-purpose agreement the parties shall prepare, execute, and deliver in good faith at the time of such transfer, all at no additional cost to Buyer).

3. Representations and Warranties of Seller

Seller and Shareholders, jointly and severally, represent and warrant, at and as of the Closing Date (unless another time or time period is expressly stated), to Buyer as follows:

3.1 ORGANIZATION AND GOOD STANDING

(a) **Schedule 3.1(a)** contains a complete and accurate list of Seller's jurisdiction of incorporation and any other jurisdictions in which it is qualified to do business as a foreign corporation. Seller is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, with full 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 under the Seller Contracts. Seller is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction, except where the failure to qualify would not have a Material Adverse Effect.

(b) Complete and accurate copies of the Governing Documents of Seller, as currently in effect, have been provided to Buyer.

(c) Seller has no Subsidiary and, except as disclosed in **Schedule 3.1(c)**, does not own any shares of capital stock or other securities or equity interests of any other Person.

3.2 ENFORCEABILITY; AUTHORITY; NO CONFLICT

(a) This Agreement constitutes the legal, valid, and binding obligation of Seller, enforceable against it in accordance with its terms, except as the enforcement thereof may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally. Upon the execution and delivery by Seller of the Assignment and Assumption Agreement, and each other agreement to be executed or delivered by Seller at the Closing (collectively, the "**Seller's Closing Documents**"), each of Seller's Closing Documents will constitute the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as the enforcement thereof may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally. Seller has the absolute and unrestricted right, power, and authority to execute and deliver this Agreement and the Seller's Closing Documents to which it is a party and to perform its obligations under this Agreement and the Seller's Closing Documents, and such action has been duly authorized by all necessary action by Seller's shareholders and board of directors.

(b) Except as set forth in **Schedule 3.2(b)**, neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions does, directly or indirectly (with or without notice or lapse of time): (i) breach (A) any provision of any of the Governing Documents of Seller or (B) any resolution adopted by the board of directors or the shareholders of Seller; (ii) breach or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under any Legal Requirement or any Order to which Seller or any of the Assets, may be subject; (iii) contravene, conflict with, or result in a violation or breach of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization that is held by Seller or that otherwise relates to the Assets or to the business of Seller; (iv) breach 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 payment under, or to cancel, terminate, or modify, any Seller Contract; or (v) result in the imposition or creation of any Encumbrance upon or with respect to any of the Assets, except where the breach, right, contravention, conflict, violation, imposition or creation would not have a Material Adverse Effect.

(c) Except as set forth in **Schedule 3.2(c)**, Seller is not required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

3.3 CAPITALIZATION

The authorized equity securities of Seller consist of 1,000,000 shares of common stock, no par value per share, of which 100,000 shares are issued and outstanding. All the outstanding shares are owned by the Shareholders. There are no Contracts or agreements relating to the issuance, sale, or transfer of any equity securities or other securities of Seller or any options, warrants or other similar rights of ownership in Seller.

3.4 FINANCIAL STATEMENTS

Seller has delivered to Buyer: (a) the unaudited Financial Statements in each of the fiscal years 2006, 2007 and 2008; (b) the Interim Financial Statements for the four months ended April 30, 2008, certified by Seller's chief financial officer. Such financial statements fairly present the financial condition and the results of operations, changes in shareholders' equity, and cash flows of Seller as at the respective dates of and for the periods referred to in such financial statements, all in accordance with GAAP (except that in the case of the Interim Financial Statement, such statements will not contain footnotes or year-end adjustments). The financial statements referred to in this **Section 3.4** reflect the consistent application of such accounting principles throughout the periods involved, except as disclosed in the notes to such financial statements. The financial statements have been and will be prepared from and are in accordance with the accounting Records of Seller.

3.5 BOOKS AND RECORDS

The minute books of Seller, all of which have been made available to Buyer, are true, correct and complete minute books of Seller.

3.6 SUFFICIENCY OF ASSETS

Except as set forth in **Schedule 3.6**, the Assets (a) constitute all of the assets, tangible and intangible, necessary to conduct the Business in the manner presently operated by Seller and (b) include all of the operating assets of Seller.

3.7 DESCRIPTION OF LEASED REAL PROPERTY; NO REAL PROPERTY

Schedule 3.7 contains a correct street address of all tracts, parcels, and subdivided lots in which Seller has a leasehold interest. Seller has previously provided Buyer with true, accurate and complete copies of all Real Property Leases. Seller does not own any Real Property.

3.8 TITLE TO ASSETS; ENCUMBRANCES

Seller owns good and transferable title to all of the Assets free and clear of any Encumbrances other than those described in **Schedule 3.8** ("**Permitted Encumbrances**").

3.9 CONDITION OF FACILITIES

Except as disclosed in **Schedule 3.9**, each item of Tangible Personal Property is in good repair and good operating condition, ordinary wear and tear excepted, is suitable for immediate

use in the Ordinary Course of Business. Except as disclosed in **Schedule 3.9**, no material item of Tangible Personal Property is in need of repair or replacement other than as part of routine maintenance in the Ordinary Course of Business. Except as disclosed in **Schedule 3.9**, all Tangible Personal Property used in Seller's business is in the possession of Seller.

3.10 ACCOUNTS RECEIVABLE

(a) All Accounts Receivable that are reflected on the Interim Financial Statements or incurred since such date, as reflected on the accounting Records of Seller as of the Closing Date, represent or will represent valid obligations arising from sales actually made or services actually performed by Seller in the Ordinary Course of Business. Except to the extent paid prior to the Closing, such Accounts Receivable are or will be as of the Closing Date current and collectible in the Ordinary Course of Business net of the respective reserves shown on the Interim Financial Statements (which reserves are adequate and calculated consistent with past practice. There is no contest, claim, defense, or right of setoff currently being asserted by an account debtor, other than returns in the Ordinary Course of Business of Seller, under any Contract with any account debtor of an Account Receivable relating to the amount or validity of such Account Receivable. **Schedule 3.10** contains a complete and accurate list of all Accounts Receivable as of the date of the Interim Financial Statements, which list sets forth the aging of each such Account Receivable.

3.11 INVENTORIES

All items included in the Inventories consist of a quality and quantity usable and, with respect to finished goods, saleable, in the Ordinary Course of Business of Seller except for obsolete items and items of below-standard quality, all of which have been written off or written down to net realizable value in the Interim Financial Statements or on the accounting Records of Seller as of the Closing Date, as the case may be. Except as disclosed in **Schedule 3.11**, Seller is not in possession of any inventory not owned by Seller, including goods already sold. Inventories now on hand that were purchased after the date of the Interim Financial Statements were purchased in the Ordinary Course of Business of Seller at a cost not exceeding general market prices available to Seller prevailing at the time of purchase. The quantities of each item of Inventories (whether raw materials, work-in-process, or finished goods) are not excessive but are reasonable in the present circumstances of Seller. Inventories are reflected on the accounting Records of Seller at the lower of cost or market.

3.12 NO UNDISCLOSED LIABILITIES

Except as set forth in **Schedule 3.12**, Seller has no Liability except for Liabilities reflected or reserved against in the Interim Financial Statements and current liabilities incurred in the Ordinary Course of Business of Seller since the date of the Interim Financial Statements.

3.13 TAXES

(a) Tax Returns Filed and Taxes Paid. Seller has filed or caused to be filed on a timely basis all Tax Returns and all reports with respect to Taxes that are or were required to be filed pursuant to applicable Legal Requirements. All Tax Returns and reports filed by Seller are true, correct, and complete in all material respects. Seller has paid, or made provision

for the payment of, all Taxes that have or may have become due for all periods covered by the Tax Returns, or sought and complied with any applicable extension with respect to, or pursuant to any assessment received by Seller, except such Taxes, if any, as are listed in **Schedule 3.13(a)** and are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP) have been provided in the Financial Statements and the Interim Financial Statements or are not required to be reserved against pursuant to GAAP. Except as provided in **Schedule 3.13(a)**, Seller currently is not the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made or is reasonably expected by Seller to be made by any Governmental Body in a jurisdiction where Seller does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Encumbrances on any of the Assets that arose in connection with any failure (or alleged failure) to pay any Tax, and Seller has received no notice of any claims from a taxing authority attributable to Taxes which, if adversely determined, would result in any such Encumbrance.

(b) Delivery of Tax Returns and Information Regarding Audits and Potential Audits. Seller has delivered or made available to Buyer copies of, and **Schedule 3.13(b)** contains a complete and accurate list of, all Tax Returns filed since January 1, 2006. No such Tax Returns of Seller have been audited, nor has Seller received any notice from a Governmental Body that any such Tax Returns are currently under audit. Except as provided in **Schedule 3.13(b)**, Seller has no notice from any Governmental Body that it is likely to assess any additional taxes for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Taxes of Seller claimed or raised by any Governmental Body in writing. Except as described in **Schedule 3.13(b)**, Seller has not given or been requested to give waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment of Taxes of Seller or for which Seller may be liable.

(c) Specific Potential Tax Liabilities and Tax Situations.

(i) Withholding. All Taxes that Seller is or was required by Legal Requirements to withhold, deduct, or collect have been duly withheld, deducted, and collected and, to the extent required, have been paid to the proper Governmental Body or other Person.

(ii) Tax Sharing or Similar Agreements. There is no tax sharing agreement, tax allocation agreement, tax indemnity obligation, or similar written or unwritten agreement, arrangement, understanding, or practice with respect to Taxes (including any advance pricing agreement, closing agreement, or other arrangement relating to Taxes) that will require any payment by Seller.

(iii) Consolidated Group. Seller (A) has not been a member of an affiliated group within the meaning of Code Section 1504(a) (or any similar group defined under a similar provision of state, local, or foreign law) and (B) has no liability for Taxes of any person (other than Seller and its Subsidiaries) under Treas. Reg. Sect. 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor by contract or otherwise.

(iv) Substantial Understatement Penalty. Seller has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code Section 6662.

3.14 NO MATERIAL ADVERSE CHANGE

Since the date of the Interim Financial Statements, there has not been any Material Adverse Change in Seller, and Seller has no Knowledge of any event that has occurred that may reasonably result in such a Material Adverse Change.

3.15 EMPLOYEE BENEFITS

(a) Seller's only Employee Plans (as defined in paragraph (d) below) have been and are a Savings Incentive Match Plan for Employees of Small Employers, effective January 1, 2001 "**Simple Plan**" and an Anthem Blue Cross Life and Health Insurance Company Group Insurance Policy "**Group Health Policy**".

(b) None of the Plans has ever promised or provided health care or other non-pension benefits to former employees (other than benefits required to be provided by Part 6 of Subtitle B of Title I of ERISA).

(c) Seller has made all due and payable Employer matching contributions under the Simple Plan to each employee's SIMPLE IRA.

(d) With respect to each Plan, there has been no "prohibited transaction", as such term is defined in Section 406 of ERISA and Section 4975 of the Code, which could result in any material tax, penalty or liability of Seller. All of the Plans have complied in all material respects with the requirements prescribed by any and all applicable statutes, orders or governmental rules or regulations in effect with respect thereto. There are no material actions, suits or claims pending (other than routine claims for benefits) or, to the best Knowledge of Seller, threatened, with respect to any of the Plans.

(e) For the purposes of this Section, (i) the term "**Employee Plan**" or "**Plan**" includes any employee benefit plan as defined in Section 3(3) of ERISA, and any bonus, stock option, or other benefit plan or arrangement, whether or not subject to ERISA, but shall not include any such plan or arrangement which is, or is similar to, a payroll practice as defined in 29 CFR Section 2510.3-1(b).

(f) Seller currently complies, in all material respects with the applicable continuation requirements for the Group Health Policy, including (i) COBRA and (ii) any applicable state statutes mandating health insurance continuation coverage for employees.

(g) The form of all Employee Plans is in compliance with the applicable terms of ERISA, the Code, and any other applicable laws, including the Americans with Disabilities Act of 1990, the Family Medical Leave Act of 1993, and the Health Insurance Portability and Accountability Act of 1996, and such plans have been operated in compliance with such laws and the written Employee Plan documents. Neither Seller nor any fiduciary

of an Employee Plan has violated the requirements of Section 404 of ERISA. All required reports and descriptions of the Employee Plans (including Internal Revenue Service Form 5500 Annual Reports, Summary Annual Reports and Summary Plan Descriptions, and Summaries of Material Modifications) have been (when required) timely filed with the IRS, the U.S. Department of Labor, or other Governmental Body and distributed as required, and all notices required by ERISA or the Code or any other Legal Requirement with respect to the Employee Plans have been appropriately given.

(h) Seller has maintained workers' compensation coverage as required by applicable state law through purchase of insurance and not by self-insurance or otherwise except as disclosed to Buyer on **Schedule 3.15(h)**.

(i) Except for the continuation coverage requirements of COBRA, Seller has no obligations or potential liability for benefits to employees, former employees, or their respective dependents following termination of employment or retirement under the Group Health Policy.

(j) Neither the entering into of this Agreement nor the occurrence of any of the Contemplated Transactions will result in an amendment, modification, or termination of any of the Employee Plans. No written or oral representations have been made to any employee or former employee of Seller promising or guaranteeing any employer 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 of coverage required under COBRA). No written or oral representations have been made to any employee or former employee of Seller concerning the employee benefits of Buyer.

3.16 COMPLIANCE WITH LEGAL REQUIREMENTS; GOVERNMENTAL AUTHORIZATIONS

(a) Except as set forth in **Schedule 3.16(a)**:

(i) Seller is in compliance with each material Legal Requirement that is applicable to it or to the Assets or the conduct or operation of the Business or the ownership or use of any of the Assets;

(ii) to Seller's Knowledge, no event has occurred that (with or without notice or lapse of time) (A) may constitute or result in a material violation by Seller of, or a failure of Seller to comply in any material respect with, any Legal Requirement or (B) may reasonably give rise to any obligation of Seller to undertake, or to bear all or any portion of the cost of, any Remedial Action of any nature; and

(iii) Seller has not received, at any time since January 1, 2006, any notice or other communication (whether oral or written) from any Governmental Body or any written notice or other written communication from any other Person regarding (A) any actual, alleged, possible, or potential violation of, or failure to comply with, any Legal Requirement or (B) any actual, alleged, reasonably possible, or potential obligation of Seller to undertake, or to bear all or any portion of the cost of, any remedial action of any nature pursuant to any Legal Requirement.

(b) **Schedule 3.16(b)** contains a complete and accurate list of each Governmental Authorization that is held by Seller and that relates to the Business or the Assets. Each Governmental Authorization listed or required to be listed in **Schedule 3.16(b)** is valid and in full force and effect. Except as set forth in **Schedule 3.16(b)**:

(i) Seller is, and at all times since January 1, 2006, has been, in compliance in all material respects with all of the terms and requirements of each Governmental Authorization identified or required to be identified in **Schedule 3.16(b)**;

(ii) to Seller's Knowledge, no event has occurred that reasonably may (with or without notice or lapse of time) (A) constitute or result in a material violation by Seller of or a failure by Seller to comply in any material respect with any term or requirement of any Governmental Authorization listed or required to be listed in **Schedule 3.16(b)** or (B) may reasonably be expected to result in the revocation, withdrawal, suspension, cancellation, or termination of, or any modification to, any Governmental Authorization listed or required to be listed in **Schedule 3.16(b)**;

(iii) Seller has not received, at any time since January 1, 2006, any notice or other communication (whether oral or written) from any Governmental Body or any written notice or other written communication from any other Person regarding (A) any actual, alleged, possible, or potential violation of or failure to comply with any material term or requirement of any Governmental Authorization or (B) any actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, termination of, or modification to any Governmental Authorization; and

(iv) all applications required to be filed for the renewal of the Governmental Authorizations listed or required to be listed in **Schedule 3.16(b)** have been duly filed on a timely basis with the appropriate Governmental Bodies, and all other filings required to be made with respect to such Governmental Authorizations have been duly made on a timely basis with the appropriate Governmental Bodies.

The Governmental Authorizations listed in **Schedule 3.16(b)** collectively constitute all of the Governmental Authorizations necessary to permit Seller to lawfully conduct and operate its business in the manner in which it currently conducts and operates such business and to permit Seller to own and use its assets in the manner in which it currently owns and uses such assets.

3.17 LEGAL PROCEEDINGS; ORDERS

(a) Except as set forth in **Schedule 3.17(a)**, there is no pending or, to Seller's Knowledge, threatened Proceeding:

(i) by or against Seller or that otherwise relates to or may adversely affect the Business of, or the Assets taken as a whole; or

(ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions.

To the Knowledge of Seller, no event has occurred that is reasonably likely to give rise to or serve as a basis for the commencement of any such Proceeding. Seller has made available, and will continue to make available, to Buyer copies of all pleadings, correspondence, and other documents relating to each Proceeding listed in **Schedule 3.17(a)**. Except as set forth in **Schedule 3.17(a)**, there are no Proceedings listed or required to be listed in **Schedule 3.17(a)** that could have a Material Adverse Effect.

(b) Except as set forth in **Schedule 3.17(b)**:

(i) there is no Order to which Seller, the Business, or any of the Assets is subject;

(ii) to the Knowledge of Seller, no officer, director, agent, or employee of Seller is subject to any Order that prohibits such officer, director, agent, or employee from engaging in or continuing any conduct, activity, or practice relating to the Business;

(iii) to the Knowledge of Seller, no event has occurred that is reasonably likely to constitute or result in (with or without notice or lapse of time) a violation of or failure to comply with any term or requirement of any Order to which Seller or any of the Assets is subject; and

(iv) Seller has not received, at any time since January 1, 2006, any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible, or potential violation of, or failure to comply with, any term or requirement of any Order to which Seller or any of the Assets is or has been subject.

3.18 ABSENCE OF CERTAIN CHANGES AND EVENTS

Except as set forth in **Schedule 3.18**, since the date of the Interim Financial Statements, Seller has conducted its business only in the Ordinary Course of Business and there has not been any:

(a) change in Seller's authorized or issued capital stock;

(b) amendment to the Governing Documents of Seller;

(c) payment outside the Ordinary Course of Business or increase by Seller of any bonuses, salaries, or other compensation to any shareholder, director, or officer, nor any payment or increase by Seller (except in the Ordinary Course of Business) of any bonuses, salaries, or other compensation to any employee, nor entry into any employment, severance, or similar Contract with any director, officer, or employee;

(d) adoption or termination of, amendment to, or increase in the payments to or benefits under, any Employee Plan;

(e) damage to or destruction or loss of any material Asset, whether or not covered by insurance;

(f) entry into, termination of, or receipt of notice of termination of (i) any material license, distributorship, dealer, sales representative, joint venture, credit, or similar Contract to which Seller is a party, or (ii) any Contract or transaction involving a total commitment by Seller of at least $20,000;

(g) sale (other than sales of Inventories in the Ordinary Course of Business), lease or other disposition of any Asset or property of Seller (including the Intellectual Property Assets) or the creation of any Encumbrance on any Asset;

(h) cancellation or waiver of any claims or rights with a value to Seller in excess of $20,000;

(i) notice by any customer or supplier of an intention to discontinue or materially change the terms of its relationship with Seller outside the Ordinary Course of Business;

(j) material change in the accounting methods used by Seller; or

(k) Contract entered into by Seller to do any of the foregoing.

3.19 CONTRACTS; NO DEFAULTS

(a) **Schedule 3.19(a)** contains an accurate and complete list, and Seller has delivered to Buyer accurate and complete copies, of:

(i) each Seller Contract that involves performance of services or delivery of goods or materials by Seller of an amount or value in excess of $20,000;

(ii) each Seller Contract that involves performance of services or delivery of goods or materials to Seller of an amount or value in excess of $20,000;

(iii) each Seller Contract that was not entered into in the Ordinary Course of Business and that involves expenditures or receipts of Seller in excess of $20,000);

(iv) each Seller Contract affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in any real property;

(v) each Seller Contract with any labor union or other employee representative of a group of employees relating to wages, hours, and other conditions of employment;

(vi) each Seller Contract involving a sharing of profits, losses, costs, or liabilities by Seller with any other Person;

(vii) each Seller Contract containing covenants that in any way purport to restrict Seller's business activity or limit the freedom of Seller to engage in any line of business or to compete with any Person;

(viii) each Seller Contract providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods;

(ix) each power of attorney of Seller that is currently (or could become in the future) effective and outstanding;

(x) each Seller Contract for capital expenditures by Seller in excess of $20,000;

(xi) each Seller Contract not denominated in Dollars;

(xii) each written warranty, guaranty, or other similar undertaking with respect to contractual performance extended by Seller other than in its Ordinary Course of Business;

(xiii) the form of Seller's standard warranty terms and the warranties for any contract entered into in the Ordinary Course of Business of Seller; and

(xiv) each amendment, supplement, and modification (whether oral or written) in respect of any of the foregoing.

(b) Except as set forth in **Schedule 3.19(b)**, no Shareholder has or may acquire any rights under, and no Shareholder has or may become subject to any obligation or liability under, any Contract that relates to the Business or any of the Assets.

(c) Except as set forth in **Schedule 3.19(c)**:

(i) each Contract identified or required to be identified in **Schedule 3.19(a)** and that is to be assigned to or assumed by Buyer under this Agreement is in full force and effect and to Seller's Knowledge is valid and enforceable in accordance with its terms except as the enforcement thereof may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally;

(ii) each Contract identified or required to be identified in **Schedule 3.19(a)** and that is being assigned to or assumed by Buyer is assignable by Seller to Buyer without the consent of the other party or parties thereto; and

(iii) to the Knowledge of Seller, no Contract identified or required to be identified in **Schedule 3.19(a)** and that is to be assigned to or assumed by Buyer under this Agreement will upon completion or performance thereof have a Material Adverse Effect on Seller.

(d) Except as set forth in **Schedule 3.19(d)**:

(i) Seller is, and at all times since January 1, 2006, has been, in all material respects in compliance with all applicable terms and requirements of each Seller Contract that is being assigned to or assumed by Buyer;

(ii) each other Person that has or had any obligation or liability under any Seller Contract that is being assigned to or assumed by Buyer is, and at all times since January 1, 2006, has been, to Seller's Knowledge in compliance in all material respects with all applicable terms and requirements of such Contract;

(iii) no event has occurred that (with or without notice or lapse of time) may contravene, conflict with, or result in a breach of, or give Seller or any other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate, or modify any Seller Contract that is being assigned to or assumed by Buyer;

(iv) no event has occurred under the terms of any Contract that (with or without notice or lapse of time) would cause the creation of any Encumbrance affecting any of the Assets; and

(v) Seller has not given to or received from any other Person, at any time since January 1, 2006, any written notice or other written communication regarding any actual, alleged, or potential violation or breach of, or default under, any Seller Contract that is being assigned to or assumed by Buyer.

(e) There are no renegotiations of, requests to renegotiate, or outstanding rights to renegotiate any material amounts paid or payable to Seller under current or completed Seller Contracts with any Person having the contractual or statutory right to demand or require such renegotiation, and no such Person has made written demand for such renegotiation.

(f) Except as set forth in **Schedule 3.19(f)**, each Seller Contract relating to the sale, design, manufacture, or provision of products or services by Seller has been entered into in the Ordinary Course of Business of Seller and has been entered into without the commission by Seller of any act alone or in concert with any other Person, or any consideration having been paid or promised by Seller, that is or would be in violation of any Legal Requirement for which Seller could reasonably be held liable or otherwise responsible.

3.20 INSURANCE

(a) Seller has delivered to Buyer:

(i) accurate and complete summaries of all policies of insurance to which Seller is a party or under which Seller is covered, a list of which is included in **Schedule 3.20(a)**;

(ii) accurate and complete copies of all pending applications by Seller for policies of insurance; and

(iii) any statement by any consultant or risk management advisor with regard to the adequacy of Seller's coverage or of the reserves for claims.

(b) **Schedule 3.20(b)** describes:

(i) any self-insurance arrangement by or affecting Seller, including any reserves established thereunder;

(ii) any Contract or arrangement, other than a policy of insurance, for the transfer or sharing of any risk to which Seller is a party or by which Seller is bound or that involves the business of Seller; and

(iii) all obligations of Seller to provide insurance coverage to Third Parties (for example, under Leases or service agreements) and identifies the policy under which such coverage is provided.

(c) Seller has previously provided to Buyer for the current policy year and each of the 2 preceding policy years:

(i) a summary of the loss experience under each policy of insurance;

(ii) a statement describing each claim under a policy of insurance for an amount in excess of ($10,000), which sets forth:

(A) the name of the claimant;

(B) a description of the policy by insurer, type of insurance, and period of coverage; and

(C) the amount and a brief description of the claim.

and

(iii) a statement describing the loss experience for all claims that were self-insured, including the number and aggregate cost of such claims.

(d) Except as set forth in **Schedule 3.20(d)**:

(i) all policies of insurance to which Seller is a party or that provide coverage to Seller:

(A) are to Seller's Knowledge, valid, outstanding, and enforceable;

(B) taken together, to Seller's Knowledge, provide adequate insurance coverage for the Assets and the operations of Seller for all risks normally insured against by a Person carrying on the same business or businesses as Seller with the same volume of business as Seller in the same location; and

(C) are sufficient for compliance with all material Legal Requirements and Seller Contracts;

(ii) Seller has not received (A) any refusal of insurance coverage or any notice that a defense will be afforded with reservation of rights to any insurance claim or (B) within the past two (2) years any notice of cancellation or any other indication that any policy of insurance is no longer in full force or effect or that the issuer of any policy of insurance is not willing or able to perform its obligations thereunder;

(iii) Seller (or any other party liable therefor) has paid all premiums due, and has otherwise performed all of its obligations, under each policy of insurance to which Seller is a party or that provides coverage to Seller; and

(iv) Seller has given notice to the insurer of all claims for which it intends to seek coverage thereunder.

3.21 ENVIRONMENTAL MATTERS

Except as disclosed in **Schedule 3.21**:

(a) To Seller's Knowledge, Seller is, and at all times has been, in full compliance with, and has not been and is not to Seller's Knowledge, in violation of or liable under, any Environmental Law. Seller has no basis to expect, has it or, to Seller's Knowledge, any other Person for whose conduct they are or may be held to be responsible received, any actual or threatened order, notice, or other communication from (i) any Governmental Body or private citizen or (ii) the current or prior owner or operator of any Facilities, of any actual or potential violation or failure to comply with any Environmental Law, or of any actual or threatened obligation to undertake or bear the cost of any Environmental, Health and Safety Liabilities with respect to any Facility or other Asset (whether real, personal or mixed) in which Seller has or had an interest, or with respect to any property or Facility at or to which Hazardous Materials were generated, manufactured, refined, transferred, imported, used, handled, or processed by Seller or any other Person for whose conduct it is or may be held responsible, or from which Hazardous Materials have been transported, treated, stored, handled, transferred, disposed, recycled, or received.

(b) There are no pending or, to the Knowledge of Seller, threatened claims, Encumbrances, or other restrictions of any nature resulting from any Environmental, Health and Safety Liabilities or arising under or pursuant to any Environmental Law with respect to or affecting any Facility or any other Asset (whether real, personal, or mixed) in which Seller has or had an interest.

(c) Since January 1, 2006, Seller has no Knowledge of or any basis to expect, nor has Seller or any other Person for whose conduct they are or may be held responsible, received from any Governmental Body, any citation, directive, inquiry, notice, Order, summons, warning, or other communication that relates to Hazardous Activity, Hazardous Materials, or any alleged, actual, or potential violation or failure to comply with any Environmental Law, or of any alleged, actual, or potential obligation to undertake or bear

the cost of any Environmental, Health and Safety Liabilities with respect to any Facility or Asset (whether real, personal, or mixed) in which Seller has or had an interest for which it could be held liable, or with respect to any property or facility to which Hazardous Materials generated, manufactured, refined, transferred, imported, used, handled, or processed by Seller or any other Person for whose conduct it is or may be held responsible, have been transported, treated, stored, handled, transferred, disposed, recycled, or received.

(d) Neither Seller nor any other Person for whose conduct it is or may be held responsible has, to Seller's Knowledge, any Environmental, Health and Safety Liabilities with respect to any Facility or, to the Knowledge of Seller, with respect to any other property or asset (whether real, personal, or mixed) in which Seller (or any predecessor) has or had an interest, or to Seller's Knowledge, at any property geologically or hydrologically adjoining any Facility or any such other property or asset.

(e) There are no Hazardous Materials present on or in the Environment at any Facility or to Seller's Knowledge at any geologically or hydrologically adjoining property, including any Hazardous Materials contained in barrels, aboveground or underground storage tanks, landfills, land deposits, dumps, equipment (whether movable or fixed), or other containers, either temporary or permanent, and deposited or located in land, water, sumps, or any other Facility or to Seller's Knowledge such adjoining property, or incorporated into any structure therein or thereon. Neither Seller nor any Person for whose conduct it is or may be held responsible, or to the Knowledge of Seller, any other Person, has permitted or conducted, or is aware of, any Hazardous Activity conducted with respect to any Facility or any other property or assets (whether real, personal, or mixed) in which Seller has or had an interest except in full compliance with all applicable Environmental Laws.

(f) Since January 1, 2006, there has been no Release or, to the Knowledge of Seller, Threat of Release, of any Hazardous Materials at or from any Facility or at any other location where any Hazardous Materials were generated, manufactured, refined, transferred, produced, imported, used, handled, or processed from or by any Facility, or from any other property or asset (whether real, personal, or mixed) in which Seller has or had an interest, or to the Knowledge of Seller any geologically or hydrologically adjoining property, whether by Seller or any other Person.

(g) Seller has delivered to Buyer true and complete copies and results of any reports, studies, analyses, tests, or monitoring possessed or initiated by Seller pertaining to Hazardous Materials or Hazardous Activities in, on, or under the Facilities, or concerning compliance, by Seller or any other Person for whose conduct it is or may be held responsible, with Environmental Laws.

(h) The Facilities do not contain any wetlands, as defined in the Clean Water Act and regulations promulgated thereunder, or similar Legal Requirements, or other sensitive or protected areas or species of flora or fauna.

3.22 EMPLOYEES

(a) **Schedule 3.22(a)** contains a complete and accurate list of the following information for each full-time, permanent employee and director of Seller, including each such employee on leave of absence or layoff status: name; job title; date of hiring or engagement; date of commencement of employment or engagement; current compensation paid or payable and any change in compensation since December 31, 2006; frequency of payment (i.e., weekly, semi-monthly, etc.); whether the employee is exempt or non-exempt for overtime purposes; sick and vacation leave that is accrued but unused; and service credited under any Employee Plan, or any other employee or director benefit plan.

(b) To the Knowledge of Seller, no full-time, permanent officer, director, agent, employee, consultant, or contractor of Seller is bound by any Contract that purports to limit the ability of such officer, director, agent, employee, consultant, or contractor (i) to engage in or continue or perform any conduct, activity, duties, or practice relating to the business of Seller or (ii) to assign to Seller or to any other Person any rights to any invention, improvement, or discovery. To the Knowledge of Seller, no former or current permanent, full-time employee of Seller is a party to, or is otherwise bound by, any Contract that in any way adversely affects, or will adversely affect, the ability of Seller or Buyer to conduct the business as currently carried on by Seller.

3.23 LABOR DISPUTES; COMPLIANCE

(a) With regard to all employees, regardless of whether an employee may be full-time, part-time, temporary, or permanent, Seller has complied in all material respects with all Legal Requirements relating to employment practices, terms and conditions of employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, collective bargaining, the payment of social security and similar Taxes, and occupational safety and health. Seller is not liable for the payment of any Taxes, fines, penalties, or other amounts, however designated, for failure to comply with any of the foregoing Legal Requirements.

(b) Except as disclosed in **Schedule 3.23(b)**, (i) Seller has not been, and is not now, a party to any collective bargaining agreement or other labor contract; (ii) since January 1, 2006, there has not been, there is not presently pending or existing, and to Seller's Knowledge there is not threatened, any strike, slowdown, picketing, work stoppage, or employee grievance process involving Seller; (iii) to Seller's Knowledge no event has occurred that could provide the basis for any work stoppage or other labor dispute with respect to Seller; (iv) there is not pending or, to Seller's Knowledge, threatened against Seller any Proceeding relating to the alleged violation of any Legal Requirement pertaining to labor relations or employment matters, including any charge or complaint filed with the National Labor Relations Board or any comparable Governmental Body, and there is no organizational activity or other labor dispute against or affecting Seller or the Facilities; (v) no application or petition for an election of or for certification of a collective bargaining agent is pending with respect to Seller; (vi) no grievance or arbitration Proceeding exists against Seller or in connection with the conduct of its business; (vii) there is no lockout of any employees by Seller, and no such action is contemplated by

Seller; and (viii) to Seller's Knowledge there has been no charge of discrimination filed or threatened against Seller with the Equal Employment Opportunity Commission or similar Governmental Body.

3.24 INTELLECTUAL PROPERTY ASSETS

(a) **Schedule 3.24(a)** contains a complete and accurate list, and Seller has delivered to Buyer accurate and complete copies, of all Seller Contracts relating to the Intellectual Property Assets, except for any "shrink-wrap" license for commercially available Software programs. There are no outstanding and, to Seller's Knowledge, no threatened disputes or disagreements with respect to any such Contract.

(b) (i) Except as set forth in **Schedule 3.24(b)**, the Intellectual Property Assets are all those necessary for the operation of Seller's business as it is currently conducted. Seller is the owner or licensee of all right, title, and interest in and to each of the Intellectual Property Assets, free and clear of all Encumbrances, and has the right to exercise its rights in all the Intellectual Property Assets without payment to a third party, other than obligations arising from licenses listed in **Schedule 3.24(b)**.

(ii) Except as set forth in **Schedule 3.24(b)**, all current employees and independent contractors of Seller have executed written Contracts with Seller that assign to Seller all rights to any inventions, improvements, discoveries, work product, or information relating to the business of Seller.

(c) (i) **Schedule 3.24(c)** contains a complete and accurate list of Seller's Intellectual Property Assets, including any application or registration numbers, as applicable, and identifying the owner thereof.

(ii) Except as set forth on **Schedule 3.24(c)**, all of Seller's issued or registered Intellectual Property Assets are currently in compliance with formal and substantive Legal Requirements (including payment of any filing, examination, and maintenance fees and proofs of working or use), are valid and enforceable.

(iii) Except as set forth on **Schedule 3.24(c)**, none of Seller's Intellectual Property Assets has been or is now subject to any adverse claim or involved in any interference, reissue, reexamination, dispute, invalidation, cancellation, or opposition Proceeding and, to Seller's Knowledge, no such action is threatened with respect to any of the Intellectual Property Assets.

(iv) Except as set forth in **Schedule 3.24(c)**, (A) to Seller's Knowledge, no Intellectual Property Asset is infringed or has been challenged or threatened in any way and (B) none of Seller's Intellectual Property Assets infringes or is alleged to infringe any proprietary right of any third party.

(v) All products made, used, or sold under the Patents have been marked with the proper patent notice and all products and materials containing a Mark bear the proper registration notice where permitted by law.

(d) Seller has taken all reasonable precautions to protect the secrecy, confidentiality, and value of all Trade Secrets. The Trade Secrets are not of the public knowledge or literature and, to Seller's Knowledge, have not been used, divulged, or appropriated either for the benefit of any third party or to the detriment of Seller.

3.25 RELATED PERSONS

Except as disclosed in **Schedule 3.25**, neither Seller nor any Related Person of Seller has, or since January 1, 2006, has had, any interest in any property (whether real, personal or mixed and whether tangible or intangible) used in or pertaining to Seller's business. Neither Seller nor any Related Person of Seller owns, or since January 1, 2006, has owned, of record or as a beneficial owner, an equity interest or any other financial or profit interest in any Person that has (a) had material business dealings or a material financial interest in any transaction with Seller other than business dealings or transactions disclosed in **Schedule 3.25**, each of which has been conducted in the Ordinary Course of Business with Seller at substantially prevailing market prices and on substantially prevailing market terms or (b) engaged in competition with Seller with respect to any line of the products or services of Seller (a "**Competing Business**") in any market presently served by Seller, except for ownership of less than one percent (1%) of the outstanding capital stock of any Competing Business that is publicly traded on any recognized exchange or in the over-the-counter market. Except as set forth in **Schedule 3.25**, neither Seller nor any Related Person of Seller is a party to any Contract with, or has any claim or right against, Seller, except pursuant to Contracts entered into in the Ordinary Course of Business at substantially prevailing market prices and on substantially prevailing market terms.

3.26 BROKERS OR FINDERS

Except as disclosed on **Schedule 3.26**, neither Seller nor any of its Representatives has incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payments in connection with the sale of Seller's business or the Assets or the Contemplated Transactions.

3.27 DISCLOSURE

No representation or warranty made by Seller in this Agreement, or statements or other information contained in the Disclosure Schedule, contains any untrue statement of material fact or omits to state a material fact necessary, in light of the circumstances in which it was made, in order to make such representations, warranties, statements or other information not misleading.

4. Representations and Warranties of Buyer

Buyer represents and warrants to Seller as follows:

4.1 ORGANIZATION AND GOOD STANDING

Buyer is a corporation duly organized, validly existing, and in good standing under the laws of Delaware, with full corporate power and authority to conduct its business as it is now conducted.

4.2 AUTHORITY; NO CONFLICT

(a) This Agreement constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as the enforcement thereof may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally. Upon the execution and delivery by Buyer of the Assignment and Assumption Agreement, the Employment Agreements**,** and each other agreement to be executed or delivered by Buyer at Closing (collectively, the "**Buyer's Closing Documents**"), each of the Buyer's Closing Documents will constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its respective terms, except as the enforcement thereof may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally. Buyer have the absolute and unrestricted right, power, and authority to execute and deliver this Agreement and the Buyer's Closing Documents and to perform its obligations under this Agreement and the Buyer's Closing Documents, and such action has been duly authorized by all necessary corporate action.

(b) Neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer will give any Person the right to prevent, delay or otherwise interfere with any of the Contemplated Transactions pursuant to:

(i) any provision of Buyer's Governing Documents;

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

(iii) any Legal Requirement or Order to which Buyer may be subject; or

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

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 or the consummation or performance of any of the Contemplated Transactions.

4.3 CERTAIN PROCEEDINGS

There is no pending Proceeding that has been commenced against Buyer and that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions. To Buyer's Knowledge, no such Proceeding has been threatened.

4.4 BROKERS OR FINDERS

Neither Buyer nor any of its Representatives has incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with the Contemplated Transactions.

5.1 EMPLOYEES AND EMPLOYEE BENEFITS

(a) Information on Active Employees. For the purpose of this Agreement, the term "**Active Employees**" shall mean all full-time, permanent employees employed on the Closing Date by Seller in the Business who are employed exclusively in the Business as currently conducted, including such employees on temporary leave of absence, including family medical leave, military leave, temporary disability or sick leave, but excluding employees on long-term disability leave, and any employees or consultants that are currently hired on a temporary basis, whether full-time or part time.

(b) Employment of Active Employees by Buyer.

(i) Buyer is not obligated to hire any Active Employee but may interview all Active Employees. Buyer will provide Seller with a list of Active Employees to whom Buyer has made an offer of employment that has been accepted to be effective on the Closing Date (the "**Hired Active Employees**"). Subject to Legal Requirements, Buyer will have reasonable access to the Facilities and personnel Records (including performance appraisals, disciplinary actions, grievances and medical Records) of Seller for the purpose of preparing for and conducting employment interviews with all Active Employees and will conduct the interviews, if any, as expeditiously as possible prior to the Closing Date. Access will be provided by Seller upon reasonable prior notice during normal business hours. Immediately before the Closing, Seller will terminate the employment of all Hired Active Employees.

(ii) Neither Seller nor any party's respective Related Persons shall solicit the continued employment of any Active Employee (unless and until Buyer has informed Seller in writing that the particular Active Employee will not receive any employment offer from Buyer) or the employment of any Hired Active Employee after the Closing.

(iii) It is understood and agreed that (A) Buyer's express intention, if any, to extend offers of employment as set forth in this section shall not constitute any commitment, Contract, or understanding (express or implied) of any obligation on the Schedule of Buyer to a post-Closing employment relationship of any fixed term or duration or upon any terms or conditions other than those that Buyer may establish pursuant to individual offers of employment, and (B) employment offered by Buyer, if any, is "at will" and may be terminated by Buyer or by an employee at any time for any reason (subject to any written commitments to the contrary made by Buyer and Legal Requirements). Nothing in this Agreement shall be deemed to prevent or restrict in any way the right of Buyer to terminate, reassign, promote, or demote any of the Hired Active Employees after the Closing or to change adversely or favorably the title, powers, duties, responsibilities, functions, locations, salaries, other compensation, or terms or conditions of employment of such employees (subject to any written commitments to the contrary made by Buyer to an employee and Legal Requirements).

(c) Salaries and Benefits.

(i) Seller shall be responsible for: (A) the payment of all wages and other remuneration due to Active Employees with respect to their services as employees of Seller through the close of business on the Closing Date, including pro rata bonus payments to the extent earned as of the Closing Date and all vacation pay earned but unpaid through the Closing Date; and (B) the payment of any termination or severance payments and the provision of health plan continuation coverage in accordance with the requirements of COBRA and Sections 601 through 608 of ERISA incurred prior to the Closing Date.

(ii) Buyer shall be responsible for all vacation pay accruing after the Closing Date and shall honor each employee's vacation days accrued but unused through the Closing Date (although on an unpaid basis); provided, however, Buyer shall not be responsible for any vacation pay paid by Seller to any employee under **Section 5.1(c)(i)(A)**. Buyer shall give all Hired Active Employees credit for service with Seller in determining their respective entitlement to vacation days, sick days, personal days and other similar benefits to which Buyer's employees are generally entitled.

(iii) Seller shall be liable for any claims made or incurred by Active Employees and their beneficiaries under the Employee Plans.

(d) Seller's Retirement and Savings Plans.

(i) All Hired Active Employees who are participants in Seller's retirement plans shall retain their accrued benefits balance under Seller's retirement plans as of the Closing Date. Buyer may retain Seller's retirement plans or Buyer may transfer Hired Active Employees' accrued benefit balance to Buyer's retirement plans. If Buyer transfers all Hired Active Employees' accrued benefit balance to Buyer's retirement plans, Seller agrees to assist in transferring such accrued benefit balance to Buyer's retirement plans. All Hired Active Employees shall become fully vested in their accrued benefits under Seller's retirement plans as of the Closing Date, and service with Buyer will be credited for purposes of determining their entitlement to any early retirement benefits or retirement-type subsidies, for which Buyer shall be liable. Seller shall amend its plans if necessary to achieve these results.

(ii) Seller will cause its savings plan to be amended in order to provide that the Hired Active Employees shall be fully vested in their accounts under such plan as of the Closing Date.

(e) No Transfer of Assets. Neither Seller nor any such of its respective Related Persons will make any transfer of pension or other employee benefit plan assets to Buyer, except as provided in this Agreement.

(f) General Employee Provisions.

(i) Seller and Buyer shall give any notices required by Legal Requirements and take whatever other actions with respect to the plans, programs and policies described in this **Section 5.1** as may be necessary to carry out the arrangements described in this **Section 5.1**.

(ii) Seller and Buyer shall provide each other with such plan documents and summary plan descriptions, employee data, or other information as may be reasonably required to carry out the arrangements described in this **Section 5.1**.

(iii) If any of the arrangements described in this **Section 5.1** are determined by the IRS or other Governmental Body to be prohibited by law, Seller and Buyer shall modify such arrangements to as closely as possible reflect their expressed intent and retain the allocation of economic benefits and burdens to the parties contemplated herein in a manner that is not prohibited by law.

(iv) Buyer shall not have any responsibility, liability, or obligation, whether to Active Employees, former employees, their beneficiaries, or to any other Person, with respect to any employee benefit plans, practices, programs, or arrangements (including the establishment, operation, or termination thereof and the notification and provision of COBRA coverage extension) maintained by Seller.

5.2 PAYMENT OF ALL TAXES AND FEES RESULTING FROM SALE OF ASSETS BY SELLER

Seller shall pay in a timely manner all Taxes resulting from or payable in connection with the sale of the Assets pursuant to this Agreement, regardless of the Person on whom such Taxes are imposed by Legal Requirements. Seller and Buyer shall each pay in a timely manner one-half of all fees related to the Escrow Account.

5.3 SELLER NAME CHANGE

Within ten (10) days after the Closing Date, Seller shall file an amendment to its Governing Documents with the appropriate Governmental Body changing its name to a name not including “AVC” “AVC Specialists” or any similar name.

5.4 REMOVING EXCLUDED ASSETS

On or within ten (10) Business Days after the Closing Date, Seller shall remove all Excluded Assets from all Facilities and other Real Property to be occupied by Buyer. Such removal shall be done in such manner as to avoid any damage to the Facilities and other properties to be occupied by Buyer and any disruption of the business operations to be conducted by Buyer after the Closing. Any material damage to the Assets or to the Facilities resulting from such removal shall be paid by Seller at the Closing or as soon as reasonably discovered thereafter by Buyer.

5.5 REPORTS AND RETURNS

Promptly after Closing, each of Seller and Buyer shall prepare and file all reports and returns applicable to it and required by Legal Requirements relating to the business of Seller as conducted using the Assets.

5.6 ASSISTANCE IN PROCEEDINGS

Seller will reasonably cooperate with Buyer and its counsel in Buyer's contest or defense of, and make available its personnel and provide any reasonable testimony and access to its books and Records in connection with, any Proceeding involving or relating to the Contemplated Transactions; provided, however, that Buyer shall reimburse Seller for its reasonable expenses including, payment of applicable wages and benefits for personnel.

5.7 NONCOMPETITION, NONSOLICITATION, AND NONDISPARAGEMENT

(a) Noncompetition. For a period of three (3) years after the Closing Date (the "**Non-compete Period**"), neither Seller nor any Shareholder shall, anywhere in the United States, directly or indirectly invest in, own, manage, operate, finance, control, advise, render services to, or guarantee the obligations of any Person engaged in or planning to become engaged in a business that is competitive with the Business (as operated as of the Closing); provided, however, that Seller may own, purchase, or otherwise acquire up to (but not more than) 5% of any class of the securities of any Person (but may not otherwise participate in the activities of such Person) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Exchange Act; and provided further that the limitation in this **Section 5.7** shall only apply with respect to such activities related to the Business as operated as of the Closing.

(b) Nonsolicitation. During the Non-compete Period, neither Seller nor any Shareholder shall, directly or indirectly:

(i) solicit to offer the type of products or services provided by the Business to any Person who was a customer of Seller as of the Closing Date;

(ii) cause, induce, or attempt to cause or induce any customer, supplier, licensee, licensor, franchisee, employee, consultant of Seller, or other Person having a business relationship with Seller on the Closing Date or within the year preceding the Closing Date to cease doing business with Buyer, or to deal with any competitor of Buyer, in either case with respect to the Business; or

(iii) hire, retain, or attempt to hire or retain any employee or independent contractor of Buyer or in any way interfere with the relationship between Buyer and any of its employees or independent contractors.

(c) Nondisparagement. After the Closing Date, no party to this Agreement will disparage any other party to this Agreement, or any stockholder, director, officer, employee, or agent of any party hereto.

(d) Modification of Covenant. If a final judgment of a court or tribunal of competent jurisdiction determines that any term or provision contained in **Section 5.7(a)** through **(c)** is invalid or unenforceable, then the parties agree that the court or tribunal will have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision. This **Section 5.7** will be enforceable as so modified after the expiration of the time within which the judgment may be appealed. This **Section 5.7** is reasonable and necessary to protect and preserve Buyer's legitimate business interests and the value of the Assets and to prevent any unfair advantage conferred on Seller.

5.8 CUSTOMER AND OTHER BUSINESS RELATIONSHIPS

Seller will satisfy the Retained Liabilities in a manner that is not detrimental to any of such relationships. Seller will refer to Buyer all inquiries relating to the Business. During the Non-compete Period, neither Seller nor any of its officers, employees, agents, or Shareholders shall take any action intended to diminish the value of the Assets after the Closing or that would interfere with the business of Buyer to be engaged in after the Closing.

5.9 RETENTION OF AND ACCESS TO RECORDS

After the Closing, Buyer shall retain for a period consistent with Buyer's record-retention policies and practices, but at least for five (5) years, those Records of Seller delivered to Buyer. Buyer also shall provide Seller and such parties' Representatives reasonable access thereto, during normal business hours and on no more than two (2) days' prior written notice, to enable them to prepare financial statements or tax returns or deal with tax audits or for any other reasonable purpose. After the Closing, Seller shall provide Buyer and its Representatives reasonable access to Records that are Excluded Assets, during normal business hours and on at least 3 days' prior written notice, for any reasonable business purpose specified by Buyer in such notice.

5.10 FURTHER ASSURANCES

The parties shall cooperate reasonably with each other and with their respective Representatives in connection with any steps required to be taken as of their respective obligations under this Agreement, and shall: (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request at such other party's expense, for the purpose of carrying out the intent of this Agreement and the Contemplated Transactions.

5.11 ACCOUNTS RECEIVABLE

(a) Buyer agrees to use commercially reasonable collection practices and efforts consistent at a minimum with the practices and efforts that it uses in the collection of its own accounts receivable, in order to attempt to collect all Accounts Receivable existing as of the Closing Date. All payments received by Buyer on such Accounts Receivable existing as of the Closing Date will be applied to the oldest invoice first.

(b) Buyer shall have the right, by written notice (the "**Receivable Notice**") to Seller given on or after a date one hundred and twenty (120) days following the Closing Date (the "**Repurchase Date**"), to require Seller to repurchase for cash and without recourse, within fifteen (15) days of the date of the Receivables Notice, all of the Accounts Receivable of Seller reflected on the books and records of the Seller on the Closing Date that are at the Repurchase Date uncollected. Seller shall repurchase uncollected Accounts Receivable for a purchase price equal to their aggregate face value and pay for such Accounts Receivable as provided herein.

(c) From and after the Closing Date, Seller or the Shareholders will promptly remit, transfer, assign, and convey to Buyer any asset (including all remittances and other amounts received or otherwise collected with respect to Accounts Receivable included in the Assets and all mail and other communications) that Seller or the Shareholders (or their successor in interest or assigns) receive or come into the possession, custody or control of that is intended as payment for or otherwise relates to any such Account Receivable that was included in the Assts. Until such remittance, transfer, assignment or conveyance by Seller and the Shareholders, Seller and the Shareholders (and their successors in interest and assigns) will not have any right, title or interest in such asset nor shall they be entitled to use the same but rather they shall hold such asset in trust for the benefit of Buyer.

(d) From and after the Closing Date, Buyer will promptly remit, transfer, assign and convey to Seller any asset (including remittances and other amounts received or otherwise collected with respect to Accounts Receivable not included in the Assets and all mail and other communications) that Buyer (or its successors in interest or assigns) received or comes into the possession, custody or control of that is intended as payment for or otherwise relates to any such Account Receivable that was not included in the Assets. Until such remittance, transfer, assignment or conveyance by Buyer, Buyer (and its successors in interest and assigns) will not have any right, title or interest in such asset nor shall it be entitled to use the same but rather it shall hold such asset in trust for the benefit of the Seller.

6. Indemnification; Remedies

6.1 SURVIVAL

All representations, warranties, covenants, and obligations in this Agreement, the Disclosure Schedule, the supplements to the Disclosure Schedule, and any certificate or document delivered pursuant to this Agreement shall survive the Closing and the consummation of the Contemplated Transactions, subject to **Section 6.6**. The right to indemnification, reimbursement, or other remedy based upon such representations, warranties, covenants, and obligations shall not be available to a party to the extent the party seeking indemnification had Knowledge with respect to an inaccuracy of or noncompliance with any such representation, warranty, covenant, or obligation, at any time before the execution and delivery of this Agreement. The waiver of any condition based upon the accuracy of any representation or

warranty, or on the performance of or compliance with any covenant or obligation will be deemed to be a waiver of the right to indemnification, reimbursement, or other remedy based upon such representations, warranties, covenants, and obligations.

6.2 INDEMNIFICATION AND REIMBURSEMENT BY SELLER AND SHAREHOLDERS

Seller and the Shareholders, jointly and severally, will indemnify and hold harmless Buyer and its Representatives, and Related Persons for Damages, arising from or in connection with:

(a) any breach of any representation or warranty made by Seller in (i) this Agreement (after giving effect to any supplement to the Disclosure Schedule), (ii) the Disclosure Schedule, as supplemented by any supplements to the Disclosure Schedule, (iii) any transfer instrument, or (iv) any other certificate, document, writing, or instrument delivered by Seller pursuant to this Agreement;

(b) any breach of any covenant or obligation of Seller in this Agreement or in any other certificate, document, writing, or instrument delivered by Seller pursuant to this Agreement;

(c) any Liability arising out of the ownership or operation of the Assets prior to the Closing Date other than the Assumed Liabilities or as otherwise provided in this Agreement;

(d) any brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding made, or alleged to have been made, by any Person with Seller (or any Person acting on its behalf) in connection with any of the Contemplated Transactions;

(e) any product or component thereof installed by, or any services provided by, Seller, in whole or in part, prior to the Closing Date;

(f) any noncompliance by Seller with any bulk sales or similar laws or fraudulent transfer laws with which Seller is required to comply in respect of the Contemplated Transactions;

(g) any of the Employee Plans; or

(h) any Retained Liabilities.

6.3 INDEMNIFICATION AND REIMBURSEMENT BY BUYER

Buyer will indemnify and hold harmless Seller, and will reimburse Seller, for any Damages arising from or in connection with:

(a) any breach of any representation or warranty made by Buyer in this Agreement or in any certificate, document, writing, or instrument delivered by Buyer pursuant to this Agreement;

(b) any breach of any covenant or obligation of Buyer in this Agreement or in any other certificate, document, writing, or instrument delivered by Buyer pursuant to this Agreement;

(c) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such Person with Buyer (or any Person acting on Buyer's behalf) in connection with any of the Contemplated Transactions;

(d) any obligations of Buyer with respect to bargaining with the collective bargaining representatives of Active Hired Employees subsequent to the Closing;

(e) any Assumed Liabilities or other obligations of Buyer pursuant to this Agreement and the Contemplated Transactions;

(f) any Liability arising out of the ownership or operation of the Assets and the Business from and after the Closing Date or as otherwise provided in this Agreement; or

(g) any obligations of Buyer to or on behalf of Active Hired Employees as expressly provided for under this Agreement from and after the Closing.

6.4 LIMITATIONS ON AMOUNT

Notwithstanding anything to this Agreement to the contrary, Seller and the Shareholders shall have no liability (for indemnification or otherwise) with respect to claims under **Section 6.2(a)** until the total of all Damages with respect to such matters exceeds $25,000 at which time Seller shall be liable for all such Damages up to an aggregate maximum for all Damages of $500,000. However, this **Section 6.4** will not apply to claims under **Section 6.2(b)** through **(h)** or to matters arising in respect of **Sections 3.2(a)**, **3.8**, **3.13**, **3.25** or **3.26** or to any breach of any of Seller's representations and warranties of which the Seller had Knowledge at any time prior to the date on which such representation and warranty is made or any breach by Seller of any covenant or obligation, and Seller will be liable for all Damages with respect to such breaches, or for any intentional conduct by the Seller or any Shareholder.

6.5 LIMITATIONS ON AMOUNT

Buyer will have no liability (for indemnification or otherwise) with respect to claims under **Section 6.3(a)** until the total of all Damages with respect to such matters exceeds $25,000 at which time Buyer shall be liable for all such Damages up to an aggregate maximum for all Damages of $500,000. However, this **Section 6.5** will not apply to claims under **Section 6.3(b)** through **(e)** or matters arising in respect of **Sections 4.2(a) or 4.4** or to any breach of any of Buyer's representations and warranties of which Buyer had Knowledge at any time prior to the date on which such representation and warranty is made or any intentional breach by Buyer of any covenant or obligation.

6.6 TIME LIMITATIONS

(a) Seller will have liability (for indemnification or otherwise) with respect to any breach of a representation or warranty (other than those in **Sections 3.2(a)**, **3.8**, **3.13**, **3.15**, **3.21**, **3.25**, and **3.26**, as to which a claim may be made at any time subject to applicable statutes of limitation), only if on or within fifteen (15) months of the Closing Date, Buyer notifies Seller of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by Buyer.

(b) Buyer will have liability (for indemnification or otherwise) with respect to any breach of a representation or warranty (other than that set forth in **Sections 4.2(a)** and **4.4**, as to which a claim may be made at any time), only if on or before the second anniversary of the Closing Date, Seller or either Shareholder notifies Buyer of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by Seller.

6.7 THIRD-PARTY CLAIMS

(a) Promptly after receipt by an Indemnified Person of notice of the assertion of a Third-Party Claim against it, such Indemnified Person shall give notice to each Indemnifying Person of the assertion of such Third-Party Claim, provided that the failure to notify the Indemnifying Person will not relieve the Indemnifying Person of any liability that it may have to any Indemnified Person, except to the extent that the Indemnifying Person is prejudiced by the Indemnified Person's failure to give such notice.

(k) (b) If an Indemnified Person gives notice to the Indemnifying Person pursuant to **Section 6.7(a)** of the assertion of a Third-Party Claim, the Indemnifying Person shall be entitled to assume the defense of such Third-Party Claim with counsel satisfactory to the Indemnified Person *provided* that the Indemnified Person will be entitled to participate in the defense of such Third Party Claim to the extent it reasonably deems appropriate. After notice from the Indemnifying Person to the Indemnified Person of its election to assume the defense of such Third-Party Claim, the Indemnifying Person shall not, so long as it diligently conducts such defense, be liable to the Indemnified Person under this **Article 6** for any fees of other counsel or any other expenses with respect to the defense of such Third-Party Claim, whatsoever. If the Indemnifying Person assumes the defense of a Third-Party Claim, no compromise or settlement of such Third-Party Claims may be effected by the Indemnifying Person without the Indemnified Person's Consent, not to be unreasonably withheld, unless: (A) the sole relief provided is monetary damages that are paid in full by the Indemnifying Person; and (B) the Indemnified Person shall have no liability with respect to any compromise or settlement of such Third-Party Claims effected without its Consent.

(c) Notwithstanding the foregoing, if an Indemnified Person determines in good faith that there is a reasonable probability that a Third-Party Claim may adversely affect it or its Related Persons other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Indemnified Person may, by notice to the Indemnifying Person, assume the exclusive right to defend, compromise, or settle such

Third-Party Claim, but the Indemnifying Person shall regularly update and consult with the Indemnified Party and will not be bound by any determination of any Third-Party Claim so defended for the purposes of this Agreement or any compromise or settlement effected without its Consent (which may not be unreasonably withheld).

(d) Notwithstanding the provisions of **Section 7.4**, each party to this Agreement hereby consents to the nonexclusive jurisdiction of any court in which a Proceeding in respect of a Third-Party Claim is brought against any Indemnified Person for purposes of any claim that an Indemnified Person may have under this Agreement with respect to such Proceeding or the matters alleged therein and agrees that process may be served on such party with respect to such a claim anywhere in the world.

(e) With respect to any Third-Party Claim subject to indemnification under this **Article 6**: (i) both the Indemnified Person and the Indemnifying Person, as the case may be, shall keep the other Person fully informed of the status of such Third-Party Claim and any related Proceedings at all stages thereof where such Person is not represented by its own counsel; and (ii) the parties agree (each at its own expense to the extent reasonable) to render to each other such assistance as they may reasonably require of each other and to cooperate in good faith with each other in order to ensure the proper and adequate defense of any Third-Party Claim.

(f) With respect to any Third-Party Claim subject to indemnification under this **Article 6**, the parties agree to cooperate in such a manner as to preserve in full (to the extent possible and without diminishing or compromising the ability to defend against any Third-Party Claim in accordance with this **Section 6.7**) the confidentiality of all Confidential Information and the attorney-client and work-product privileges. In connection therewith, each party agrees that: (i) it will use commercially reasonable efforts, in respect of any Third-Party Claim in which it has assumed or participated in the defense, to avoid production of Confidential Information (consistent with applicable law and rules of procedure); and (ii) all communications between any party hereto and counsel responsible for or participating in the defense of any Third-Party Claim shall, to the extent possible, be made so as to preserve any applicable attorney-client or work-product privilege.

6.8 EXCLUSIVE REMEDY

Buyer, Seller and the Shareholders acknowledge and agree that the foregoing indemnification provisions in this Article 6 shall be the exclusive remedy of Buyer, Seller and the Shareholders with respect to this Agreement and the Contemplated Transactions. In no event will any party hereunder be liable for any punitive, special, consequential, lost profits or similar damages unless a party hereto is found liable for fraud or intentional misrepresentation in which case punitive, special, consequential, lost profits or similar damages shall be permitted. Prior to release of the Escrow Amount (or any then remaining amount) to Seller, any obligation for indemnification or reimbursement that Seller or the Shareholders are obligated to pay under the terms of this **Article 6** shall be paid first from the Escrow Amount.

7. General Provisions

7.1 EXPENSES

Except as otherwise provided in this Agreement, each party to this Agreement will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution, and performance of this Agreement and the Contemplated Transactions, including all fees and expense of its Representatives. If this Agreement is terminated, the obligation of each party to pay its own fees and expenses will be subject to any rights of such party arising from a breach of this Agreement by another party.

7.2 PUBLIC ANNOUNCEMENTS

Seller and Buyer will consult with each other concerning the means by which Seller's employees, customers, suppliers, and others having dealings with Seller will be informed of the Contemplated Transactions, and Buyer will have the right to be present for any such communication. Subject to requirements under the Securities Act or the Exchange Act, neither Seller nor Buyer shall make any public announcements related to this Agreement without advising and consulting with the other party and the other party's counsel prior to such disclosure.

7.3 NOTICES

All notices, Consents, and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a party: (a) when delivered to the appropriate address by hand; (b) on the first business day after sent by nationally recognized overnight courier service (costs prepaid); (c) when sent by facsimile with telephonic confirmation or electronic mail with confirmation of transmission by the transmitting equipment; or (d) three (3) business days after deposit if sent by certified mail, return receipt requested, when received or rejected by the addressee, in each case to the following addresses, facsimile numbers, or electronic mail addresses and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, electronic mail address, or person as a party may designate by notice to the other parties):

Seller or the Shareholders:

3214 Toulouse Circle
Thousand Oaks, CA 91362
Attention: Thomas J. Shideler
Electronic mail address: tomshideler@avcspecialists.com

With a copy to:

Greenberg Traurig LLP
1200 Seventeenth Street
Suite 2400
Denver, CO 80202

Attention: Marc J. Musyl, Esq. and Steven E. Segal, Esq.
Fax no.: (303) 572-6540
Electronic mail address: musylm@gtlaw.com and segalst@gtlaw.com

Buyer:

Fisher-Klosterman, Inc.
822 S. 15th Street
Louisville, KY 40210
Attention: Gerald J. Plappert, Jr.
Fax no.: (502) 572-4023
Electronic mail address: jp@fkinc.com

With a copy to:

CECO Environmental Corp.
3120 Forrer St.
Cincinnati, OH 45209
Attention: Dennis Blazer
Fax no.: (513) 458 - 2644
Electronic mail address: dblazer@cecoenviro.com

and

Taft Stettinius & Hollister LLP
425 Walnut Street, Suite 1800
Cincinnati, Ohio 45202
Attn: Matthew C. Loftus, Esq.
Fax no.: (513) 381-0205
Electronic mail address: loftus@taftlaw.com

7.4 JURISDICTION; SERVICE OF PROCESS; JURY WAIVER.

(a) Any Proceeding (other than an arbitration) arising out of or relating to this Agreement or any Contemplated Transaction shall be brought in the courts of Wilmington, Delaware or, if it has or can acquire jurisdiction, in the United States District Court for Delaware, and each of the parties irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of such Proceeding shall be heard and determined only in any such court. The parties agree that any of them may file a copy of this paragraph with any court as written evidence of the knowing, voluntary, and bargained agreement among the parties irrevocably to waive any objections to venue or to convenience of forum. Process in any such Proceeding referred to in the first sentence of this section may be served on any party anywhere in the world.

(b) THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY

OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY, AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY AND THAT ANY PROCEEDING WHATSOEVER AMONG THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

7.5 ENFORCEMENT OF SECTION 5.7

Seller acknowledges and agrees that Buyer would be irreparably damaged if any of the provisions of **Section 5.7** of this Agreement are not performed in accordance with their specific terms and that any breach of **Section 5.7** by Seller could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which Buyer may be entitled, at law or in equity, it shall be entitled to enforce any provision of **Section 5.7** by a decree of specific performance and to temporary, preliminary, and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of **Section 5.7**, without posting any bond or other undertaking.

7.6 WAIVER; REMEDIES CUMULATIVE

The rights and remedies of the parties to this Agreement are cumulative and not alternative. No failure, delay, or single or partial exercise of any right, power, or privilege by any party under this Agreement or any of the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege or will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law: (a) no claim or right arising out of this Agreement or any of the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of that party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

7.7 ENTIRE AGREEMENT AND MODIFICATION

This Agreement supersedes all prior agreements, whether written or oral, between or among the parties with respect to its subject matter (including any letter of intent and any confidentiality agreement between Buyer and Seller) and constitutes (along with the Disclosure Schedule, Exhibits, the Bill of Sale, the Assignment and Assumption Agreement, and other instruments of transfer, conveyance and assignment delivered as required pursuant to **Section 2.7**, and the Employment Contracts) a complete and exclusive statement of the terms of the agreement among the parties with respect to its subject matter. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by the party to be charged with the amendment.

7.8 DISCLOSURE SCHEDULE

(a) The information in the Disclosure Schedule constitutes (i) exceptions to particular representations, warranties, covenants, and obligations of Seller and the Shareholders as set forth in this Agreement or (ii) descriptions or lists of assets and liabilities and other items referred to in this Agreement. If there is any inconsistency between the statements in this Agreement and those in the Disclosure Schedule (other than an exception expressly set forth as such in the Disclosure Schedule with respect to a specifically identified representation or warranty), the statements in this Agreement will control.

(b) Any disclosure under one Schedule of the Disclosure Schedule shall be deemed disclosure under all Parts of the Disclosure Schedule and this Agreement. Disclosure of any matter in the Disclosure Schedule shall not constitute an expression of a view that such matter is material or is required to be disclosed pursuant to this Agreement.

(c) To the extent that any representation or warranty set forth in this Agreement is qualified by the materiality of the matter(s) to which the representation or warranty relates, the inclusion of any matter in the Disclosure Schedule does not constitute a determination by Seller that any such matter is material. The disclosure of any matter in the Disclosure Schedule does not imply that any other, undisclosed matter that has a greater significance is material.

7.9 ASSIGNMENTS, SUCCESSORS, AND NO THIRD-PARTY RIGHTS

No party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other parties, not to be unreasonably withheld. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon and inure to the benefit of the heirs, successors, and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to an heir, successor, or permitted assignee pursuant to this **Section 7.9**.

7.10 SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in Schedule or degree will remain in full force and effect to the extent not held invalid or unenforceable.

7.11 CONSTRUCTION

The headings of Articles and Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to “Articles,” “Sections,” and “Schedules” refer to the corresponding Articles, Sections, and Schedules of this Agreement and the Disclosure Schedule.

7.12 TIME OF ESSENCE

With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

7.13 GOVERNING LAW

This Agreement will be governed by and construed under the laws of the State of Delaware without regard to conflicts-of-laws principles that would require the application of any other law.

7.14 EXECUTION OF AGREEMENT

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or electronic mail transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic mail shall be deemed to be their original signatures for all purposes.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

BUYER:

FISHER-KLOSTERMAN, INC.

By: /s/ Gerald J. Plappert, Jr.
Name: Gerald J. Plappert, Jr.
Title: Vice President of Finance and Administration

SELLER:

SHIDELER, INC. (F/K/A A.V.C. SPECIALISTS, INC.)

By: /s/ Thomas J. Shideler
Name: Thomas J. Shideler
Title: President

/s/ Thomas J. Shideler
Thomas J. Shideler

/s/ Barbara Shideler
Barbara Shideler

EXHIBIT 10.1

Execution Version

FOURTH AMENDMENT
TO
CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of August 1, 2008 (the "Effective Date"), by and among, on the one hand, **CECO ENVIRONMENTAL CORP**., a Delaware corporation ("Parent"), **CECO GROUP, INC**., a Delaware corporation ("Group") and each of the following Subsidiaries of Parent as Borrowers under this Amendment and the Credit Agreement: **CECO FILTERS, INC**., a Delaware corporation ("Filters"), **NEW BUSCH CO., INC**., a Delaware corporation ("New Busch"), **THE KIRK & BLUM MANUFACTURING COMPANY**, an Ohio corporation ("K&B"), **KBD/TECHNIC, INC**., an Indiana corporation ("Technic"), **CECOAIRE, INC**., a Delaware corporation ("Aire"), **CECO ABATEMENT SYSTEMS, INC**., a Delaware corporation ("Abatement"), **H.M. WHITE, INC.**, a Delaware corporation ("H.M. White"), **EFFOX INC., formerly known as CECO ACQUISITION CORP.**, a Delaware corporation ("Effox"), **GMD ENVIRONMENTAL TECHNOLOGIES, INC. formerly known as GMD ACQUISITION CORP.**, a Delaware corporation ("GMD"), **FKI, LLC**, a Delaware limited liability company ("FKI LLC"), **CECO MEXICO HOLDINGS LLC**, a Delaware limited liability company ("CECO Mexico LLC"), and **FISHER-KLOSTERMAN, INC. formerly known as FKI ACQUISITION CORP.**, a Delaware corporation ("Fisher-Klosterman"), and, on the other hand, **FIFTH THIRD BANK**, an Ohio banking corporation ("Lender"), is as follows:

Preliminary Statements

A. Parent, Group and Borrowers (the "Loan Parties") and Lender are parties to a Credit Agreement dated as of December 29, 2005, as amended by the First Amendment to Credit Agreement dated as of June 8, 2006, the Second Amendment to Credit Agreement dated as of February 28, 2007 and the Third Amendment to Credit Agreement dated as of February 29, 2008 (as amended, the "Credit Agreement"). Capitalized terms which are used, but not defined, in this Amendment will have the meanings given to them in the Credit Agreement.

B. The Loan Parties have requested that Lender: (i) consent to the acquisition by Fisher-Klosterman of substantially all of the assets of A.V.C. (collectively, the "A.V.C. Acquisition"); (ii) consent to the acquisition by 9199-3626 Quebec Inc., a newly created wholly owned subsidiary of Parent, ("Canadian Acquisition Co.") of all of the shares of Flextor Inc., a Québec company (the "Flextor Acquisition"); (iii) consent to a $5,000,000 loan to be made by Phillip DeZwirek to Parent, the proceeds of which shall be used fund the Flextor Acquisition and for other corporate purposes; and (iv) make certain other amendments to the Credit Agreement and certain of the other Loan Documents.

C. Lender is willing to consent to such requests and to so amend the Credit Agreement and other Loan Documents, all on the terms, and subject to the conditions, of this Amendment.

Statement of Agreement

In consideration of the mutual covenants and agreements set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender and the Loan Parties hereby agree as follows:

1. Amendments to Credit Agreement. Subject to the satisfaction of the conditions of this Amendment, the Credit Agreement is hereby amended as follows:

1.1 Section 1.1 of the Credit Agreement is hereby amended by the addition of the following definitions, in their proper alphabetical order, to provide in their entirety as follows:

"A.V.C." means Shideler, Inc., formerly known as A.V.C. Specialists, Inc., a California corporation, and its successors and assigns.

"A.V.C. Acquisition" means the acquisition by Fisher-Klosterman of substantially all of the assets of A.V.C., all in accordance with, and pursuant to the terms of, the A.V.C. Acquisition Documents.

"A.V.C. Acquisition Agreement" means the Asset Purchase Agreement dated as of August 1, 2008 by and among Fisher-Klosterman, A.V.C. and Tom Shideler and Barbara Shideler.

"A.V.C. Acquisition Documents" means the A.V.C. Acquisition Agreement and every other document or agreement executed or delivered by any Loan Party in connection with the A.V.C. Acquisition.

"A.V.C. Earn-out Payment" means any Earn-out Amount (as defined in the A.V.C. Acquisition Agreement) paid by a Loan Party in accordance with the A.V.C. Acquisition Agreement.

"Canadian Acquisition Co." means 9199-3626 Quebec Inc. a company organized under the laws of the Province of Quebec, Canada, and its successors and assigns, including the successor of the Flextor Amalgamation.

"Copyright Security Agreements" means the Copyright Security Agreement dated as of the Effective Date (as defined in the Third Amendment) between Fisher-Klosterman and Lender.

"Fisher-Klosterman" means Fisher-Klosterman, Inc. formerly known as FKI Acquisition Corp., a Delaware corporation.

"Flextor" means Flextor Inc., a Québec company, and its successors and assigns, including the successor of the Flextor Amalgamation.

"Flextor Acquisition" means the acquisition by Canadian Acquisition Co. of all of the shares of stock of Flextor, all in accordance with, and pursuant to the terms of, the Flextor Acquisition Documents,

"Flextor Acquisition Agreement" means the Stock Purchase Agreement dated as of August 1, 2008, by and among Parent, Canadian Acquisition Co., Michael dos Santos, an individual resident of Quebec, The Dos Santos Family Trust, a Québec trust and, 9162-2563 Québec Inc., a Québec company.

"Flextor Acquisition Documents" means the Flextor Acquisition Agreement and every other document or agreement executed or delivered by Canadian Acquisition Co., Flextor and any Loan Party in connection with the Flextor Acquisition.

"Flextor Amalgamation" means the amalgamation of Canadian Acquisition Co. and Flextor under the laws of Canada.

"Flextor Brazil" means Flextor do Brasil Importacao e Exportacao Ltda., a company organized under the laws of Brazil.

"Flextor Chile" means Flextor Chile S.A., a company organized under the laws of Chile.

"Flextor Earn-out Payment" means any Earn-out Amount (as defined in the Flextor Acquisition Agreement) paid by a Loan Party, Canadian Acquisition Co. or Flextor in accordance with the Flextor Acquisition Agreement.

"Flextor Loan" has the meaning given in Section 5.9(a)(F).

"Fourth Amendment" means the Fourth Amendment to this Agreement dated as of August 1, 2008.

1.2 The following definitions in Section 1.1 of the Credit Agreement are hereby amended in their entirety by substituting the following in their respective steads:

"Adjusted EBITDA" means the total (without duplication and all as determined on a consolidated basis in accordance with GAAP), in Dollars, of EBITDA for the applicable period, (a) minus Non-financed Capital Expenditures for that same period, exclusive of Excluded Capital

Expenditures (as defined in Section 5.3); (b) minus the aggregate cash amount of the Parent and its Subsidiaries' income and franchise tax expense for that same period to the extent deducted in the determination of Net Income; (c) minus any gain or plus any non-cash loss arising from the sale of capital assets to the extent included or deducted in the determination of Net Income; (d) minus any gain arising from the write-up of any assets (excluding inventory) or plus any non-cash loss from the write-down of any assets, each to the extent included (or deducted in the case of non-cash losses) in the determination of Net Income; (e) minus any extraordinary gains and items of income to the extent included in the determination of Net Income or plus any non-cash extraordinary items of loss to the extent deducted in the determination of Net Income; (f) minus any gains (or plus any non-cash losses) recognized by the Parent and its Subsidiaries as earnings which relate to adjustments made by the Parent and its Subsidiaries as a result of any extraordinary accounting adjustment to the extent included (or deducted in the case of non-cash losses) in the determination of Net Income; (g) minus non-operating, non-recurring gains (or plus any non-cash losses) from time to time occurring to the extent included (or deducted in the case of non-cash losses) in the determination of Net Income; (h) plus any non-cash expense or minus any non-cash gain or income during such period resulting from (i) a change in the price of Parent's common stock opposite the strike price of its options and warrants outstanding from time to time, (ii) stock award expenses, and (iii) impairment of goodwill; (i) minus the aggregate amount of any dividends to Parent's stockholders, if any, permitted expressly by Lender which are paid in cash by Parent during the applicable period; and (j) minus the aggregate amount of Effox Earn-out Payments, FKI Earn-out Payments, A.V.C Earn-out Payments or Flextor Earn-out Payments made by the Parent and its Subsidiaries in cash during the applicable period to the extent not deducted in the determination of Net Income which was used to determine such EBITDA. The term "applicable period" in this definition means Test Period in the case of determining the Fixed Charge Coverage Ratio or the Maximum Total Funded Debt to Adjusted EBITDA Ratio and Fiscal Year in the case of determining Excess Cash Flow.

"Affiliate" means, as to any Person (the "Subject Person"), any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, the Subject Person. For purposes of this definition, "control" of a Person means the power, direct or indirect, (a) to vote 5% or more of the securities (or other Ownership Interests) having voting power for the election of directors (or managers in the case of a limited liability company) of the Person or (b) otherwise to direct or cause the direction of the management and policies of the Person, whether by contract or otherwise. Without limiting the generality of the foregoing, each of the following will be deemed an Affiliate of a Borrower for purposes of this Agreement, Parent, Group, FKI, LLC, CECO Mexico

LLC, CECO India, Fisher Klosterman Shanghai, CECO Environmental Mexico, CECO Environmental Services, Canadian Acquisition Co., Flextor, Flextor Brazil and Flextor Chile and each officer and director of a Loan Party.

"Borrower" means each of Filters, New Busch, K&B, Technic, Aire, Abatement, H.M. White, CECO Acquisition (now known as Effox Inc.), GMD, Fisher-Klosterman and the Domestic Subsidiaries of Parent or Group hereafter becoming a party to this Agreement pursuant to Section 5.9(b), and "Borrowers" means, collectively, Filters, New Busch, K&B, Technic, Aire, Abatement, H.M. White, CECO Acquisition (now known as Effox Inc.), GMD, Fisher-Klosterman and such additional Domestic Subsidiaries. To the extent a term or provision of this Agreement or any of the other Loan Documents is applicable to a "Borrower", it is applicable to each and every Borrower unless the context expressly indicates otherwise. For the avoidance of doubt, neither FKI, LLC nor CECO Mexico LLC shall be a Borrower.

"Borrowing Base" means, as of the relevant date of determination, the sum of:

(a) 70% of the then net amount of Eligible Accounts (*i.e.*, less sales, excise or similar taxes, and less returns, discounts, claims, credits and allowances of any nature at any time issued, owing, granted, outstanding, available or claimed);

plus (b) the lesser of: (i) $1,000,000 or (ii) 50% of the then Eligible Net Unbilled Revenue;

plus (c) the lesser of: (i) $7,500,000 or (ii) 50% of the then net amount of Eligible Inventory; and

less (d) all then Borrowing Base Reserves.

"EBITDA" means the total (without duplication), in Dollars, of Net Income for the applicable period, plus (a) the aggregate amount of the Parent and its Subsidiaries' depreciation and amortization expense determined on a consolidated basis in accordance with GAAP for such period to the extent deducted in the determination of Net Income, plus (b) the aggregate amount of the Parent and its Subsidiaries' interest expense determined on a consolidated basis in accordance with GAAP for such period to the extent deducted in the determination of Net Income, and plus (c) the aggregate amount of the Parent and its Subsidiaries' income and franchise tax expense for such period determined on a consolidated basis in accordance with GAAP to the extent deducted in the determination of Net Income. The term "applicable period" in this definition means Test

Period in the case of determining the Fixed Charge Coverage Ratio or the Maximum Total Funded Debt to Adjusted EBITDA Ratio and Fiscal Year in the case of determining Excess Cash Flow.

"Excess Cash Flow" means, for the applicable Fiscal Year, an amount equal to the sum of (a) the Adjusted EBITDA solely of the Loan Parties for the applicable Fiscal Year minus (b) the aggregate Fixed Charges solely of the Loan Parties for such Fiscal Year, *provided*, *however*, solely for the purposes of determining Excess Cash Flow, the principal and Suspended Interest (as defined in the Subordination Agreement) paid on the Subordinated Debt shall be excluded for purposes of determining Fixed Charges. All of the foregoing amounts will be determined based on the annual audited financial statements required to be delivered to Lender pursuant to Section 4.3(b).

"Fiscal Year" means the Parent's fiscal year for financial accounting purposes, beginning on January 1st and ending on December 31st.

"Fixed Charges" means, for the applicable period, the total (without duplication), in Dollars, of (all as determined on a consolidated basis in accordance with GAAP): (a) the principal amount of the Parent and its Subsidiaries' long-term Indebtedness, in each case paid during the applicable period, including those under Term Loan Note C (other than any Excess Cash Flow Payment with respect to Term Loan C), the ICS Note, the Sandler Note, and the Subordinated Debt Note (as defined within the definition of Subordinated Debt Documents) (whether classified, as of any date, as long-term Indebtedness); plus (b) scheduled capital lease payments by the Parent and its Subsidiaries during the applicable period; and plus (c) the Parent and its Subsidiaries' aggregate cash interest expense for the applicable period, including interest paid on the Obligations, all capital lease obligations, the Subordinated Debt, and any other Indebtedness for the applicable period; *provided*, *however*, that the following amounts will be excluded for purposes only of determining Fixed Charges, that portion of the Subordinated Debt which, with Lender's prior consent, is converted into shares of the Parent as a result of the exercise of the conversion rights of the Subordinated Creditor under the Subordinated Debt Note. The term "applicable period" in this definition means Test Period in the case of determining the Fixed Charge Coverage Ratio or the Maximum Total Funded Debt to Adjusted EBITDA Ratio and Fiscal Year in the case of determining Excess Cash Flow.

"Funded Debt" means, as of any date, all Indebtedness of the Parent and its Subsidiaries: (a) in respect of any money borrowed, including the undrawn face amount (and any unreimbursed drawings under) any letters of credit or acceptance facilities (other than the

Subordinated Debt); (b) evidenced by any loan or credit agreement, promissory note, debenture, bond (other than a Surety Bond), guaranty or other similar written obligation to pay money (other than the Subordinated Debt); (c) under any capitalized lease, synthetic lease or any form of off-balance sheet financing; and (d) for the deferred and unpaid purchase price of any property or business or any services (other than trade accounts payable incurred in the ordinary course of business and constituting current liabilities not more than ninety (90) days in arrears measured from the date of billing), all as determined in accordance with GAAP.

"Guaranties" means, collectively, the Borrower Guaranties, the Group Guaranty, the Parent Guaranty and each guaranty made by Fisher-Klosterman, FKI, LLC, GMD and CECO Mexico LLC in favor of Lender and Lender's Affiliates of the Obligations.

"Loan Party" and "Loan Parties" mean each of Borrowers, Group, Parent, FKI, LLC, and CECO Mexico LLC and collectively, Borrowers, Group, Parent, FKI, LLC and CECO Mexico LLC, respectively.

"Net Income" means, for the applicable 12 Month Period, the Parent and its Subsidiaries after tax net income as determined on a consolidated basis in accordance with GAAP.

"Non-financed Capital Expenditures" means the total amount of capital expenditures for any period, as determined in accordance with GAAP, made by the Parent and its Subsidiaries on a consolidated basis determined exclusive of those capital expenditures made from (a) funds borrowed by the Parent or its Subsidiaries (for purposes of this clause (a) "funds borrowed" will not include funds borrowed from Lender as a Revolving Loan or from any other bank or lender as a revolving or working capital facility) or pursuant to any capitalized lease or (b) the proceeds of condemnation or eminent domain proceedings or any insurance proceeds resulting from any Event of Loss.

"Patent Security Agreements" means, collectively, (a) the Patent Assignment and Security Agreement dated as of the date of this Agreement between Filters and Lender, (b) the Patent Assignment and Security Agreement dated as of the date of this Agreement between K&B and Lender, (c) the Patent Assignment and Security Agreement dated as of the date of this Agreement between New Busch and Lender, (d) the Patent Assignment and Security Agreement dated as of the Effective Date (as defined in the Third Amendment) between Fisher-Klosterman and Lender, and (e) the Patent Assignment and Security Agreement dated as of the Effective Date (as defined in the Third Amendment) between GMD and Lender.

"Permitted Liens" means (a) current taxes and assessments not yet due and payable; (b) any Liens granted to Lender or its Affiliates to secure the repayment or performance of the Obligations; (c) any Liens arising from a Contested Claim in the manner, and to the extent, provided for in Section 4.6; (d) purchase money security interests granted by, or capital lease obligations incurred by, a Borrower in connection with Permitted Purchase Money Indebtedness; (e) the Liens listed on Schedule 3.9; (f) Liens of mechanics (including those Persons having the right to file a mechanics' lien), materialmen, shippers and warehousemen for services or materials incurred in the ordinary course of business for which payment is not yet due; (g) Liens on cash deposits in connection with bids, tenders or real property leases or as security for surety or appeal bonds in the ordinary course of business; (h) Liens resulting from any judgment that is not an Event of Default; (i) easements, rights of way and other restrictions that do not materially interfere with or impair the use or operation of any of Borrower's Facilities; and (j) Liens granted to the Subordinated Creditor to secure the obligations of the Loan Parties under the Subordinated Debt Documents, to the extent and subject to the restrictions in the Subordination Agreement.

"Security Agreements" means, collectively, (i) each Security Agreement dated as of the date of this Agreement between a Borrower and Lender, (ii) the Security Agreement dated as of the date of this Agreement between Group and Lender, (iii) the Security Agreement dated as of the date of this Agreement between Parent and Lender, (iv) the Security Agreement dated as of the Effective Date (as defined in the First Amendment) between H.M. White and Lender, (v) the Security Agreement dated as of the Effective Date (as defined in the Second Amendment) between Effox and Lender, (vi) the Security Agreement dated as of the Effective Date (as defined in the Third Amendment) between Fisher-Klosterman and Lender, and (vii) the Security Agreement dated as of the Effective Date (as defined in the Third Amendment) between GMD and Lender.

"Security Documents" means the Life Insurance Assignments, the Mortgages, the Patent Security Agreements, the Pledge Agreements, the Security Agreements, the Trademark Security Agreements, the Copyright Security Agreements, and all security agreements, pledge agreements, collateral assignments, mortgages, deeds of trust and other documents executed in connection with this Agreement and granting to Lender or Lender's Affiliates Liens on the Loan Collateral, together with all financing statements and other documents necessary to record or perfect the Liens granted by any of the foregoing.

"Subordinated Creditor" means Phillip DeZwirek and, subject to the Subordination Agreement, his successors and assigns of the Subordinated Debt and any Person holding Refinancing Debt of the Subordinated Debt as permitted under this Agreement.

"Subordinated Debt Default" means any of the following (or any combination of the following): (i) a default or breach of or under any of the Subordinated Debt Documents, (ii) any event or circumstance that would become a default or breach on the Subordinated Creditor's election or would become a default or breach after notice, the lapse of time, or on the satisfaction of any other condition, or all of the foregoing, (iii) the acceleration of any or all of the Subordinated Debt, or (iv) the maturity of the Subordinated Debt having a maturity date earlier than six months past the then Termination Date with respect to the Line of Credit.

"Subordinated Debt Documents" means, collectively, (i) the Subordinated Debt Note (as defined in the Subordination Agreement), (ii) the Subordinated Debt Documents (as defined in the Subordination Agreement), and (iii) all other agreements, instruments, and documents signed or delivered by or on behalf of a Loan Party in connection with the Subordinated Debt, as any or all of the foregoing documents, instruments, and agreements are now in effect or, subject to Section 5.2, as at any time after the date of this Agreement amended, modified, supplemented, restated, renewed, extended, or otherwise changed and any documents, instruments, or agreements given, subject to Section 5.2, in substitution of any of them.

"Subordination Agreement" means the Subordination Agreement between the Subordinated Creditor and Lender dated as of July 31, 2008.

"Trademark Security Agreements" means, collectively, (i) the Trademark Security Agreement dated as of the date of this Agreement between Filters and Lender, (ii) the Trademark Security Agreement dated the Effective Date (as defined in the Second Amendment) between Effox and Lender, (iii) the Trademark Security Agreement dated the Effective Date (as defined in the Third Amendment) between Fisher-Klosterman and Lender, and (iv) the Trademark Security Agreement dated the Effective Date (as defined in the Third Amendment) between GMD and Lender.

1.3 Clause (g) of the definition of "Refinancing Debt" in Section 1.1 of the Credit Agreement is hereby amended in its entirety by substituting the following in its stead:

(g) The Parent and its Subsidiaries are in compliance with the Financial Covenants, on a *pro forma* basis, after giving effect to the

incurrence of such Refinancing Debt and the repayment of the Indebtedness being Refinanced. To determine whether there is *pro forma* compliance with the Financial Covenants, the Parent will, on a *pro forma* basis, provide a worksheet to Lender at least 10 days before incurring such Refinancing Debt, which (i) restates the financial statements received by Lender for the Fiscal Quarter or the Fiscal Year, as applicable, ended most closely before the date such Refinancing Debt is proposed to be incurred as if the proposed Refinancing Debt had been made, and the Indebtedness had been Refinanced, at the beginning of the applicable Test Period and (ii) calculate the Maximum Total Funded Debt to Adjusted EBITDA Ratio under Section 5.11 and the Fixed Charge Coverage Ratio under Section 5.10 taking into account such proposed Refinancing Debt as if the proposed Refinancing Debt had been made, and the Indebtedness had been refinanced, at the beginning of the applicable Test Period; and

1.4 Each reference in the Credit Agreement to FKI Acquisition Corp. shall be deemed a reference to Fisher-Klosterman, Inc., a Delaware corporation formerly known as FKI Acquisition Corp., a Delaware corporation.

1.5 Sections 4.3(a) through (d) of the Credit Agreement are hereby amended in their entirety by substituting the following in their place:

4.3 Financial Information; Reporting. Parent shall furnish to Lender:

(a) Within 45 days after the end of each month and Fiscal Quarter, a copy of the Parent and its Subsidiaries' consolidated and consolidating financial statements for that month and, as applicable, Fiscal Quarter and for the year to date in a form reasonably acceptable to Lender, prepared and certified, subject to changes resulting from normal year-end adjustments and the omission of footnote disclosures, by the principal financial officer of the Parent;

(b) Within 90 days after the end of each Fiscal Year, a copy of the Parent and its Subsidiaries' (i) consolidated financial statements for that year audited by a firm of independent certified public accountants selected by Parent and acceptable to Lender (which acceptance shall not be unreasonably withheld) (the "Auditors") and accompanied by a standard audit opinion of such Auditors, (ii) unaudited, consolidating financial statements for that year, and (iii) any management letter prepared by such Auditors;

(c) All of the statements referred to in (a) and (b) above shall be in conformance with GAAP;

(d) With the month-end and Fiscal Quarter-end statements submitted under (a) above and the Fiscal Year end statements submitted under (b) above, a Compliance Certificate in the form attached hereto as Exhibit 4.3(d) signed by the principal financial officer of Parent and the other Loan Parties, (i) stating among other things, that he or she is familiar with all Loan Documents and that to the knowledge of such principal financial officer no Event of Default specified in this Agreement or in any of the other Loan Documents, nor any event which upon notice, lapse of time, the satisfaction of any other condition, or all of them, would constitute such an Event of Default, has occurred and is continuing, or, if any such condition or event existed or exists, specifying it and describing what action Loan Parties have taken or proposes to take with respect thereto and (ii) setting forth in summary form, with respect to the Fiscal Quarter-end and Fiscal Year-end statements, figures showing the financial status of the Parent and its Subsidiaries in respect of the Financial Covenants and restrictions contained in this Agreement, including showing the following amounts on a per Fiscal Quarter basis: Fixed Charges, Adjusted EBITDA, Funded Debt, the gross amount of capital expenditures, and the amount of capital expenditures which are financed;

1.6 Section 5.3 of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

5.3 Capital Expenditures. No Loan Party will make or incur any expenditures for real estate, plant, machinery, equipment, or other similar expenditure (including all renewals, improvements and replacements thereto, and all obligations under any lease of any of the foregoing) that would be capitalized on the balance sheet of a Loan Party in accordance with GAAP in excess of (a) $750,000 for the Fiscal Year ending on December 31, 2006, (b) $2,000,000 for the Fiscal Year ending on December 31, 2007, or (c) $2,500,000 for any Fiscal Year ending on or after December 31, 2008; *provided* that (i) (a) the Purchase Price (as defined in the Effox Acquisition Agreement) paid by any Loan Party in accordance with the Effox Acquisition Agreement, (b) the Purchase Price (as defined in the FKI Acquisition Agreement) paid by any Loan Party in accordance with the FKI Acquisition Agreement, (c) the Purchase Price (as defined in the A.V.C. Acquisition Agreement) paid by any Loan Party in accordance with the A.V.C. Acquisition Agreement, and (d) the Purchase Price (as defined in the Flextor Acquisition Agreement) paid by any Loan Party in accordance with the Flextor Acquisition Agreement will each be excluded from the foregoing limitation on capital expenditures and (ii) if (A) the Cincinnati Facility is sold and (B) Lender, pursuant to an amendment of this Agreement executed by it, consents to the re-investment of the Net Proceeds from the sale of the Cincinnati Facility

into a replacement facility, which becomes a Borrower's Facility under terms and conditions acceptable to Lender, then the amount of such Net Proceeds used for such replacement facility will be excluded from the foregoing limitation on capital expenditures (the amounts excluded from the foregoing limitation on capital expenditures in clauses (i) and (ii) of this proviso being "Excluded Capital Expenditures").

1.7 Section 5.8 of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

5.8 Transactions with Affiliates. No Loan Party shall: (a) directly or indirectly make any loans or advances to, or investments in, any of its employees, officers, directors, shareholders or other Affiliates except (i) as permitted by Section 5.9 and (ii) in respect of purchases by a Borrower or of another Borrower's Inventory in the ordinary course of business pursuant to the reasonable requirements of a Borrower's business and on fair and reasonable terms which are fully disclosed to Lender; (b) enter into any transaction with any of its Affiliates except for such transactions (other than transactions contemplated by clause (a) of this Section 5.8) entered into in the ordinary course of business upon fair and commercially reasonable terms no less favorable to such Loan Party than could be obtained in a comparable arms-length transaction with an unaffiliated Person; *provided* that, a Borrower shall not sell any goods to, or perform any services for or on behalf of, CECO India, Fisher Klosterman Shanghai, CECO Environmental Mexico, CECO Environmental Services, Canadian Acquisition Co., Flextor, Flextor Brazil or Flextor Chile during any time that (i) the total Indebtedness of CECO India and (exclusive of loans, advances or equity investments permitted by Section 5.9(a)(E) or (F)) CECO Environmental Mexico, CECO Environmental Services, Fisher Klosterman Shanghai, Canadian Acquisition Co., Flextor, Flextor Brazil or Flextor Chile to Borrowers, in the aggregate exceeds $500,000 or (ii) the total amount of Indebtedness of CECO India and (exclusive of loans, advances or equity investments permitted by Section 5.9(a)(E) or (F)) CECO Environmental Mexico, CECO Environmental Services, Fisher Klosterman Shanghai, Canadian Acquisition Co., Flextor, Flextor Brazil or Flextor Chile to Borrowers, in the aggregate, and that is past due, exceeds $500,000; or (c) divert (or permit anyone to divert) any of its business opportunities to any Affiliate (other than a Borrower to another Borrower) or any other Person in which any Loan Party or its shareholders holds a direct or indirect interest.

1.8 Section 5.9(a) of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

(a) No Loan Party shall, without Lender's prior consent (which consent Lender, in good faith, shall have no obligation to provide), purchase or otherwise acquire: (i) all or substantially all of the assets of any Person or the assets comprising any line of business or business unit or division, (ii) any partnership, joint venture or limited liability company interest in or with any Person, or (iii) the securities of, create, form or invest in any Person (including a Subsidiary), or hold beneficially evidences of Indebtedness of, or make any investment or acquire any interest in, or make any advance or loan to, or assume any liability on behalf of, any other Person other than:

(A) as expressly provided in this Agreement;

(B) advances to officers and employees with respect to expenses incurred by those officer and employees, which expenses are (1) in the usual and ordinary course of business of a Borrower, (2) reimbursable by a Borrower, and (3) do not exceed in the aggregate, $50,000, outstanding at any one time;

(C) Loans by one Borrower to, and held by, another Borrower that is unsecured and subordinated in right of payment to the Obligations. Anything to the contrary in this Agreement or the other Loan Documents notwithstanding, no Borrower may receive Revolving Loans from Lender or loans or advances from any other Borrower (each, a "Senior or Intercompany Advance" and collectively, "Senior or Intercompany Advances") if, when taking into account on a pro forma basis the proposed Senior or Intercompany Advance, the applicable Borrower would have Loans (either directly from Lender or indirectly from another Borrower) that exceed the sum of (1) one hundred ten percent (110%) of the book value of such Borrower's accounts receivable and inventory and (2) one hundred twenty five percent (125%) of the net book value of such Borrower's owned Equipment and real property;

(D) short term investments of excess working capital in one or more of the following so long as no Revolving Loans are then outstanding: (1) investments (of one year or less) in direct or guaranteed obligations of the United States, or any agencies thereof; and (2) investments (of one year or less) in certificates of deposit of banks or trust companies organized under the laws of the United States or any jurisdiction thereof, *provided* that such banks or trust companies are insured by the Federal Deposit Insurance Corporation and have capital in excess of $250,000,000;

(E) loans, advances or equity investments in Fisher Klosterman Shanghai, CECO Environmental Mexico, CECO Environmental Services, Canadian Acquisition Co., Flextor, Flextor Brazil

or Flextor Chile (other than transactions contemplated by clause (b) of Section 5.8), so long as (1) the aggregate amount of such investments does not exceed $1,000,000 during the term of this Agreement, (2) no Event of Default shall exist at the time of making each such investment, (3) no Event of Default shall result, on a *pro forma* basis, from the making of each such investment, and (4) after the making of each such investment, Revolving Loan Availability is equal to or greater than $1,000,000. To determine whether there is *pro forma* compliance with the Financial Covenants, Parent, Group and Borrowers will, on a *pro forma* basis, (x) restate the financial statements received by Lender for the Fiscal Quarter or the Fiscal Year, as applicable, ended most closely before the date such investment is proposed to be made as if the proposed investment had been made at the beginning of the applicable Test Period and (y) calculate the Financial Covenants taking into account such proposed investment as if the proposed investment had been made at the beginning of the applicable Test Period. Parent, Group and Borrowers will deliver such *pro forma* analysis to Lender at least 10 Business Days prior to making each such investment; and

(F) (i) the equity investment of 2,800,000 Canadian Dollars made by Parent in Canadian Acquisition Co. and (ii) the loan of 4,200,000 Canadian Dollars made by Parent to Canadian Acquisition Co. (the "Flextor Loan"), in each case to fund the Flextor Acquisition.

1.9 Section 5.11 of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

5.11 Maximum Total Funded Debt to Adjusted EBITDA Ratio. Borrowers will not permit the ratio ("Maximum Total Funded Debt to Adjusted EBITDA Ratio") resulting from dividing (a) the Parent and its Subsidiaries total Funded Debt as of the end of the applicable Test Period by (b) Parent and its Subsidiaries Adjusted EBITDA for the applicable Test Periods occurring during each of the following periods:

Period		Maximum Total Funded Debt to Adjusted EBITDA Ratio
(a)	The Test Period ending on December 31, 2006	3.20 to 1
(b)	The Test Period ending on March 31, 2007	4.25 to 1

(c)	The Test Period ending on June 30, 2007	4.00 to 1
(d)	The Test Period ending on September 30, 2007	3.50 to 1
(e)	Each Test Period ending on and after December 31, 2007	3.20 to 1

1.10 Section 5 of the Credit Agreement is hereby amended by the addition of a new Section 5.16, in its proper numerical order, to provide in its entirety as follows:

5.16 A.V.C. Acquisition; A.V.C. Acquisition Documents. The Loan Parties will not seek, agree to or permit, directly or indirectly, the amendment, waiver or other change to any material term of or applicable to any of the A.V.C. Acquisition Documents. For purposes of this Section 5.16, "material" means any modification, waiver, or amendment of any of the A.V.C. Acquisition Documents, which, in the judgment of Lender exercised in good faith, could: (i) materially increase the purchase price for the assets to be acquired under the A.V.C. Acquisition Documents or the Indebtedness to be incurred by any Loan Party under the A.V.C. Acquisition Documents, (ii) materially and adversely affect any of Lender's rights or remedies under the Loan Documents, the value of the Loan Collateral, or Lender's security interest in or other Lien on the Loan Collateral (including the priority of Lender's interests), (iii) have a Material Adverse Effect, or (iv) create or result in an Event of Default.

1.11 Section 5 of the Credit Agreement is hereby amended by the addition of a new Section 5.17, in its proper numerical order, to provide in its entirety as follows:

5.17 Flextor Acquisition; Flextor Acquisition Documents. The Loan Parties will not seek, agree to or permit, directly or indirectly, the amendment, waiver or other change to any material term of or applicable to any of the Flextor Acquisition Documents. For purposes of this Section 5.16, "material" means any modification, waiver, or amendment of any of the Flextor Acquisition Documents, which, in the judgment of Lender exercised in good faith, could: (i) materially increase the purchase price for the assets to be acquired under the Flextor Acquisition Documents or the Indebtedness to be incurred by any Loan Party under the Flextor Acquisition Documents, (ii) materially and adversely affect any of Lender's rights or remedies under the Loan Documents, the value of the Loan Collateral, or Lender's security interest in or other Lien on the Loan Collateral (including the priority of Lender's interests), (iii) have a Material Adverse Effect, or (iv) create or result in an Event of Default.

1.12 Section 5 of the Credit Agreement is hereby amended by the addition of a new Section 5.18, in its proper numerical order, to provide in its entirety as follows:

5.18 Canadian Acquisition Co. Notwithstanding anything to the contrary set forth in this Agreement, Canadian Acquisition Co. (A) is, and will remain until the Flextor Amalgamation, a holding company, whose only business will be the holding of the ownership interest of Flextor, and (B) will not, until the Flextor Amalgamation, own or have any interest in property other than the Ownership Interests of Flextor, and the distributions received from Flextor on such Ownership Interests.

1.13 Section 6.1(t) of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

(t) (i) the Subordination Agreement is terminated or ceases, for any reason, to be in full force and effect, (ii) the Subordinated Creditor denies its obligations under the Subordination Agreement or attempts to limit or terminate or revoke its obligations under the Subordination Agreement, (iii) there is a default or an event of default under any of the Effox Acquisition Documents by any Person which has a Material Adverse Effect, (iv) there is a default or an event of default under any of the FKI Acquisition Documents by any Person which has a Material Adverse Effect, (v) there is a default or an event of default under any of the A.V.C Acquisition Documents by any Person which has a Material Adverse Effect; or (vi) there is a default or an event of default under any of the Flextor Acquisition Documents by any Person which has a Material Adverse Effect; or

1.14 Section 6.1 of the Credit Agreement is hereby amended by the addition of new clauses (u), (v) and (w), to provide in their entirety as follows:

(u) Canadian Acquisition Co. or Flextor defaults under the terms of any other Indebtedness or lease that, individually or in the aggregate (when added to all other Indebtedness, if any, of either of Canadian Acquisition Co. or Flextor then in default), involves Indebtedness in excess of $100,000, (B) such default is not cured within any applicable cure period or waived by the applicable creditor, and (C) such default gives any creditor or lessor the right to accelerate the maturity of any such Indebtedness or lease payments, which right is not contested by Canadian Acquisition Co. or Flextor or is determined by any court of competent jurisdiction to be valid; or

(v) Any final judgment, award, order or decree for the payment of money in excess of $500,000 is rendered against Canadian Acquisition Co. or Flextor (or any number of final judgments, awards, orders, or decrees outstanding, as of any date, in excess of $500,000 in the aggregate with respect to either Canadian Acquisition Co. or Flextor) by a court or courts or arbitrator having jurisdiction in the premises, which judgment, award, order, or decree shall not have been either (i) appealed in good faith (and execution of such judgment(s) are completely stayed, vacated or discharged during such appeal) or (ii) satisfied by Canadian Acquisition Co. or Flextor. The above limits of $500,000 will be determined after giving effect to (*i.e.*, deducting) that portion of such judgment, award, order, or decree which is covered by insurance, as determined by Lender in its discretion exercised in good faith, that is in effect and available to satisfy such judgment, award, order, or decree for which the insurer has not denied in writing its liability for the full insurable amount thereof; or

(w) (i) A court enters a decree or order for relief with respect to Canadian Acquisition Co. or Flextor in an involuntary case under any Insolvency Law, or appoints a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of Canadian Acquisition Co. or Flextor for any substantial part of their respective property, or orders the wind-up or liquidation of its, his or their affairs; or a petition initiating an involuntary case under any such Insolvency Law is filed and is pending for sixty (60) days without dismissal; or (ii) either Canadian Acquisition Co. or Flextor commences a voluntary case under any applicable Insolvency Law in effect, or makes any general assignment for the benefit of creditors, or fails generally to pay their respective debts as such debts become due, or takes any authorizing action in furtherance of any of the foregoing.

1.15 Exhibit 4.3(d) to the Credit Agreement is hereby amended in its entirety by substituting the document attached hereto as Exhibit 4.3(d) in its stead. Exhibit 4.3(g) to the Credit Agreement is hereby amended in its entirety by substituting the document attached hereto as Exhibit 4.3(g) in its stead. Schedule 1.1 to the Credit Agreement is hereby amended in its entirety by substituting the document attached hereto as Schedule 1.1 in its stead. Schedule 3.1 to the Credit Agreement is hereby amended in its entirety by substituting the document attached hereto as Schedule 3.1 in its stead. Schedule 3.12 to the Credit Agreement is hereby amended in its entirety by substituting the document attached hereto as Schedule 3.12 in its stead. Schedule 3.14 to the Credit Agreement is hereby amended in its entirety by substituting the document attached hereto as Schedule 3.14 in its stead.

2. Consent by Lender to A.V.C Acquisition and Flextor Acquisition. The Loan Parties have requested that Lender consent to the A.V.C. Acquisition, as required by Section 5.9(a) of the Credit Agreement. The Loan Parties have requested that Lender consent to the

Flextor Acquisition, as required by Section 5.9(a) of the Credit Agreement. Subject to the terms, and on the conditions, of this Amendment, Lender hereby consents to the A.V.C. Acquisition and the Flextor Acquisition. The consent provided in this Section 2, either alone or together with other consents which Lender may give from time to time, shall not, by course of dealing, implication or otherwise, obligate Lender to consent to any other creation, formation, purchase or other acquisition of a Domestic Subsidiary of any Loan Party, past, present or future, other than the A.V.C. Acquisition and Flextor Acquisition specifically consented to by this Amendment, or reduce, restrict or in any way affect the discretion of Lender in considering any future consent requested by the Loan Parties.

3. Other Documents. As a condition of this Amendment, Borrowers, with the signing of this Amendment, will deliver or, as applicable, shall cause to be delivered to Lender: (a) amendments to the Security Agreement, Patent Security Agreement, and Trademark Security Agreement to which Fisher-Klosterman is a party; (b) a First Amendment to the Parent Pledge Agreement providing for a pledge of the stock of Canadian Acquisition Co. and executed by Parent in form and substance satisfactory to Lender; (c) a certificate of Parent, Group and each Borrower, of resolutions of such directors evidencing the authority of each to execute this Amendment and all other documents executed in connection herewith, which certificates and resolutions will be in form and substance satisfactory to Lender; (d) the Subordination Agreement duly executed and delivered by the Subordinated Creditor; and (e) such other documents, instruments, and agreements deemed necessary or desirable by Lender to effect the amendments to Borrowers' credit facilities with Lender contemplated by this Amendment.

4. Representations. To induce Lender to accept this Amendment, the Loan Parties hereby represent and warrant to Lender as follows:

4.1 Each Loan Party has full power and authority to enter into, and to perform its obligations under, this Amendment and the other Loan Documents being amended or entered into in connection herewith, and the execution and delivery of, and the performance of their obligations under and arising out of, this Amendment and the other Loan Documents being amended or entered into in connection herewith, respectively, have been duly authorized by all necessary corporate action.

4.2 This Amendment and the other Loan Documents being amended or entered into in connection herewith constitute the legal, valid and binding obligations of each Loan Party, as applicable, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

4.3 The Loan Parties' representations and warranties contained in the Loan Documents are complete and correct as of the date of this Amendment with the same effect as though such representations and warranties had been made again on and as of the date of this Amendment, subject to those changes as are not prohibited by, or do not constitute Events of Default under, the Credit Agreement.

4.4 No Event of Default has occurred and is continuing.

4.5 As of the closing of the A.V.C. and Flextor Acquisitions:

4.5.1 Each Loan Party has adequate power and authority and has full legal right to enter into each of the A.V.C. Acquisition Documents and Flextor Acquisition Documents to which it is a party, and to perform, observe and comply with all of its agreements and obligations under each of the A.V.C. Acquisition Documents and Flextor Acquisition Documents.

4.5.2 The execution and delivery by each Loan Party of the A.V.C. Acquisition Documents and Flextor Acquisition Documents to which it is a party, the performance by each Loan Party of all of its agreements and obligations under the A.V.C. Acquisition Documents and Flextor Acquisition Documents to which it is a party, and the consummation of the A.V.C. Acquisition and Flextor Acquisition pursuant to the A.V.C. Acquisition Agreement and Flextor Acquisition Agreement have been duly authorized by all necessary corporate action on the part of such Loan Party and do not and will not: (i) contravene any provision of such Loan Party's Certificate/Articles of Incorporation or Bylaws/Code of Regulations; (ii) conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in the creation of any Lien (other than a Permitted Lien) upon any of the property of such Loan Party under, any agreement or instrument to which such Loan Party is a party or by which its assets are bound, except for such violations and/or defaults which could not reasonably be expected to have a Material Adverse Effect; (iii) violate or contravene any provision of any law, rule or regulation or any order or ruling thereunder or any decree, order or judgment of any governmental authority except for such violations and/or defaults which could not reasonably be expected to have a Material Adverse Effect; (iv) require any waivers, consents or approvals by any of the creditors or trustees for creditors of such Loan Party or any other Person except those waivers, consents, or approvals which are obtained as of the Effective Date or which are not required to consummate the A.V.C. Acquisition or Flextor Acquisition; or (v) require any Person to make any filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the rules of the Federal Trade Commission thereunder or similar Canadian laws, to give effect to the A.V.C. Acquisition and Flextor Acquisition.

4.5.3 There are no proceedings pending or, to the knowledge of any Loan Party, threatened, against any Loan Party which call into question the validity or enforceability of any of the A.V.C. Acquisition Documents or Flextor Acquisition Documents.

4.5.4 The A.V.C. Acquisition and Flextor Acquisition have been consummated in accordance with the terms and conditions of the A.V.C. Acquisition Documents and Flextor Acquisition Documents and all applicable laws, and (i) FKI became the owner, free and clear of any Liens (except any Permitted Liens) of substantially all of the assets of A.V.C. pursuant to the A.V.C. Acquisition Documents and (ii) Canadian Acquisition Co. became the owner, free and clear of any Liens, of all of the shares of Flextor, pursuant to the Flextor Acquisition Documents. All consents and approvals of, and filings and permits with, and all other actions in respect of, all governmental authorities required in order to consummate the A.V.C. Acquisition and Flextor Acquisition in accordance with the terms and conditions of the A.V.C. Acquisition Documents and Flextor Acquisition Documents and all applicable laws have

been, or prior to the time required, will have been, obtained, given, filed, taken or waived, and are in full force and effect. All applicable waiting periods with respect thereto have, or prior to the time when required, will have, expired without, in all such cases, any action being taken by any competent authority which restrains, prevents or imposes material adverse conditions upon the consummation of the A.V.C. Acquisition and Flextor Acquisition.

5. Costs and Expenses; Amendment Fee. As a condition of this Amendment, (i) Borrowers will pay to Lender an amendment fee of $10,000, payable in full on the Effective Date; such amendment fee, when paid, will be fully earned and non-refundable under all circumstances, and (ii) Borrowers will promptly on demand pay or reimburse Lender for the costs and expenses incurred by Lender in connection with this Amendment, including, without limitation, reasonable attorneys' fees.

6. Entire Agreement. This Amendment, together with the other Loan Documents, sets forth the entire agreement of the parties with respect to the subject matter of this Amendment and supersedes all previous understandings, written or oral, in respect of this Amendment and the other Loan Documents.

7. Default. Any default by a Loan Party in the performance of its obligations under this Amendment or the other Loan Documents shall constitute an Event of Default under the Credit Agreement if not cured after any applicable notice and cure period under the Credit Agreement.

8. Continuing Effect of Credit Agreement. Except as expressly amended hereby, all of the provisions of the Credit Agreement are ratified and confirmed and remain in full force and effect.

9. One Agreement; References; Fax Signature. The Credit Agreement, as amended by this Amendment, will be construed as one agreement. Any reference in any of the Loan Documents to the Credit Agreement will be deemed to be a reference to the Credit Agreement as amended by this Amendment. This Amendment and the other Loan Documents may be signed by facsimile signatures or other electronic delivery of an image file reflecting the execution hereof, and, if so signed: (a) may be relied on by each party as if the document were a manually signed original and (b) will be binding on each party for all purposes.

10. Captions. The headings to the Sections of this Amendment have been inserted for convenience of reference only and shall in no way modify or restrict any provisions hereof or be used to construe any such provisions.

11. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

12. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws of the State of Ohio (without regard to Ohio conflicts of law principles).

13. Reaffirmation of Security. Loan Parties and Lender hereby expressly intend that this Amendment shall not in any manner (a) constitute the refinancing, refunding, payment or extinguishment of the Obligations evidenced by the existing Loan Documents; (b) be deemed to evidence a novation of the outstanding balance of the Obligations; or (c) affect, replace, impair, or extinguish the creation, attachment, perfection or priority of the Liens on the Loan Collateral granted pursuant to any Security Document evidencing, governing or creating a Lien on the Loan Collateral. Each Loan Party ratifies and reaffirms any and all grants of Liens to Lender on the Loan Collateral as security for the Obligations, and each Loan Party acknowledges and confirms that the grants of the Liens to Lender on the Loan Collateral: (i) represent continuing Liens on all of the Loan Collateral, (ii) secure all of the Obligations, and (iii) represent valid, first and best Liens on all of the Loan Collateral except to the extent, if any, of any Permitted Liens.

14. Reaffirmation of Guaranties. Each Loan Party hereby: (i) ratifies and reaffirms its Guaranty dated as of December 29, 2005 (or dated as of June 8, 2006 as it respects H.M. White or February 28, 2007 as it respects Effox or February 29, 2008 as it respects GMD, Fisher Klosterman, FKI, LLC and CECO Mexico LLC) made by such Loan Party to Lender and (ii) acknowledges and agrees that no Loan Party is released from its obligations under its respective Guaranty by reason of this Amendment or the other Loan Documents and that the obligations of each Loan Party under its respective Guaranty extend, among other Obligations of Borrowers to Lender, to the Obligations of Borrowers under this Amendment and the other Loan Documents being executed or amended in connection herewith. Without limiting the generality of the foregoing, each Loan Party acknowledges and agrees that all references in any Guaranty to the Credit Agreement or the other Loan Documents shall be deemed to be references to the Credit Agreement or such other Loan Document, as amended by, or amended and restated in connection with, this Amendment.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Loan Parties and Lender have executed this Amendment by their duly authorized representatives as of the Effective Date.

CECO ENVIRONMENTAL CORP.

By: /s/ Dennis W. Blazer

Dennis W. Blazer, Chief Financial Officer and Vice President

CECO FILTERS, INC.
NEW BUSCH CO., INC.
THE KIRK & BLUM MANUFACTURING COMPANY
KBD/TECHNIC, INC.
CECOAIRE, INC.
CECO ABATEMENT SYSTEMS, INC.
EFFOX INC.,
FISHER-KLOSTERMAN, INC.

By: /s/ Dennis W. Blazer
Dennis W. Blazer, Secretary and Treasurer

FKI, LLC

By: /s/ Dennis W. Blazer
Dennis W. Blazer, Manager

CECO GROUP, INC.

By: /s/ Dennis W. Blazer
Dennis W. Blazer, Chief Financial Officer, Secretary and Treasurer

H.M. WHITE, INC.
GMD ENVIRONMENTAL TECHNOLOGIES, INC., formerly known as GMD ACQUISITION CORP.
CECO MEXICO HOLDINGS LLC

By: /s/ Dennis W. Blazer
Dennis W. Blazer, Treasurer

FIFTH THIRD BANK

By: /s/ Donald K. Mitchell
Donald K. Mitchell, Vice President

EXHIBIT 99.1

…working environments

NASDAQ: CECE **NEWS RELEASE**

CECO ENVIRONMENTAL ACQUIRES
FLEXTOR, INC. AND AVC SPECIALISTS, INC.

CINCINNATI, OHIO, August 4, 2008 – CECO Environmental Corp. (NASDAQ: CECE), a leading provider of air pollution control and industrial ventilation systems, announced today that it has agreed to acquire, in two separate transactions, Flextor, Inc. of Montreal, Quebec and AVC Specialists, Inc. of Moorpark, California. Both acquisitions are all cash transactions.

Flextor is a provider of engineered-to-order dampers and expansion joints for the power, natural gas, cement, smelting, incineration, and other industries. Flextor derives a large percentage of its business from sales outside of North America and has subsidiaries in both Chile and Brazil.

AVC Specialists is an electrostatic precipitator components manufacturer that also has a field services division. It serves the power, refining, petrochemical, pulp and paper, cement, and other industries. AVC sells its products and services throughout the United States.

Rick Blum, President and Chief Operating Officer, stated, “We are delighted to have both of these fine companies as the newest members of the CECO family. Flextor is essentially in the same business, though mostly in different geographical markets, as our Effox subsidiary. We intend to operate those two companies together as one operational entity. We see tremendous opportunities for growth internationally in our damper and expansion joint product lines. The acquisition of Flextor gives us a jump start toward achieving those objectives. Their international experience is extensive. AVC Specialists will operate as a subsidiary of Fisher-Klosterman, the company we acquired in March of this year. AVC fits perfectly with the operations of Fisher-Klosterman’s Buell APC division. Working together, Buell APC and AVC will enable us to grow our parts and services business which sells to the owners of the large installed base of electrostatic precipitators in a wide variety of industries.”

Phillip DeZwirek, Chairman and Chief Executive Officer, commented, “Flextor expects to have revenues in the fiscal year that it is just completing of approximately $15 million. AVC had revenues in its last fiscal year of approximately $3.5 million. We expect that both of these acquisitions will be accretive to both CECO’s revenues and earnings. The acquisition of Flextor fits in with our goal of expanding our international business. The acquisition of AVC increases our traditionally high margin parts business.”

ABOUT CECO ENVIRONMENTAL

CECO Environmental Corp. is North America’s largest independent air pollution control company. Through its ten subsidiaries — Busch, CECOaire, CECO Filters, CECO Abatement Systems, kbd/Technic, Kirk & Blum, H.M. White, Inc., Effox, GMD Environmental and Fisher-Klosterman — CECO provides a wide spectrum of air quality services and products including: industrial air filters, environmental maintenance, monitoring and management services, and air quality improvements systems. CECO is a full-service provider to the steel, military, aluminum, automotive, ethanol, aerospace, electric power, semiconductor, chemical, cement, metalworking, glass, foundry, and virtually all industrial process industries.

For more information on CECO Environmental, please visit the company’s website at www.cecoenviro.com.

Contact:

Corporate Information
Phillip DeZwirek, CECO Environmental Corp.
Email: investors@cecoenviro.com
1-800-606-CECO (2326)

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All forward-looking statements are subject to certain risks, uncertainties and assumptions. These risks and uncertainties, which are more fully described in CECO’s Annual and Quarterly Reports filed with the Securities and Exchange Commission, include changes in market conditions in the industries in which the Company operates. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may vary in material aspects from those currently anticipated.