
**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): February 29, 2008

CECO ENVIRONMENTAL CORP.

(Exact Name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-7099
(Commission File Number)

13-2566064
(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))
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Item 1.01. Entry into a Material Definitive Agreement**Third Amendment to Credit Agreement**

On February 29, 2008, Ceco Environmental Corp. (the “Company”) entered into a Third 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 FKI Acquisition Corp. (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 and Second Amendment to Credit Agreement dated as of February 28, 2007 (as amended, the “Credit Agreement”).

The Amendment amends the Credit Agreement to (i) increase the maximum revolving loan commitment from \$20,000,000 to \$30,000,000, (ii) make an additional term loan (to finance, in part, the Asset Purchase discussed in Item 2.01) in the aggregate amount of \$5,000,000 (“Term Loan C”), (iii) increase the maximum capital expenditures financial covenant commencing in fiscal year 2007 to \$2,000,000 and commencing with fiscal year 2008, to \$2,500,000, (iv) make certain changes to the incentive pricing with respect to the LOC Fee, to be based upon Borrowers’ Fixed Charge Coverage Ratio (as all of such terms are defined in the Credit Agreement), and (v) consent to the Asset Purchase. The maturity date of Term Loan C is January 31, 2010 and the interest rate is currently based upon LIBOR plus 2.25%, the current applicable LIBOR rate margin, provided that Borrowers may elect to have the interest rate based on prime plus the Applicable Prime Rate Margin. Under the Term Loan C, principal payments of \$83,333.33 are due every month from April 1, 2008 through and including January 1, 2010. Upon an Event of Default, as defined in the Credit Agreement, the amounts due under the Term Loan C may become immediately due and payable. The interest rate on the revolving line of credit has not been revised.

In connection with the Amendment, the Borrowers entered into a Third Amended and Restated Revolving Credit Promissory Note dated February 29, 2008 (“Revolving Note”) and a Term Promissory Note dated February 29, 2008 (“Term Loan C Note”).

Registration Rights Agreement

In connection with the Acquisition as described in Item 2.01, the Company and Fisher-Klosterman, Inc. (“FKI”) entered into a registration rights agreement, dated February 29, 2008 (the “Registration Rights Agreement”), providing FKI with piggyback registration rights, and one S-3 demand registration right. Under the Registration Rights Agreement, FKI has one S-3 demand registration right pursuant to which FKI may demand registration of the resale of the shares acquired under the APA on Form S-3 if the shares to be included in such registration would have an aggregate offering price of at least \$800,000, subject to other customary limitations (the “Demand Right”). In addition to the Demand Right, FKI has been granted piggyback registration rights with respect to the shares issued or to be issued to it under the APA.

The description set forth herein of the terms and conditions of the Amendment, the Revolving Note and the Term Loan C Note are qualified in their entirety by reference to the full text of the Amendment, the Revolving Note and the Term Loan C Note, which are filed with this report as Exhibits 10.1, 10.2 and 10.3, respectively, and incorporated by reference into this Item 1.01 and Item 2.03. The description set forth

herein of the terms and conditions of the Registration Rights Agreement is qualified in its entirety by reference to the full text of the Registration Rights Agreement, which is filed with this report as Exhibit 10.4 and incorporated by reference into this Item 1.01.

Item 2.01. Completion of Acquisition or Disposition of Assets

On February 29, 2008, CECO Environmental Corp. (the “Company” or “CECO”) acquired the assets of FKI, pursuant to the terms of an Asset Purchase Agreement (“APA”) among CECO, FKI, and FKI Acquisition Corp. (“Acquisition”), pursuant to which Acquisition acquired substantially all of FKI’s assets and properties used or held for use in connection with the Business (as such term is defined in the APA) and assumed certain liabilities of FKI (the “Asset Purchase”), including the design, manufacture, and servicing equipment for product recovery, dust collection, and air pollution control and any goodwill associated therewith.

The consideration paid by the Company to FKI in the transaction is approximately \$16.0 million, and includes \$15.0 million in cash and 98,580 shares of the Company’s common stock worth approximately \$1.0 million (based on the average closing price of the Company’s common stock on the Nasdaq Global Market for the sixty trading days immediately preceding the announcement of the signing of the APA). The total consideration paid excludes transaction costs and is subject to certain post-closing adjustments.

The consideration for the Asset Purchase also includes a three year earn out payment, which is payable in unregistered shares of the Company’s common stock. The earn out payment is not to exceed 345,032 shares worth approximately \$3.5 million (based on the average closing price of the Company’s common stock on the Nasdaq Global Market for the sixty trading days immediately preceding the announcement of the signing of the APA). The number of shares earned is based on 50% of the cumulative amount by which annual fiscal year gross profits of the purchased operations of FKI exceeds \$8.8 million annually.

The parties to the APA have made customary representations, warranties and covenants therein. The assertions embodied in those representations and warranties were made for purposes of the APA and are subject to qualifications and limitations agreed by the respective parties in connection with negotiating the terms of the APA. 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.

The foregoing description of the Asset Purchase is included to provide information regarding its terms. It does not purport to be a complete description and is qualified in its entirety by reference to the full text of the APA, which is filed as Exhibit 2.1 hereto and is incorporated herein by reference.

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, “Third Amendment to Credit Agreement” is hereby incorporated by reference into this Item 2.03.

Item 3.02. Unregistered Sales of Equity Securities

As described under Item 2.01 of this Current Report on Form 8-K, on February 29, 2008, the Company issued 98,580 shares of the Company's common stock (or approximately \$1.0 million based on the average closing price of the Company's common stock on the Nasdaq Global Market for the sixty trading days immediately preceding the announcement of the signing of the APA) to FKI as part of the total consideration for the Asset Purchase. The shares were 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. The Company has also agreed under the APA to issue up to a maximum of 345,032 shares of the Company's common stock (or approximately \$3.5 million based on the average closing price of the Company's common stock on the Nasdaq Global Market for the sixty days immediately preceding the announcement of the signing of the APA) as an earn-out. The portion of such shares earned, if any, will be issued within 90 days of the end of fiscal years 2008, 2009, 2010, and 2011 and any such issuance will be made in reliance on an exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities.

Item 9.01. Financial Statements and Exhibits**(a) Financial Statements of Businesses Acquired.**

The financial statements required by Item 9.01(a) of Form 8-K will be filed by amendment no later than 71 calendar days after the date this report on Form 8-K must be filed.

(b) Pro Forma Financial Information.

The pro forma financial information required by Item 9.01(b) of Form 8-K will be filed by amendment no later than 71 calendar days after the date this report on Form 8-K must be filed.

(d) Exhibits.

Exhibit 2.1	Asset Purchase Agreement dated February 20, 2008 (Schedules Omitted)
Exhibit 10.1	Third Amendment to Credit Agreement dated February 29, 2008
Exhibit 10.2	Third Amended and Restated Revolving Credit Promissory Note dated February 29, 2008
Exhibit 10.3	Term Promissory Note dated February 29, 2008
Exhibit 10.4	Registration Rights Agreement dated February 29, 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: March 3, 2008

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

ASSET PURCHASE AGREEMENT

dated

February 20, 2008

between

FISHER-KLOSTERMAN, INC., A KENTUCKY CORPORATION,

CECO ENVIRONMENTAL CORP.,

and

FKI ACQUISITION CORP.

and joined in for limited purposes by

WILLIAM L. HEUMANN, GERALD J. PLAPPERT, JR. and PAUL S. BRANNICK,

the shareholders of FISHER-KLOSTERMAN, INC.

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”) is made and entered into on February 20, 2008 by and among (a) Fisher-Klosterman, Inc., a Kentucky corporation (“Seller”), (b) CECO Environmental Corp., a Delaware corporation (“Parent”), and (c) FKI Acquisition Corp., a Delaware corporation (“Buyer”), and is joined in solely for the purposes of Article VIII, Section 9.07 and Article X, by William L. Heumann, Gerald J. Plappert, Jr., and Paul S. Brannick, all individual residents of the Commonwealth of Kentucky (individually and collectively the “Selling Shareholders”).

RECITALS:

WHEREAS, Seller is engaged in the business of designing, manufacturing, and servicing equipment for product recovery, dust collection, and air pollution control, including high efficiency cyclones, Buell® FCC cyclones, aerodynamic classifiers, electrostatic precipitators, fabric filter collectors, venturi particulate scrubbers and packed tower absorbers (the “Business”); and

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer the rights, properties and assets associated with the Business and assume certain of the liabilities relating to the Business, upon the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

The following terms, as used herein, have the following meanings:

“Accounts Receivable” means all trade accounts receivable of Seller and the full benefit of all security for such accounts or rights to payment to the extent reflected on the Effective Time Balance Sheet and any claim, remedy or other right related to any of the foregoing.

“Affiliate” means, with respect to the indicated Person, any Person directly or indirectly controlling, controlled by, or under common control with such other Person.

“Agreement” shall have the meaning set forth in the first paragraph of this Agreement.

“Allocation Schedule” shall have the meaning set forth in Section 6.02(b).

“Ancillary Agreements” means the Bill of Sale, the Assignment and Assumption Agreement, the New Louisville Lease, the Indemnification Escrow Agreement, the Employment Agreements, the Patent Assignment, the Trademark Assignment Agreement, and the Domain Name Transfer Agreement.

“Applicable Law” means any applicable federal, state, local, provincial, municipal, foreign or other law, statute, constitution, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity on or prior to the Effective Time.

“Assignment and Assumption Agreement” means the Assignment and Assumption Agreement dated the Effective Time pursuant to which the Assumed Contracts and Assumed Liabilities shall be assigned to and assumed by Buyer in the form mutually agreed upon by Buyer and Seller

“Assumed Contracts” means (i) all of the contracts and (ii) all outstanding written offers or solicitations made by or to Seller to enter into any contract, relating to the Business except for those items which are Excluded Assets.

“Assumed Liabilities” shall have the meaning set forth in Section 2.03.

“Audited Financial Statements” means the Year End Balance Sheet and the related statements of income and cash flows as of and for the year ended December 31, 2006.

“Bill of Sale” means the Bill of Sale dated the Effective Time, pursuant to which Seller shall transfer to Buyer all assets included in the Purchased Assets (except for those transferred pursuant to the Assignment and Assumption Agreement, the Patent Assignment, the Trademark Assignment Agreement and the Domain Name Transfer Agreement) in the form mutually agreed upon by Buyer and Seller.

“Brannick Employment Agreement” means the Employment Agreement dated as of the Effective Time between Buyer and Paul S. Brannick, substantially in the form attached hereto as Exhibit B-1.

“Business” shall have the meaning set forth in the recitals hereto.

“Business Day” means a day other than a Saturday, Sunday or other day on which the Federal Reserve Bank of New York is authorized or required by Applicable Law to close.

“Buyer” shall have the meaning set forth in the first paragraph of this Agreement.

“Buyer Balance Sheets” shall have the meaning set forth in Section 5.07.

“Buyer Indemnified Persons” shall have the meaning set forth in Section 8.02.

“Buyer’s Damages” shall have the meaning set forth in Section 8.02.

“Buyer Shares” shall have the meaning set forth in Section 5.06.

“Buyer’s Disclosure Schedule” shall have the meaning set forth in Article V.

“China” means the People’s Republic of China, excluding for the purposes of this Agreement the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

“China Cash” shall have the meaning set forth in Section 2.02(a).

“China Facility” means the facility of China Subsidiary located at Lane 80, No. 1030 Heng’an Road, Pudong District, Shanghai, the People’s Republic of China.

“China Lease” means the lease dated January 20, 2007, among Shanghai Dongfang Hydraulic Component Factory, China Subsidiary and Carrier Vibrating Equipment (Shanghai) Co., Ltd.

“China Subsidiary” means Kentucky Fabrication (Shanghai) Co., Ltd.

“Claimant” shall have the meaning set forth in Section 8.05(a).

“Closing” means the consummation of the transactions contemplated in this Agreement in accordance with the provisions of Article III.

“Closing Date” shall have the meaning set forth in Section 3.01.

“COBRA” means the requirements of Section 601 et seq. of ERISA, Section 4980B of the Code and any other comparable Applicable Law.

“Code” means the Internal Revenue Code of 1986, as amended.

“Confidential Information” will have the meaning set forth in the Confidentiality Agreement between Seller and Buyer dated August 2, 2007.

“Damages” shall have the meaning set forth in Section 8.03.

“Defending Party” shall have the meaning set forth in Section 8.05(a).

“Deposit” shall mean the \$250,000 deposit delivered by Buyer to Seller upon execution of this Agreement.

“Direct Claim Notice” shall have the meaning set forth in Section 8.06.

“Disclosure Schedule” shall have the meaning set forth in Article IV.

“Dispute” shall have the meaning set forth in Section 10.13.

“Domain Name Assignment Agreement” means the Domain Name Assignment Agreement, dated the Effective Time, pursuant to which Seller shall transfer and assign its interest in its domain name in the form mutually agreed upon by Buyer and Seller.

“Effective Time Balance Sheet” shall have the meaning set forth in Section 2.07(a).

“Employees” shall have the meaning set forth in Section 7.01(a).

“Employee Benefit Plans” shall have the meaning set forth in Section 4.23.

“Employment Agreements” means the Heumann Employment Agreement, the Plappert Employment Agreement, the Brannick Employment Agreement, the Lugar Employment Agreement, the Keefer Employment Agreement and the Lewis Employment Agreement.

“Environmental Costs” means any cleanup costs, remediation or removal costs, losses, liabilities or obligations, payments or damages arising out of or relating to or resulting from any Environmental Matters and required to be incurred pursuant to any Environmental Laws.

“Environmental Laws” means any federal, state or local environmental, health or safety law, common law, code or ordinance, and any rules or regulations promulgated thereunder, including the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., the Occupational Safety and Health Act, 29 U.S.C. §§ 651 et seq., the Clean Water Act, 33 U.S.C. §§ 1251 et seq. and the Clean Air Act, 42 U.S.C. §§ 7401 et seq., as any of the same are in effect as of the Effective Time.

“Environmental Matters” means any matter arising out of, relating to or resulting from pollution, contamination or protection of the environment, human health or safety and any matters relating to emissions, discharges, releases or threatened releases, of Hazardous Substances into the air, surface water, groundwater, soil, land surface or subsurface, buildings or facilities or any matter otherwise arising out of, relating to, or resulting from the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances.

“Equity Securities” means any capital stock or other equity interest or any securities convertible into or exchangeable for capital stock or any other rights, warrants or options to acquire any of the foregoing securities.

“ERISA” shall have the meaning set forth in Section 4.23.

“Escrow Agent” means National City Bank.

“Escrow Amount” shall have the meaning set forth in Section 2.06.

“Excluded Assets” shall have the meaning set forth in Section 2.02.

“Excluded Liabilities” shall have the meaning set forth in Section 2.04.

“Facilities” means the Louisville Facility, the Pennsylvania Facility and the China Facility.

“Financial Statements” means the Audited Financial Statements and the Interim Financial Statements, which include, on a consolidated basis, the financial statements of the Seller’s Subsidiaries.

“Fixed Asset Excess” shall have the meaning set forth in Section 2.07(f).

“Fixed Asset Shortfall” shall have the meaning set forth in Section 2.07(f).

“Fixed Assets” means all of Seller’s furniture, fixtures, machinery, equipment, computer hardware, servers, routers, management systems, security systems, vehicles and other tangible personal property of Seller located at the Facilities and held for use or sale by the Business, except for those items listed on Annex 2.02(j).

“GAAP” means generally accepted accounting principles in the United States as promulgated by the Financial Accounting Standards Board.

“Governmental Entity” means any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; or (iii) governmental or quasi-governmental authority of any nature, including any governmental ministry, division, department, agency, bureau, commission, instrumentality, official, organization, unit or body and any court or other tribunal.

“Hazardous Substance” means any substance that is designated or defined as a hazardous substance, toxic or dangerous, a solid or hazardous waste, or as a pollutant or contaminant or otherwise regulated under any Environmental Law.

“Heimbrock Division” shall mean the operations of Seller sold to Louis J. Heimbrock prior to the date of this Agreement.

“Heumann Employment Agreement” means the Employment Agreement dated as of the Effective Time between Buyer and William L. Heumann, substantially in the form attached hereto as Exhibit B-2.

“HLLC Real Estate” shall have the meaning set forth in Section 2.02(c).

“Indemnification Escrow Agreement” means the Indemnification Escrow Agreement among Buyer, Seller and Escrow Agent, dated the Effective Time, relating to the Escrow Amount in the form mutually agreed upon by Buyer and Seller.

“Indemnified Persons” shall have the meaning set forth in Section 8.03.

“Indemnity Claim” means any claim, demand, suit, action or proceeding by Seller or Buyer (and not a third party), which could reasonably give rise to a right of indemnification under Article VIII.

“Independent Accounting Firm” means BKD, LLP, or if such entity is not able to serve, a mutually acceptable regionally recognized accounting firm having no material relationship to Buyer or Seller or their respective Affiliates and having offices in locations suitable to conduct the necessary review.

“Initial Payment” shall have the meaning set forth in Section 2.06(a).

“Intellectual Property” shall mean all copyrights, patents, service marks, trademarks, trade names, trade dress, logos, domain names and all registrations or applications for registration of any of the foregoing owned by Seller or used by Seller in connection with the ownership or operation of the Business and the Purchased Assets.

“Interim Balance Sheet” shall mean the unaudited balance sheet of the Seller as of December 31, 2007 included in the Interim Financial Statements.

“Interim Financial Statements” shall mean the Interim Balance Sheet and the related statement of income dated December 31 2008 attached hereto as Exhibit A.

“Inventory” means the raw materials, manufacturing supplies, packaging materials, purchased products and finished goods owned by Seller and used or produced in the Business.

“Keefer Employment Agreement” means the Employment Agreement dated as of the Effective Time between Buyer and Gary Keefer, substantially in the form attached hereto as Exhibit B-3.

“Leased Real Property” shall have the meaning set forth in Section 4.16.

“Legal Proceeding” means any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, audit or investigation commenced, brought, conducted or heard by or before any court or other Governmental Entity or any arbitrator or arbitration panel.

“Lewis Employment Agreement” means the Employment Agreement dated as of the Effective Time between Buyer and Russell Lewis, substantially in the form attached hereto as Exhibit B-4.

“Liabilities” means, 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, secured or unsecured, joint or several, due or to become due, vested or unvested.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge or security interest, of any kind in respect of such asset.

“Long-Term Debt” means any loan or debt obligation due to be paid more than one year in the future.

“Louisville Facility” means Seller’s plant and executive offices located at 822 South 15th Street, Louisville, KY 40210.

“Louisville Lease” means the lease between Seller and Heumann LLC relating to the HLLC Real Estate.

“Lugar Employment Agreement” means the Employment Agreement dated as of the Effective Time between Buyer and Tom Lugar, substantially in the form attached hereto as Exhibit B-5.

“Material Adverse Change” means (a) a material adverse change in the business, operations, results of operation, assets, liabilities or condition (financial or otherwise) of Seller taken as a whole, (b) a change that results in a material impairment of Seller’s ability to perform its obligations under this Agreement or the Ancillary Agreements or (c) a change that materially and negatively impacts the rights and remedies of any of the other parties hereunder.

“Material Adverse Effect” means any event, change, circumstance, effect, development or state of facts (i) that is materially adverse to the business, condition (financial or otherwise), or results of operations of the Seller taken as a whole, except to the extent that such event, change, circumstance, effect, development or state of facts results from, alone or in combination, (1) the markets in which the Seller operates generally, (2) general economic or political conditions, (3) the public announcement of this Agreement or of the consummation of the transactions contemplated hereby, (4) acts of war (whether or not declared), sabotage or terrorism, military actions or the escalation thereof or other force majeure events occurring after the date hereof, (5) any changes in applicable laws, regulations or accounting rules, or (6) actions taken or rules promulgated by, the Federal Reserve; provided, in the cases of clauses (1) through (5) above, such changes do not disproportionately adversely affect Seller relative to other similarly situated businesses in which case such disproportionate changes may be taken into account in determining whether or not a Material Adverse Effect has occurred; or (ii) that would adversely affect the ability of Seller to perform its obligations under this Agreement or to consummate the transactions contemplated hereby or thereby.

“Net Working Capital” means the difference between (i) Accounts Receivable net of allowance for doubtful accounts, costs and estimated earnings in excess of billings, Inventory, quick seals inventory and classifiers inventory, in each case, as included in the Purchased Assets, and measured as of and including the Effective Time (excluding any Excluded Assets), and (ii) the sum of Seller’s accounts payable, billings in excess of cost and estimated earnings, accrued commission, customer deposits and accruals to subcontractors, in each case, as included in the Assumed Liabilities and measured as of the Effective Time (excluding any Excluded Liabilities), all as calculated in accordance with GAAP and the principles used in the calculations of the Interim Balance Sheet. For purposes of clarity, Net Working Capital shall be calculated in accordance with the methodology applied to the Interim Balance Sheet and included as Schedule 1.

“Net Working Capital Excess” shall have the meaning set forth in Section 2.07(e).

“Net Working Capital Shortfall” shall have the meaning set forth in Section 2.07(e).

“New Louisville Lease” means the lease to be entered into by Buyer and Heumann LLC relating to the HLLC Real Estate in substantially the form attached hereto as Exhibit C.

“Open Orders” means open orders for goods and services with customers and suppliers of Seller listed on Schedule 4.06, together with related purchase orders, contracts and subcontracts associated therewith.

“Ordinary Course of Business” means an action taken by Seller in the ordinary course of the Business that is consistent with past customs and practices of Seller.

“Overbillings” means billings in excess of costs and estimated earnings on uncompleted contracts.

“Owned Intellectual Property” means all items of Intellectual Property owned by Seller.

“Patent Assignment” means the Patent Assignment dated the Effective Time pursuant to which Seller shall assign its interest in all patents included in the Purchased Assets to Buyer in the form mutually agreed upon by Buyer and Seller.

“Pennsylvania Facility” means Seller’s facility located at 200 North 7th Street, Suite 2, Lebanon, PA 17046.

“Pennsylvania Lease” means the lease relating to the Pennsylvania Facility between the Buell Division of Seller and General Electric Environmental Services, Inc. dated September 10, 2002, as amended by an Amendment to Office Building Lease between the Buell Division of Seller and Roy A. Smith, as successor to General Electric Environmental Services, Inc. dated January 1, 2007.

“Permits” shall have the meaning set forth in Section 4.22.

“Permitted Liens” shall have the meaning set forth in Section 4.04.

“Person” means an individual, corporation, limited liability company, partnership, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Personal Property Leases” means all leases for all leased personal property used in the operation of the Business set forth on Schedule 4.17.

“Plappert Employment Agreement” means the Employment Agreement dated as of the Effective Time between Buyer and Gerald J. Plappert, Jr., substantially in the form attached hereto as Exhibit B-6.

“Prepaid Expenses” shall mean those items constituting prepaid expenses for purposes of Seller’s balance sheet prepared on a consistent basis and in accordance with GAAP.

“Purchase Price” shall have the meaning set forth in Section 2.06.

“Purchase Price Allocation Referee” shall have the meaning set forth in Section 6.02(b).

“Purchased Assets” means, other than assets and properties falling within the definition of the Excluded Assets, all of Seller’s right, title and interest in and to the following: the Accounts Receivable, the Assumed Contracts, the Fixed Assets, the Inventory, the Work in Process, the Permits, the Open Orders, the Owned Intellectual Property, the Records, the Leased Real Property, the China Cash, the Subsidiary Interests and all other properties and assets of every kind, character and description, tangible or intangible, owned by Seller and used or held for use in connection with the Business that are not Excluded Assets.

“Real Property Leases” means the Louisville Lease, the Pennsylvania Lease and the China Lease.

“Records” mean the business books and records of Seller (except for any of Seller’s Tax records, stock transfer records and other records expressed in the form of corporate minutes) maintained in connection with, and necessary to continue the operation of, the Business as it is currently operated.

“Registration Rights Agreement” means the agreement mutually agreed upon by Selling Shareholders and Buyer.

“Schedule” when followed by a number, refers to a section of the Disclosure Schedule.

“Schedule 4.14 Indemnification Amount” means with respect to the customer account listed as item 2 on Schedule 4.14, an amount equal to the sum of (a) (i) any Accounts Receivable on the books of Seller with respect to such customer account as of the Effective Time, net of the amount of such Accounts Receivable collected by Buyer within 180 days after the Effective Time, plus (ii) any loss on materials held in inventory related to this customer account, plus (iii) any unfulfilled purchase commitments related to this customer account unless otherwise cancelled, plus (iv) any other loss associated with this customer account to the extent sustained by the Buyer, minus (b) any termination, cancellation or related fees paid by this customer to Buyer minus any amounts otherwise salvaged from this transaction.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Seller” shall have the meaning set forth in the first paragraph of this Agreement.

“Seller Indemnified Persons” shall have the meaning set forth in Section 8.03.

“Seller’s Damages” shall have the meaning set forth in Section 8.03.

“Seller’s Knowledge,” “Known to Seller,” “Knowledge of Seller” and words of similar import refer to matters actually known with respect to such matters at or prior to Closing by the following individuals: William L. Heumann, Gerald J. Plappert, Jr., Paul S. Brannick, Russell Lewis and, solely with respect to China Subsidiary, Gary Keefer.

“Selling Shareholders” shall have the meaning set forth in the first paragraph of this Agreement.

“Shareholder Subordinated Debt” means the \$465,000 principal amount remaining on the debt to William L. Heumann evidenced by a Promissory Note, accruing interest at 12% per annum, payable monthly, with the principal amount payable on demand.

“Subsidiary” means any entity in which Seller possesses the power, direct or indirect, to direct the management and policies of the entity, whether through the ownership of voting securities, by contract or otherwise.

“Subsidiary Interests” means Seller’s equity interest in China Subsidiary and FKI, LLC.

“Tax” and “Taxes” mean all federal, state, local and foreign income, profits, windfall, franchise, gross receipts, environmental, customs duty, capital stock, severances, stamp, payroll, sales, employment, unemployment, disability, use, property, withholding, excise, production, license, value added, occupancy and other taxes, duties or assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect to such amounts.

“Tax Return” means any return, declaration, report, claim, election, notice or information return or statement or other document (including any related or supporting information, schedules, or exhibits) filed or required to be filed with any federal, state, local or foreign Governmental Entity or other authority in connection with any Tax.

“Third Party Claim” shall have the meaning set forth in Section 8.05(a).

“Trademark Assignment Agreement” means the Trademark Assignment Agreement, dated the Effective Time, pursuant to which Seller shall transfer and assign its interest in all of Seller’s trademarks in a form mutually agreed upon by Buyer and Seller.

“Transferred Plan” shall have the meaning set forth in Section 4.23(d).

“Underbillings” means costs and estimated earnings in excess of billings on uncompleted contracts.

“Working Capital Objection Notice” shall have the meaning set forth in Section 2.07(b).

“Working Capital Referee” shall have the meaning set forth in Section 2.07(d).

“Work in Process” means all of Seller’s partially manufactured products or projects related to customers of Seller as of the Effective Time, a joint accounting of which shall be made during the day immediately following the Effective Time.

“WARN Act” means the Worker Adjustment and Retraining Notification Act of 1988.

“Year End Balance Sheet” means Seller’s consolidated audited balance sheet as of and for the year ended December 31, 2006, which includes, on a consolidated basis, the balance sheets of Seller’s Subsidiaries.

“\$” or “dollar” means United States dollars, unless otherwise specified.

ARTICLE II

PURCHASE AND SALE

2.01 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, Buyer shall purchase from Seller, and Seller shall grant, sell, convey, transfer, assign and deliver, or cause to be sold, transferred, assigned and delivered, to Buyer, all of Seller’s right, title and interest in and to the Purchased Assets.

2.02 Excluded Assets. The following assets and properties of Seller and Heumann LLC (the “Excluded Assets”) shall be excluded from the Purchased Assets:

(a) all of Seller’s cash and cash equivalents on hand (including all un-deposited checks) and in banks, (except any cash and cash equivalents that are held by China Subsidiary as of the Effective Time (the “China Cash”);

(b) all prepaid insurance, including, general liability, liability, inland marine, D&O and employee dishonesty insurance;

(c) the real property, improvements and fixtures located at the Louisville Facility owned by Heumann LLC and leased to Seller pursuant to the Louisville Lease (the “HLLC Real Estate”) and any other assets or property owned by Heumann LLC; *provided, however*, that the fixtures listed on Annex 2.02(c) shall be Purchased Assets;

(d) the assets of the Heimbrock Division;

(e) all consideration received and receivable by, and the rights of, Seller under this Agreement and the Ancillary Agreements;

(f) all records, rights of recovery, proceeds and causes of action relating to the Excluded Liabilities and Excluded Assets and all other claims, rights of recovery and cause of action against third parties, including claims for refunds and insurance claims, to the extent that such claims are not related to the Purchased Assets or the Assumed Liabilities;

(g) all of Seller’s corporate minute books, stock transfer records, books of account, checkbooks, cancelled checks, bills and vouchers in support thereof, bank accounts and any other deposit accounts wherever located;

(h) any of Seller's or Seller's Affiliates' Tax records, assets, credits and refunds, including net operating loss carrybacks and carryforwards and Tax credits;

(i) any contracts or agreements (and rights or causes of action related thereto) performed by Seller prior to Closing that are not subject to warranty obligations; and

(j) all assets set forth on Annex 2.02(j).

2.03 Assumption of Liabilities. Upon the terms and subject to the conditions of this Agreement, Buyer shall irrevocably assume, become exclusively responsible for and otherwise discharge in accordance with their terms, (a) the obligations and Liabilities arising after the Effective Time pursuant to the terms of the Assumed Contracts, and (b) all current Liabilities set forth on the Year End Balance Sheet and any other current Liabilities incurred by Seller in the Ordinary Course of Business from December 31, 2006 through the Effective Time other than the line items on the Year End Balance Sheet entitled Line of Credit, Current Portion of LTD and Current Portion of IRB, and any outstanding payroll-related Liabilities and Taxes through the Effective Time (the "Assumed Liabilities").

2.04 Excluded Liabilities. Except for the Assumed Liabilities, Buyer shall not assume or undertake to pay, satisfy or discharge any other Liability or obligation of Seller, including Seller's Long-Term Debt (all such Liabilities and obligations not being assumed are herein referred to as the "Excluded Liabilities").

2.05 Assignment of Contracts and Rights. At Closing, pursuant to the Assignment and Assumption Agreement, Seller will assign and Buyer will assume the Assumed Contracts. Seller will use commercially reasonable efforts to obtain the consent of the parties to the assignment of the Assumed Contracts as soon as practicable following the closing (the "Post-Closing Consents"), with reasonable assistance as requested by Buyer (but without any payment of money by Seller or Buyer). If a Post-Closing Consent is not obtained, or if an attempted assignment thereof would be ineffective or would adversely affect the rights of Seller thereunder so that Buyer would not receive all such rights, Seller may enter into a mutually agreeable arrangement under which Buyer would obtain the benefits and assume the obligations thereunder in accordance with this Agreement, including subcontracting, sublicensing, or subleasing to Buyer, or under which Seller would enforce for the benefit of Buyer, with Buyer assuming Seller's obligations, any and all rights of Seller against a third party thereto. Buyer acknowledges that the failure to obtain any Post-Closing Consents or the failure of Buyer to obtain the benefit of any of the Assumed Contracts shall not constitute a default by Seller under this Agreement and shall not entitle Buyer to indemnification under Article VIII.

2.06 Purchase Price. The purchase price for the Purchased Assets shall be the consideration set forth below, as adjusted pursuant to Section 2.07 (as so adjusted, the "Purchase Price"):

(a) \$15,000,000, plus any Fixed Asset Excess or minus any Fixed Asset Shortfall, plus the amount of Prepaid Expenses on the Closing Balance Sheet, payable as follows: (i) \$1,000,000 shall be deposited by Buyer with the Escrow Agent (the "Escrow");

Amount”), to be held and disbursed by the Escrow Agent pursuant to the terms of the Indemnification Escrow Agreement; and (ii) the balance shall be paid to Seller in cash by wire transfer to an account or accounts specified by Seller (the “Initial Payment”)

(b) Buyer shall assume the Assumed Liabilities at Closing;

(c) Seller shall receive \$1,000,000 in shares of Parent’s common stock (“Parent Stock”) at Closing, with the number of shares of Parent Stock determined based on the 60 trading day average closing price of Parent Stock as reported on NASDAQ immediately preceding Closing;

(d) Post-Closing, in accordance with Section 2.07, Buyer or Parent shall pay any Net Working Capital Excess Amount to Seller or Seller shall pay any Net Working Capital Shortfall to Buyer; and

(e) Post-Closing, in accordance with Section 2.08, Buyer or Parent shall pay the Earn-Out Amount to Buyer.

2.07 Working Capital and Other Adjustments.

(a) As promptly as possible and in any event no later ninety (90) days after the Effective Time, Seller shall prepare or cause to be prepared, and will deliver to Buyer a balance sheet of Seller as of the Effective Time, including footnotes thereto (the “Effective Time Balance Sheet”), together with a written statement setting forth in reasonable detail its determination of the Net Working Capital, Fixed Assets and Prepaid Expenses as of the Closing Date. The Effective Time Balance Sheet shall be determined and computed in accordance with GAAP using the accounting principles historically utilized by Seller in the preparation of the Financial Statements. Buyer, its representatives and accountants shall have reasonable access to the work papers used by Seller in the preparation of the Effective Time Balance Sheet and the calculation of the Net Working Capital, Fixed Assets and Prepaid Expenses for the purposes of verifying the accuracy and fairness of the preparation of the Effective Time Balance Sheet.

(b) The Effective Time Balance Sheet and the Net Working Capital, Net Working Capital Target, Fixed Asset and Prepaid Expenses calculation shall be final, conclusive and binding at 5:00 pm, Eastern Time on the thirtieth (30th) day after receipt by Buyer unless Buyer provides a written notice of its objection (an “Objection Notice”) to Seller on or before such time. Any Objection Notice shall specify in reasonable detail (i) any item on the Effective Time Balance Sheet, Target Balance Sheet(s) and/or calculation of Fixed Assets, Prepaid Expenses or the Net Working Capital which Buyer believes has not been determined and computed in accordance with this Section 2.07, and (ii) the correct amount of such item determined in accordance with this Section 2.07. Any item or amount to which no dispute is raised in the Objection Notice shall be final, conclusive and binding on the parties.

(c) During the 10-Business Day period after receipt of an Objection Notice by Seller, Buyer and Seller shall work in good faith in an attempt to resolve any differences that they may have with respect to any matter specified in the Objection Notice. If, at the end of

such 10-Business Day period, Buyer and Seller have not reached agreement on such matters, the matters that remain in dispute may be submitted by either party to an Independent Accounting Firm (the “Referee”). Buyer and Seller will instruct the Referee to provide its determination of the matters in dispute within 45 days after their submission to the Referee. The parties shall cooperate with each other and the Referee in connection with the matters contemplated by this Section 2.07, including by furnishing such information and access to books, records (including accountants’ work papers) and personnel as may be reasonably requested. The Referee shall not hear any oral testimony regarding the matters in dispute, but may request and accept written submissions. The fees and expenses of the Referee will be paid equally by Buyer and Seller; *provided, however*, that if the Referee determines that one party has adopted a position or positions with respect to the determination of applicable Net Working Capital, Net Working Capital Target, Fixed Assets or Prepaid Expenses in bad faith, the Referee may, in its discretion, assign a greater portion of any such fees and expenses to such party. The decision of the Referee with respect to the items relating to the Effective Time Balance Sheet, Target Balance Sheets and the Net Working Capital, Fixed Assets and/or Prepaid Expenses that are disputed in the Objection Notice shall be final, conclusive and binding on the parties. If an Objection Notice is timely received by Seller, the Effective Time Balance Sheet, Target Balance Sheets and Net Working Capital, Fixed Assets and/or Prepaid Expenses (as revised in accordance with the clause below), shall become final and binding upon the parties on the earlier of (x) the date the parties resolve in writing any differences they have with respect to all matters specified in the Objection Notice with respect to the statement in question, or (y) the date all disputed matters with respect to the statement in question are finally resolved in writing by the Referee.

(d) Promptly, and in any event no later than three (3) Business Days after final determination of the Net Working Capital Target in accordance with this Section 2.07: (i) if the Net Working Capital is greater than a \$150,000 deficit (a “Net Working Capital Excess”), Buyer shall owe Seller the amount of such Net Working Capital Excess in cash or other immediately available funds; and (ii) if the Net Working Capital is less than a \$350,000 deficit (a “Net Working Capital Shortfall”), Seller shall owe Buyer the amount of such Net Working Capital Shortfall in cash or other immediately available funds. Attached hereto as Annex 2.07(d) is an example of the calculation pursuant to this Section 2.07(d).

(e) At least three (3) Business Days prior to Closing, Seller shall provide Buyer with an estimation of Fixed Assets and Prepaid Expenses, which amount shall be used to adjust the Purchase Price amount payable at Closing pursuant to Section 2.06(a). If the Fixed Assets are greater than \$1,750,000 (a “Fixed Asset Excess”), Buyer shall owe Seller the amount of such Fixed Asset Excess in cash or other immediately available funds; and (ii) if the Fixed Assets are less than \$1,750,000 (a “Fixed Asset Shortfall”), Seller shall owe Buyer the amount of such Fixed Asset Shortfall in cash or other immediately available funds. Attached hereto as Annex 2.07(e) is an example of the calculation pursuant to this Section 2.07(e).

(f) Promptly, and in any event no later than three (3) Business Days after the final determination of the actual amounts for Fixed Assets and Prepaid Expenses in accordance with this Section 2.07, Seller or Buyer, as applicable, taking into account the amounts paid at Closing with respect to any Fixed Asset Excess, Fixed Asset Shortfall and estimated Prepaid Expenses, shall pay to the other party any amount necessary to true-up the Purchase Price amount based on such actual amounts versus the estimated amounts used to adjust the Purchase Price at Closing.

2.08 Earn-Out. The Seller may earn and the Buyer or Parent shall pay Earn-out payments as set forth below:

(a) At Closing, the number of shares of Parent Stock available for potential Earn-out payments shall be calculated. The “Earn-out Shares in Play” shall equal the number of shares of Parent Stock equal to \$3,500,000 divided by the 60 trading day average closing price of the Parent Stock as reported on NASDAQ immediately preceding Closing or announcement, whichever is sooner (100% of the Earn-out Shares in Play shall constitute the “Earn-out Cap”);

(b) At the conclusion of each of the fiscal years ending December 31, 2008, 2009, 2010 and 2011 (each such fiscal year being an “Earn-out Year”), the parties shall perform a calculation to determine what amount of Earn-out payment is due to the Seller. The “Earn-out Qualifying Amount” shall mean an amount equal to 50% of the cumulative amount by which fiscal year Gross Profit of the Business exceeds \$8,800,000 annually, with the first such period commencing at the Effective Time. For clarity, in the second Earn-out Year, Seller shall be entitled to 50% of the amount by which aggregate Gross Profit exceeds \$17,600,000, less amounts paid to Seller the previous Earn-Out Year and in the third Earn-out Year, Seller shall be entitled to 50% of the amount by which aggregate Gross Profit exceeds \$26,400,000, less amounts paid to Seller in all previous Earn-Out Years, subject, in all respects, to the Earn-out Cap and before consideration of the prorated amounts as noted below. 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 Payment. For purposes of calendar year 2008, the \$8,800,000 Gross Profit shall be prorated at the rate of ten twelfths or \$7,333,333. So that if the actual prorated results exceed the \$7,333,333 then the Seller shall be deemed to have achieved an Earn-out Qualifying Amount as stated above. Likewise, calendar year 2011 amounts shall be prorated in a similar manner except at the rate of two-twelfths.

(c) “Gross Profit” as of a given date shall mean the aggregate gross profits of the Business in an Earn-out Year, calculated in the same manner as is reflected as “Gross Profit” in Seller’s regularly prepared, audited income statements. Buyer shall prepare a statement of Gross Profit on the same basis and applying the same accounting principles, policies, and practices set forth on Schedule 2.08(c) and deliver the statement to Seller within 90 days of the end of each Earn-out Year. 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 may be necessary or reasonably appropriate for evaluation of each calculation.

(d) Buyer or Parent shall deliver to Seller, at the conclusion of each Earn-out Year, shares of Parent Stock equal to the {Earn-out Shares in Play x (Earn-out Qualifying Amount ÷ \$3,500,000)}, subject to the Earn-out Cap (the “Earn-Out Payment”). Amounts payable pursuant to the preceding sentence would be paid on or before the end of the third calendar month following each applicable 12-month period of measurement (with any partial year being subject to proration). For example, if in Earn-out Year 2009, the Gross Profit of the

Business is \$13,800,000, then approximately 71.4% of the Shares in Play would be issued. If Gross Profit of the Business for Earn-out Year 2010 is \$10,800,000, then the balance of the Shares in Play would be issued and the Earn-out Cap would be attained. These examples assume no proration. At the request of Seller, Parent Stock shall be issued in the name of each Selling Shareholder in the percentages set forth on Schedule 2.08(d). In addition, Seller may distribute to the Selling Shareholders, in the percentages set forth on Schedule 2.08(d), Seller's rights under this Agreement

(e) It is expressly acknowledged and agreed to by the parties hereto that the inclusion of the earn-out set forth in this Section 2.08 as part of the Agreement is a principal term hereof and the opportunity to achieve the same constitutes substantial consideration for the willingness of Buyer and Seller to enter into the Agreement and consummate the transactions contemplated by this Agreement, and the Gross Profits upon which the Earn-out Amount is predicated was calculated based on the assumption that the Business would be permitted to continue to operate after Closing in a manner consistent, in all material respects, with the way it has historically be operated. In light of the foregoing, Seller shall immediately be deemed to have earned the full amount of the Earn-out Cap, and Buyer or Parent shall be obligated to pay such amount to Seller in accordance with the other terms of this Section 2.08 if during the Earn-out Period Buyer shall (i) operate the Business in a manner intended to thwart, present or manipulate the earnings of the Business in any Earn-out Year 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 in accordance with GAAP applied 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 or (iii) not operate the Business in a manner designed to maximize revenue. If a Change in Control (as defined in the Parent's 2007 Equity Incentive Plan) occurs, then any remaining unearned and unpaid portion of the Earn-out and the terms of this Section 2.08 shall be assumed by Buyer's or Parent's successor, pursuant to the same terms and conditions specified herein; provided, however, that at Seller's option, all remaining amounts under this provision shall be payable in cash. 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 2.08(d).

(f) The Earn-out Payments shall be paid in restricted Parent Stock, with contractual restrictions on transfer of such stock not to exceed six months after issuance. Notwithstanding the preceding, if the market value of a share of Parent Stock at the time such share is paid pursuant to this Agreement (looking at each Earn-out Payment separately) is less than 50% of the value of a share of Parent Stock as determined based on the 60 trading day average closing price of the Parent Stock as reported on NASDAQ immediately preceding Closing or announcement, whichever is sooner, then Seller shall have the option to elect (by giving written notice to Buyer) to be paid an amount of cash in lieu of the Parent Stock equal to 50% of the Earn-out Qualifying Amount. For example, if a share of Parent Stock is valued at \$20 pursuant to Section 2.08(a), and the value of Parent Stock is \$5 per share at the time when such shares are to be paid as earn-out consideration, then Seller may elect to receive \$500 in cash in lieu of 50 shares of Parent Stock (assuming that the Earn-out Qualifying Amount is \$1,000).

2.09 Prorations. All ad valorem, real and personal property Taxes and assessments, rents, royalties, license and permit fees, utilities, service fees, and other similar items arising from or relating to the Purchased Assets or the conduct of the Business, which become due and payable at or after the Effective Time and relate to periods both before and after the Effective Time shall be prorated and adjusted between Buyer and Seller as of the Effective Time on a per diem basis and Seller shall be responsible for and pay to Buyer the portion of such amounts allocable to the period or portion thereof ending on the Effective Time for which payment is due after the Effective Time at least five (5) Business Days prior to the date such amounts become due and payable. Any proration of expenses shall be settled concurrently with the adjustments contemplated pursuant to Section 2.07 to the extent reasonably practicable.

2.10 Bulk Transfer Law. Buyer and Seller hereby waive compliance with the requirements of any applicable bulk sales law provisions of the Uniform Commercial Code of the jurisdictions in which the Purchased Assets are situated or which may otherwise be applicable to the transactions contemplated hereby.

2.11 Withholding Taxes. All payments made by Buyer pursuant to or in connection with this Agreement shall be net of applicable withholding Taxes, if any.

2.12 New Louisville Lease. The parties acknowledge that the Louisville Lease will be terminated, effective as of the Effective Time, and Buyer and Heumann LLC will enter into the New Louisville Lease, with respect to the HLLC Real Estate.

2.13 Parent Stock. The shares of Parent Stock received by Seller at Closing or in connection with the earn-out described in Section 2.08 shall be fully vested unregistered shares with the registration rights described in the Registration Rights Agreement.

2.14 Deposit.

(a) Upon execution of this Agreement, Buyer shall deliver the Deposit to Seller upon execution of this Agreement.

(b) If a Closing occurs, the Deposit shall be credited against the amount of cash Purchase Price payable at Closing.

(c) If (i) this Agreement is terminated by Seller pursuant to Section 13.01(b), (ii) this Agreement is terminated by Seller pursuant to Sections 13.01(d) or (g) and all conditions to Buyer's obligation to close in Article XI are satisfied in all material respects, or (iii) this Agreement is terminated other than pursuant to Sections 13.01(a), (c), (e) or (f), then Seller shall be entitled to retain the Deposit and shall further be entitled to seek additional damages or pursue other remedies with respect to any breach by Buyer of its obligations under this Agreement.

(d) If this Agreement is terminated pursuant to Sections 13.01(a), (c), (e) or (f), and the failure to close the transactions contemplated by this Agreement is not as result of Buyer's material default of its obligations under this Agreement, then Seller shall immediately return the Deposit to Buyer.

ARTICLE III
THE CLOSING

3.01 The Closing. The Closing shall take place at the offices of Taft Stettinius & Hollister LLP, Cincinnati, Ohio, at 10:00 a.m., local time on February 29, 2008 or at such other time and place to which the parties shall mutually agree. The parties agree that the effective date and time for economic purposes shall be 12:01 a.m. on March 1, 2008 (the “Effective Time”). Notwithstanding anything in this Agreement to the contrary, (i) Buyer shall assume and be responsible for payment and performance with respect to all Assumed Liabilities and Assumed Contracts and operation of the Business from and after the Effective Time, and Buyer shall be entitled to all revenues arising out of the ownership of the Purchased Assets and operation of the Business from and after the Effective Time.

3.02 Items to Be Delivered at the Closing by Seller. At the Closing, Seller shall make, or cause to be made, the following deliveries to Buyer:

- (a) The Bill of Sale, duly executed by Seller;
- (b) The Assignment and Assumption Agreement, duly executed by Seller;
- (c) The Indemnification Escrow Agreement, duly executed by Seller;
- (d) The New Louisville Lease, duly executed by Heumann LLC;
- (e) The Employment Agreements, duly executed by the applicable employee;
- (f) The Domain Name Assignment Agreement, duly executed by Seller;
- (g) The Trademark Assignment Agreement, duly executed by Seller;
- (h) The Patent Assignment, duly executed by Seller;
- (i) The Registration Rights Agreement;
- (j) A payoff letter in commercially reasonable form from National City Bank, including authorization for Buyer to file UCC termination statements on its behalf;
- (k) A payoff letter in commercially reasonable form from METCO, including authorization for Buyer to file UCC termination statements on its behalf;
- (l) Evidence of the release of the UCC-1 financing statement filed by FPC Funding II, LLC;
- (m) Evidence of the repayment and satisfaction of Shareholder Subordinated Debt;

(n) A certificate from the Secretary of Seller certifying the incumbency and signatures of the persons executing this Agreement, the Ancillary Agreements and any certificates or instruments hereunder and attaching true and correct copies of (i) Seller's articles of incorporation and bylaws, the certificate of formation and operating agreement of FKI, LLC and articles of association and business license of China Subsidiary, (ii) the resolutions of Seller's board of directors authorizing the execution and delivery by Seller of this Agreement, the Ancillary Agreements and all instruments and documents to be delivered in connection herewith and therewith and consummation of the transactions contemplated hereby and thereby and (iii) a certificate of existence from the Secretary of State of Kentucky with respect to the Seller and a certificate of good standing from the Secretary of State of Delaware with respect to FKI, LLC, each dated no earlier than ten (10) Business Days prior to the Closing Date;

(o) Such other instruments and documents that Buyer reasonably deems necessary to effect the transactions contemplated hereby; and

(p) Consent Letter from Auditors For 2005, 2006 and 2007 financials from Seller's Auditors.

3.03 Items to Be Delivered at the Closing by Buyer. At the Closing, Buyer shall make, or cause to be made, the following deliveries to Seller or Escrow Agent, as applicable:

(a) The Initial Payment in immediately available funds;

(b) The Escrow Amount, to the Escrow Agent, in immediately available funds;

(c) The Assignment and Assumption Agreement, duly executed by Buyer;

(d) The Indemnification Escrow Agreement, duly executed by Buyer;

(e) The New Louisville Lease, duly executed by Buyer;

(f) The Employment Agreements, duly executed by Buyer;

(g) The Domain Name Assignment Agreement, duly executed by Buyer;

(h) The Trademark Assignment Agreement, duly executed by Buyer;

(i) The Patent Assignment, duly executed by Buyer;

(j) The Registration Rights Agreement, duly executed by Parent;

(k) A certificate from the Secretary of Buyer certifying the incumbency and signatures of the persons executing this Agreement, the Ancillary Agreements and any certificates or instruments hereunder and attaching true and correct copies of (i) Buyer's organizational documents, (ii) the resolutions of Buyer's board of directors authorizing the execution and delivery by Buyer of this Agreement, the Ancillary Agreements and all

instruments and documents to be delivered in connection herewith and therewith and consummation of the transactions contemplated hereby and thereby and (iii) a certificate of good standing from the Secretary of State of Delaware with respect to Buyer dated no earlier than ten (10) Business Days prior to the Closing Date; and

(l) Such other instruments and documents that Seller reasonably deems necessary to effect the transactions contemplated hereby.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in a disclosure schedule delivered pursuant to this Article IV ("Disclosure Schedule") dated the date hereof and delivered herewith to Buyer, Seller hereby represents and warrants to Buyer, as of the date hereof that:

4.01 Seller Existence and Power. Seller is a corporation duly incorporated and validly existing under the laws of the Commonwealth of Kentucky, FKI, LLC is a limited liability company duly formed and validly existing under the laws of the State of Delaware, and China Subsidiary is a limited liability company duly organized and validly existing under the laws of the jurisdiction of its establishment. Each of the foregoing entities has all requisite corporate power and authority to own, lease, operate and otherwise hold its properties and assets and to carry on its business as presently conducted. Each of the foregoing entities is qualified and in good standing to transact business in each jurisdiction in which such qualification is required by law, except for such jurisdictions where the failure to be so qualified, licensed or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the business, assets, financial condition or results of operations of Seller.

4.02 Corporate Authorization; Binding Agreement. The execution, delivery and performance by Seller of this Agreement and each of the Ancillary Agreements, and the consummation by Seller of the transactions contemplated hereby and thereby are within Seller's corporate powers and have been duly authorized by all necessary corporate action on the part of Seller. This Agreement and each Ancillary Agreement to be signed by Seller have been duly executed and delivered by Seller and constitute valid and binding agreements of Seller enforceable against Seller in accordance with their respective terms, except as enforcement thereof may be limited by the effect of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other similar laws affecting the rights and remedies of creditors, and the effects of general principles of equity, whether applied by a court of law or equity.

4.03 Non-Contravention. The execution, delivery and performance by Seller of this Agreement and each Ancillary Agreement, and the consummation of the transactions contemplated hereby and thereby, will not (a) contravene or conflict with Seller's articles of incorporation or bylaws; (b) contravene or conflict with any material provision of Applicable Law; (c) constitute a default under any material Assumed Contract; or (d) result in the creation or imposition of any Lien on any Purchased Asset.

4.04 Title to Purchased Assets. Each of the Seller and China Subsidiary has good and transferable title to, or valid leasehold interests in, all of its owned or leased, as applicable, tangible properties and assets. All of Seller's assets that are included in the Purchased Assets and all of the assets of China Subsidiary are free and clear of all Liens, except for (collectively, the "Permitted Liens"): (i) Liens for current real or personal property Taxes which are not yet due and payable, (ii) Liens and rights of third parties disclosed on Schedule 4.04 including pursuant to existing leases, licenses and possession or occupancy agreements, (iii) worker's compensation, carrier's, materialman's and other Liens that are individually and in the aggregate immaterial in character, amount and extent, and which do not materially detract from the value or interfere with the present or proposed use of the properties they affect, and which do not adversely affect the conduct of the Business as presently conducted or proposed to be conducted, (iv) zoning, building, fire, health, environmental and pollution control laws, ordinances, rules and safety regulations and other similar restrictions, which do not adversely affect the conduct of the Business as presently conducted, and (v) acts done, or suffered to be done by, and judgments against, Buyer or any of its Affiliates and those claiming by, through or under Buyer or any of its Affiliates. Except for the Excluded Assets, the Purchased Assets and the assets owned by China Subsidiary include all assets the Seller and China Subsidiary use to conduct the Business as it is presently conducted.

4.05 Legal Proceedings. There is no Legal Proceeding pending, or to Seller's Knowledge, threatened against FKI, LLC, China Subsidiary, the Purchased Assets or any Assumed Liability, or which in any manner challenges or seeks to prevent, enjoin or materially delay the transactions contemplated by this Agreement or the Ancillary Agreements. None of Seller, FKI, LLC, or, to the Knowledge of Seller, China Subsidiary, is specifically named in any order, judgment, decree, stipulation or consent of or with any Governmental Entity that affects or may affect the Purchased Assets, any Assumed Liability or the transactions contemplated by this Agreement and the Ancillary Agreements.

4.06 Assumed Contracts. Schedule 4.06 lists all Open Orders and Assumed Contracts under which Seller or China Subsidiary (a) paid \$50,000 or more during the 12-month period ended November 30, 2007 or (b) received \$50,000 or more during the 12-month period ended November 30, 2007. Each of the Assumed Contracts (i) constitutes the entire agreement by and between the respective parties thereto with respect to the subject matter thereof, (ii) is valid and enforceable in accordance with its terms against Seller or, to the Seller's Knowledge, China Subsidiary (as applicable), and to Seller's Knowledge, against the other party to the Assumed Contracts, except as enforcement thereof may be limited by the effect of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other similar laws affecting the rights and remedies of creditors, and the effects of general principles of equity, whether applied by a court of law or equity and except where the lack of enforceability would not have a Material Adverse Effect on the Business and (iii) is assignable by Seller to Buyer without the consent of any other Person, except as otherwise noted on Schedule 4.06. Neither Seller nor, to the Seller's Knowledge, China Subsidiary is in default under any Assumed Contract and, to Seller's Knowledge, no other party or parties to such Assumed Contract is in default of the terms of any such Assumed Contract. To Seller's Knowledge, there are no renegotiations of, attempts to renegotiate, or outstanding rights to renegotiate any material amounts paid or payable to Seller under any Assumed Contract 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. Neither Seller nor, to the Seller's Knowledge, China Subsidiary is in default under any Assumed Contract and, to Seller's Knowledge, no event has occurred or circumstance exists under or by virtue of any Assumed Contract that (with or without notice or lapse of time) would cause the creation of any Lien affecting any of the Purchased Assets, except where such occurrence would not result in a Material Adverse Effect.

4.07 Customers and Suppliers.

(a) Schedule 4.07(a) lists the 10 largest customers of Seller (based on gross sales) for the most recent fiscal year.

(b) Schedule 4.07(b) lists the 10 largest suppliers of Seller (based on accounts payable due to such supplier) for the most recent fiscal year.

4.08 Brokers' or Finders' Fees. Other than NatCity Investments, Inc., there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Seller who is entitled to any fee or commission upon consummation of the transactions contemplated by this Agreement.

4.09 Compliance with Laws. Seller has and, to the Knowledge of Seller, China Subsidiary has, complied in all material respects with all Applicable Laws that apply to the Seller and China Subsidiary, as applicable, and neither Seller nor China Subsidiary has received any written notice asserting any noncompliance with any Applicable Law from any Person or Governmental Entity having jurisdiction over it, except where noncompliance would not have a Material Adverse Effect on the Business. The Seller is not and, to the Knowledge of Seller, China Subsidiary is not, in default with respect to any judgment, order, injunction or decree of any Person or Governmental Entity in any respect material to the transactions contemplated hereby or applicable to the Seller or China Subsidiary.

4.10 Intellectual Property.

(a) Schedule 4.10(a) lists all Intellectual Property and all licenses or similar agreements or arrangements with respect to the Intellectual Property (whether Seller is a licensor or licensee), except for any license implied by the sale of a product or any perpetual, paid-up license for commonly available software programs with a value of less than \$10,000 under which the Seller is the licensee. Schedule 4.10(a) lists any registrations of Intellectual Property, or applications therefor, setting forth the applicable jurisdiction, owner of record, and identifying application/registration number and, in the case of domain names, the name of the applicable registrar.

(b) Seller owns and possesses all right, title and interest in and to, or has a valid, enforceable and transferable license to use, the Intellectual Property. Seller will not be, as a result of the execution of this Agreement, the Ancillary Agreements or its performance of the transactions contemplated thereunder, in breach of any material license or other agreement relating to the Intellectual Property. The validity and enforceability of the Intellectual Property and the registration thereof will not be adversely affected as a result of the consummation of the transactions contemplated by this Agreement or the Ancillary Agreements.

(c) No claim is pending or, to Seller's Knowledge, threatened against Seller which contests the validity or enforceability of the Intellectual Property or contests Seller's use or ownership of the Intellectual Property. Seller has not infringed or misappropriated the patents, trademarks, copyrights or trade secrets of any Person. To Seller's Knowledge, no Person has infringed or misappropriated the Intellectual Property nor is Seller aware of any facts that would indicate a likelihood that the proprietary rights of any Person would conflict with the Intellectual Property.

(d) Seller has taken reasonable precautions to protect the secrecy, confidentiality and value of its Intellectual Property.

4.11 Employees and Labor Relations Matters of Seller. Solely for the purposes of this Section 4.11 (with the exception of Section 4.11(a)), the term "Employees" will include the employees of China Subsidiary. Schedule 4.11 contains a list of all Employees as of the Closing Date, including a description of all compensation arrangements and a list of all benefits, vacation, employment, recognized service date and title affecting such persons as of the Closing Date. There are currently no Employees on a paid or unpaid leave of absence except annual leave or other leaves as permitted by China Subsidiary in the ordinary course of business.

(a) Each Employee of Seller is an "at-will" employee and there are no contractual restrictions on China Subsidiary's ability to terminate any Employee;

(b) No labor organization has been certified or voluntarily recognized as a collective bargaining representative for any Employee;

(c) Neither the Seller nor China Subsidiary is a party to any collective bargaining agreement and, to the Seller's Knowledge, there are no ongoing organizing activities by or with respect to any of the Employees;

(d) There are no commission, compensation or severance agreements of any kind between Seller or China Subsidiary and any of their respective Employees that are separate from those contained in any employment contract (other than such commission, compensation or severance arrangements which may be imposed on Employee's of China Subsidiary by Applicable Law);

(e) There is no unfair labor practice charge, complaint or other action against Seller pending or, to Seller's Knowledge, threatened before the United States National Labor Relations Board, and Seller is not subject to any order to bargain by the United States National Labor Relations Board;

(f) There is no charge, complaint, dispute, grievance, arbitration or any discrimination, wage and hour, wrongful or constructive termination, or any other employment-related claim against Seller pending, or, to Seller's Knowledge, threatened under any federal, state or local labor or employment laws or regulations, or based on contract, tort or other common law theories; and

(g) No labor strike, dispute, request for representation, slowdown or stoppage has occurred in the last two years that is currently pending or, to Seller's Knowledge, threatened against Seller or China Subsidiary.

4.12 No Material Adverse Change. Since the date of the Interim Financial Statements, there has not been any Material Adverse Change affecting the Business of Seller, and no event has occurred or circumstances exists that could reasonably be expected to result in such a Material Adverse Change.

4.13 Financial Statements; Revenue and Cost Recognition.

(a) The Audited Financial Statements and the Interim Financial Statements have been prepared in accordance with GAAP in all material respects and fairly present or will present: (i) the financial condition of Seller and its Subsidiaries as of the dates indicated, and (ii) the results of operations and the cash flows, in each case, of Seller and its Subsidiaries for the dates thereof and for the periods then ended except for, in the case of the Interim Financial Statements, the absence of footnotes and typical year-end adjustments, which adjustments, if made, would not be materially disproportionate with the year-end adjustments made to the Audited Financial Statements, except as described in Schedule 4.13(a).

(b) Seller typically recognizes contract revenue utilizing the percentage-of-completion method, measured by the percentage of cost incurred to date to estimated total cost for each contract. Contract costs include all subcontractor costs, direct material and labor costs, and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation. Selling, general and administrative costs are typically charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are typically made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to cost and revenue, which are recognized in the period in which the revisions are determined.

4.14 Absence of Certain Changes. Except as set forth in Schedule 4.14, 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, grant of any stock option or right to purchase shares of capital stock of Seller, or issuance of any security convertible into such capital stock;

(b) amendment to the governing documents of Seller or its Subsidiaries;

(c) payment or increase by Seller of any bonuses, salaries, or other compensation to any shareholder, director, or officer, nor, except in the Ordinary Course of Business, any payment or increase by any Seller 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) damage to or destruction or loss of any Purchased Asset, whether or not covered by insurance;

(e) entry into, termination of, or receipt of notice of termination of (i) any license, distributorship, dealer, sales representative, joint venture, credit, or similar contract to which Seller or its Subsidiaries is a party, or (ii) any contract or transaction involving a total commitment by Seller or its Subsidiaries of at least \$50,000;

(f) sale (other than sales of Inventory in the Ordinary Course of Business), lease or other disposition of any Purchased Asset or property of Seller or its Subsidiaries (including the Owned Intellectual Property) or the creation of any Lien on any Asset (other than Permitted Liens);

(g) cancellation or waiver of any claims or rights with a value to Seller or its Subsidiaries in excess of \$50,000;

(h) notice, whether oral or written, by any customer or supplier of an intention to discontinue or materially and adversely change the terms of its relationship with Seller or its Subsidiaries;

(i) material change in the accounting methods used by Seller or its Subsidiaries; or

(j) contract entered into by Seller or its Subsidiaries to do any of the foregoing.

4.15 Environmental Matters . Seller has obtained all permits, licenses, registrations, consents and other authorizations that are required with respect to the operation of its Business under applicable Environmental Law ("Permits"), and all such Permits are in full force and effect. No default or violation exists under any of the Permits and no subpoena, notice of deficiency, cancellation or nonrenewal of any of the Permits have been received by Seller. Seller has not caused any contamination on any real property owned or leased by Seller arising from, relating to, or resulting from any Hazardous Substances that would be reasonably likely to cause Seller to incur any Environmental Costs. To Seller's Knowledge, there are no underground or aboveground storage tanks, dumps, incinerators or surface impoundments at, on, or about, under or within any real property or tangible assets owned, operated or controlled in whole or in part by Seller. Seller is in compliance with Environmental Laws applicable to the Business, except where such noncompliance would not have a Material Adverse Effect. Seller has not been requested or required in writing by any Person or Governmental Entity at any time to perform any investigatory or remedial activity or other action in connection with any Environmental Matter. In addition, to Seller's Knowledge, Seller has not been requested or required, in any unwritten communication, by any Person or Governmental Entity at any time to perform any investigatory or remedial activity or other action in connection with any Environmental Matter.

Seller has provided Buyer will accurate copies of all written information in its possession or control pertaining to matters addressed in this Section 4.15, including all documents pertaining to environmental audits or assessments or operations or conditions at, or sampling of environmental media at, the Facilities, except any documents covered by attorney-client privilege.

4.16 Real Property; Facilities.

(a) All real property and any improvements thereon leased by Seller or China Subsidiary and used in connection with the Business (the “Leased Real Property”) are listed on Schedule 4.16. Neither Seller nor China Subsidiary own any real property, and China Subsidiary has not been granted any land use rights in China. Each Real Property Lease: (a) creates a valid and enforceable leasehold estate in the Leased Real Property granted to the Seller pursuant to the applicable lease (except as enforcement thereof may be limited by the effect of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other similar laws affecting the rights and remedies of creditors, and the effects of general principles of equity, whether applied by a court of law or equity) and (b) is in full force and effect. The real property relating to the China Lease has been mortgaged by the landlord and the China Lease has not been registered pursuant to law. Neither Seller nor China Subsidiary is in default under any Real Property Lease and, to Seller’s Knowledge, no other party or parties to any Real Property Lease is in default of the terms of such Real Property Lease.

(b) No consent is required with regard to the China Lease as a result of the transactions contemplated by this Agreement and the Ancillary Agreements.

4.17 Leased Personal Property. Schedule 4.17 contains a true and correct list of all Personal Property Leases. Each of the Personal Property Leases: (a) is valid and enforceable in accordance with its terms against Seller (except as enforcement thereof may be limited by the effect of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other similar laws affecting the rights and remedies of creditors, and the effects of general principles of equity, whether applied by a court of law or equity) and (b) is in full force and effect. Seller is not in default under any Personal Property Lease and, to Seller’s Knowledge, no other party or parties to any Personal Property Lease is in default of the terms of such Personal Property Lease.

4.18 Accounts Receivable. All Accounts Receivable included in the Purchased Assets represent valid obligations arising from sales actually made or services actually performed or to be performed by China Subsidiary or by Seller or its successor, as applicable, before or after the date hereof in the Ordinary Course of Business. To Seller’s Knowledge, the Accounts Receivable are not subject to any defenses, offsets or counterclaims in excess of reserves reflected on the Year End Balance Sheet and, when delivered, the Interim Balance Sheet. To Seller’s Knowledge, such reserves are adequate in all material respects as of the Closing.

4.19 Taxes. Seller has filed or caused to be filed in a timely manner all Tax Returns affecting the Business or the Purchased Assets as have been required under Applicable Law and has paid (except amounts for Taxes being diligently contested in good faith by appropriate procedures) all required Taxes or similar assessments affecting the Business, including any interest, penalties, fines or additions attributable thereto shown as due on all such filings. Taxes

which Seller was required by law to withhold or collect in respect of the Business have been withheld or collected and have been paid over to the proper Governmental Entity or are properly held by such entity for such payment when due and payable. As of the date hereof, there are no audits, examinations, investigations, or other proceedings being conducted by any Governmental Entity in respect of Taxes of Seller that are pending.

4.20 Insurance. Schedule 4.20 contains a true and correct list of all policies of insurance which insure the Purchased Assets or the Business, setting forth the types and amounts of coverage. Copies of all such policies have been made available to Buyer. There are no material claims pending under any such policies as to which coverage has been questioned, denied or disputed by the underwriters of such policies, and Seller is in material compliance with the terms of such policies.

4.21 Warranties. There are no pending, or to Seller's Knowledge, threatened, claims for replacement or repair of products or goods manufactured, sold, leased, installed or delivered by Seller that are currently under warranty. To Seller's Knowledge, the warranty reserves reflected on the Year End Balance Sheet and, when delivered, the Interim Balance Sheet are adequate in all material respects as of the Closing.

4.22 Licenses and Permits. Seller owns, holds, possesses or lawfully uses in the operation of the Business all material licenses, approvals, permits, rights, applications, accreditations, filings, registrations and other authorizations of any Governmental Entity (the "Permits") which are used in or necessary for the conduct the Business as now conducted under and pursuant to all Applicable Laws or for the ownership and use of the Purchased Assets by Seller. All such Permits are in full force and effect; no default or violation exists under any of the Permits; and no suspension, notice of deficiency, or cancellation of any of the Permits has been received.

4.23 Employee Benefit Plans.

(a) Schedule 4.23(a) contains a complete list of all Employee Benefit Plans sponsored or maintained by Seller that are available to Seller's current employees (the "Employee Benefit Plans"). The term "Employee Benefit Plan" includes (i) all material fringe benefit or other retirement, bonus, stock ownership, option, sickness, vacation, executive compensation, incentive compensation, death benefit (whether funded through insurance or on a funded or unfunded basis), stock purchase, salary continuation, termination, life insurance or severance plan, program or arrangement, including any medical plan and any other plan, fund or program providing similar benefits to the relevant employer's employees other than regular salary, wages or commissions paid substantially concurrently with the performance of the services for which paid, and (ii) all employee welfare benefit plans within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and all employee pension benefit plans within the meaning of Section 3(2) of ERISA.

(b) None of the Employee Benefit Plans are subject to Section 412 of the Code or Title IV of ERISA, and no condition exists which presents a material risk to Seller of incurring a Liability to or on account of any Employee Benefit Plan.

(c) All of the Employee Benefit Plans comply in form and have been administrated, operated and funded, in all material respects, in accordance with Applicable Law (including without limitation the Code and ERISA) and the terms of such Employee Benefit Plan.

(d) Schedule 4.23(d) contains a complete list of all Persons receiving or entitled to elect COBRA coverage or benefits pursuant to any Employee Benefit Plan, as of the Closing.

4.24 Equity Owned by Seller; Subsidiaries. Seller does not own any Subsidiaries other than China Subsidiary and FKI, LLC. Neither FKI, LLC nor China Subsidiary owns or has agreed to acquire any Equity Securities or other capital of any company or entity. Seller owns all the Equity Securities in China Subsidiary and FKI, LLC free and clear of any encumbrances. There are no outstanding contracts or other rights to subscribe for or purchase any Equity Securities in FKI, LLC or China Subsidiary. All Equity Securities in FKI, LLC or China Subsidiary owned by Seller were duly authorized, validly issued and outstanding and are fully paid and non-assessable.

4.25 Registered Capital of China Subsidiary. China Subsidiary has a registered capital of \$550,000 which is fully contributed. China Subsidiary has not declared, made or paid any dividend or other distribution or redeemed, reduced or purchased or agreed to redeem, reduce or purchase any of its registered capital.

4.26 Disclaimer of Other Representations and Warranties. Except as set forth in this Agreement, Seller makes no representation or warranty, whether express or implied, at law or in equity, with respect to the Business, Seller, the Assumed Liabilities or the Purchased Assets and all other representations or warranties are hereby expressly disclaimed. WITHOUT LIMITING THE FOREGOING, ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY DISCLAIMED AND BUYER ACKNOWLEDGES THAT SELLER HAS MADE NO REPRESENTATION OR WARRANTY CONCERNING: (I) ANY USE TO WHICH THE PURCHASED ASSETS MAY BE PUT; (II) ANY FUTURE REVENUES, COSTS, EXPENDITURES, CASH FLOW RESULTS OF OPERATIONS, FINANCIAL CONDITION OR PROSPECTS THAT MAY RESULT FROM THE OWNERSHIP, USE OR SALE OF THE PURCHASED ASSETS OR THE ASSUMPTION OF THE ASSUMED LIABILITIES; OR (III) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE CONDITION OF THE PURCHASED ASSETS.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth in Buyer's disclosure schedule ("Buyer's Disclosure Schedule") dated the date hereof and delivered herewith to Buyer, Buyer hereby represents and warrants to Seller, as of the date hereof that:

5.01 Buyer Existence and Power. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and Buyer is qualified and in good standing to transact business in each jurisdiction in which such qualification is required by law, except for such jurisdictions where the failure to be so qualified, licensed or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, assets, financial condition or results of operations of Buyer.

5.02 Authorization; Binding Agreement. The execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements and the consummation by Buyer of the transactions contemplated hereby and thereby are within the corporate powers of Buyer and have been duly authorized by all necessary corporate action on the part of Buyer. This Agreement and each of the Ancillary Agreements have been duly executed and delivered by Buyer and constitute valid and binding agreements of Buyer, enforceable against Buyer in accordance with their respective terms, except as enforcement thereof may be limited by the effect of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other similar laws affecting the rights and remedies of creditors, and the effects of general principles of equity, whether applied by a court of law or equity.

5.03 Non-Contravention. The execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements, and the consummation by Buyer of the transactions contemplated hereby and thereby do not and will not: (a) contravene or conflict with Buyer's organizational documents; (b) contravene or conflict with any material provision of Applicable Law; or (c) constitute a default under any agreement, contract or other instrument to which Buyer is a party or by which Buyer may be bound.

5.04 Legal Proceeding. There is no Legal Proceeding pending or, to the knowledge of Buyer, threatened against Buyer before any court or arbitrator or any Governmental Entity which in any manner challenges or seeks to prevent, enjoin or materially delay the transactions contemplated hereby or which may have a material adverse effect on Buyer's ability to purchase and operate the Purchased Assets.

5.05 Brokers' or Finders' Fees. No investment banker, broker, finder, intermediary or other Person has been retained by or is authorized to act on behalf of Buyer or any Affiliate of Buyer who is entitled to any fee or commission upon consummation of the transactions contemplated by this Agreement.

5.06 Parent Capital Structure. The authorized Equity Securities of Parent consist of 100,000,000 shares of common stock, \$.01 par value and 100,000 shares of preferred stock, \$.01 par value. All Parent Stock issued and outstanding prior to or issued concurrently with the Closing has been duly authorized and is validly issued, fully paid and nonassessable. All Parent Stock when issued pursuant to this Agreement shall be duly authorized, validly issued, fully paid and nonassessable. The issuance and sale of all Parent Stock has been in compliance with applicable securities laws. There are no contracts relating to the issuance, sale, or transfer of any Equity Securities or other securities of the Parent, no Person has any rights to acquire any Equity Securities of Parent, and there are no options, calls, warrants or other securities or rights outstanding which relate to, are convertible into or exercisable for any securities of Parent. Except as disclosed in Parent's SEC filings, Parent has not agreed to register any of its securities under any applicable securities law or granted registration rights to any Person.

5.07 Independent Investigation. Prior to Buyer's execution of this Agreement: (a) Buyer has had an opportunity to conduct due diligence regarding the contemplated transaction and investigate, examine and inspect the Purchased Assets and Assumed Liabilities; and (b) Buyer has decided to purchase the Purchased Assets and assume the Assumed Liabilities solely on the basis of its own due diligence and independent investigation and Seller's representations and warranties contained in this Agreement. Buyer further acknowledges that, to the extent Buyer, or any of Buyer's advisors, agents, consultants or representatives, by reason of such due diligence and investigation, whether or not undertaken, knew or should have known that any representation and warranty made herein by Seller is or might be inaccurate or untrue, this constitutes a release and waiver of any and all actions, claims, suits, damages or rights to indemnity, at law or in equity, against Seller by Buyer arising out of breach of that representation and warranty. Nothing herein shall be deemed to limit or waive Buyer's rights against the Seller arising out of any other representation and warranty made herein by Seller.

5.08 Disclosure. No statement made in the Parent Information listed below or representation and warranty of Buyers in this Agreement or any schedule to this Agreement is false or misleading in any material respect or omits to state any fact necessary to make any such representation or statements not misleading in any material respect. For purpose of this Agreement, "Parent Information" shall mean: (i) Annual Report on Form 10-K for the year ended December 31, 2006; (ii) Proxy Statement used in the connection with its 2007 Annual Meeting of Stockholders; (iii) all periodic reports on Form 8-K filed with the Securities and Exchange Commission since December 31, 2006 to the date hereof; and (iv) all Forms 10-Q filed with the Securities and Exchange Commission since December 31, 2006 to the date hereof.

ARTICLE VI

TAX MATTERS

6.01 General. From and after Closing, Seller and Buyer shall each (a) provide the other party with such assistance as may be reasonably requested in connection with the preparation of any Tax Return or any Legal Proceeding involving or relating to Liability for Taxes, (b) retain and provide to the other party all records and other information that may be relevant to any such Tax Return or Legal Proceeding, and (c) provide the other party with any final determination of any such Legal Proceeding that affects any amount required to be shown on any Tax Return of the other party for any period, in each case only to the extent such matters pertain to the Assumed Liabilities, the Purchased Assets or the Business. Without limiting the generality of the foregoing and subject to Section 9.03, each of Buyer and Seller shall retain, until the expiration of the applicable statutes of limitation (including any extensions thereof), copies of all Tax Returns, supporting work schedules and other records relating to Tax periods or portions thereof ending on or prior to the Effective Time, in each case only to the extent such matters pertain to the Assumed Liabilities, the Purchased Assets or the Business.

6.02 Allocation of Purchase Price.

(a) All amounts constituting consideration within the meaning of, and for the purposes of, Section 1060 of the Code and the regulations thereunder shall be allocated among the Purchased Assets in the manner required by Section 1060 of the Code and the regulations thereunder and all Applicable Laws.

(b) At least five (5) Business Days prior to Closing, Seller shall provide Buyer with a proposed schedule (the “Allocation Schedule”) allocating all such amounts as provided herein. The Allocation Schedule shall become final, binding and conclusive on the parties at 5:00 pm Eastern Time sixty (60) days after Buyer receives such schedule, unless Buyer objects in writing to Seller, specifying the basis for its objection and preparing an alternative allocation within such sixty (60)-day period. If Buyer does object, Buyer and Seller shall in good faith attempt to resolve the dispute within ten (10) Business Days of receipt by Seller of written notice of Buyer’s objection. If, at the end of such 10-Business Day period, Buyer and Seller have not reached agreement on such matters, the matters that remain in dispute may be submitted by either party to an Independent Accounting Firm (the “Purchase Price Allocation Referee”). Buyer and Seller will instruct the Purchase Price Allocation Referee to provide its determination of the matters in dispute within thirty (30) days after their submission to the Purchase Price Allocation Referee. The parties shall cooperate with each other and the Purchase Price Allocation Referee in connection with the matters contemplated by this Section 6.02, including by furnishing such information and access to books, records (including accountants’ work papers) and personnel as may be reasonably requested. The Purchase Price Allocation Referee shall not hear any oral testimony regarding the matters in dispute, but may request and accept written submissions. The fees and expenses of the Purchase Price Allocation Referee will be shared equally by Buyer and Seller, and the decision of the Purchase Price Allocation Referee with respect to the items relating to the Purchase Price allocation that are disputed in the dispute notice shall be final, conclusive and binding on the parties.

(c) Buyer and Seller shall (i) prepare and timely file all Tax Returns, including IRS Form 8594 (and all supplements thereto) in a manner consistent with the Allocation Schedule as finalized, (ii) act in accordance with the Allocation Schedule for all Tax purposes, and (iii) not take any position on any Tax Return before any Governmental Entity charged with the collection of any such Tax or in any judicial proceeding that is in any manner inconsistent with the terms of any the Allocation Schedule without written consent of the other in each instance, unless required to do so by Applicable Law.

(d) The parties will revise the Allocation Schedule to the extent necessary to reflect any subsequent adjustments to the Purchase Price pursuant to Article II or Article VIII. In the case of any such additional consideration, Buyer shall promptly propose a revised Allocation Schedule, and the parties shall follow the procedures described above with respect to review, dispute and resolution in respect of such revision.

6.03 Tax Refunds. Any refunds of Taxes paid with respect to Tax periods or portions thereof ending on or before the Effective Time that are received by Buyer, and any such amounts credited against Taxes to which Buyer become entitled, shall be for the account of Seller, and

Buyer shall pay over to Seller any such refund or the amount of any such credit within five (5) Business Days after receipt of any such refund or the filing of a Tax Return reflecting any such credit.

6.04 Transfer Taxes. Notwithstanding any other provision in this Agreement, any documentary, transfer, registration, stamp and similar Taxes imposed by reason of the transfers of Purchased Assets provided in this Agreement shall be timely paid by Buyer. Any sales and use Taxes imposed by reason of the transfers of Purchased Assets provided in this Agreement shall be paid by Seller. The parties shall cooperate in the timely making of all filings, returns, reports and forms as may be required in connection therewith.

ARTICLE VII

EMPLOYEES

7.01 Employee Covenants.

(a) Termination of Employees. Seller shall terminate the employment of all employees of the Business ("Employees") as of the end of business on the Closing Date.

(b) Employment Offers. Subject to Section 7.01(c) and except for the Employment Agreements to be entered into in connection with the Closing, Buyer shall make offers of at-will employment to all Employees as of the Effective Time. Buyer shall give all notices and other information required to be given to the Employees who are hired by Buyer at the Closing and subsequently dismissed, including any collective bargaining unit representing any group of employees of the Seller, and any applicable Governmental Entity under the WARN Act, the National Labor Relations Act, the Internal Revenue Code, COBRA, and other Applicable Law in connection with the transactions contemplated by this Agreement.

(c) Employment Terms.

(i) *Salary and Bonus.* Subject to the compensation increases referenced in the Disclosure Schedule, Buyer shall provide the Employees with base hourly wage or annual base salary, as the case may be, bonus or bonus potential, and vacation consistent with Seller's compensation and benefits and with respect to other benefits substantially similar to those in effect for Buyer's employees.

(ii) *Benefits.* Buyer shall promptly provide the Employees with Employee Benefit Plans in Buyer's discretion, with the intention that such Employee Benefit Plans will be substantially similar to those in effect as of the date hereof. Buyer shall give full credit to each Employee for such Employee's period of service to Seller prior to the Effective Time for all purposes under all of Buyer's Employee Benefit Plans. Buyer shall cause (i) any limitations on participation or coverage of pre-existing conditions under Buyer's Employee Benefit Plans to be waived with respect to Employees and their eligible dependents and beneficiaries and (ii) Buyer's Employee Benefit Plans to give full credit for deductible and co-payment amounts incurred under Employee Benefit Plans for calendar year 2007 when

determining deductibles and co-payments under Buyer's Employee Benefit Plans with respect to Employees. Seller shall transfer to Buyer, and Buyer shall accept, sole sponsorship of the (i) Fisher-Klosterman, Inc. Group Health Insurance, subject to the insurer's approval of such transfer, and (ii) Fisher-Klosterman, Inc. Dental Insurance, Vision Insurance Plan, Short Term Disability Insurance, Long Term Disability Insurance, Life Insurance and Accidental Death and Dismemberment Insurance, all subject to the insurers' approval of transfer of such policies to Buyer. Nothing contained in this Agreement relating to the transfer of sponsorship of such plans or policies from the Seller to the Buyer shall limit or otherwise impair Buyer's rights under this Agreement in relation to Section 2.04 or 4.22 or otherwise in connection with this Agreement. No provision of this Agreement constitutes or shall give rise to, or shall be deemed to constitute or give rise to any rights or entitlements or benefits on the part of any employee, service provider or other third Person in connection with any such plan, program or other arrangement, or otherwise.

7.02 WARN Act Compliance. On and after the Effective Time, Buyer shall be responsible with respect to Employees and their respective beneficiaries for compliance with the WARN Act and any other similar Applicable Law, including any requirement to provide for and discharge any and all notifications, benefits, and liabilities to Employees and government agencies that might be imposed as a result of the consummation of the transactions contemplated by this Agreement or otherwise. Buyer shall not take any action after the Effective Time that would cause any termination of employment of any Employees to constitute a "plant closing" or "mass layoff" under the WARN Act or any similar Applicable Law that would result in liability or notice obligation to Seller or create any liability to Seller for employment terminations under Applicable Law. Subject to the terms of Article VIII, Buyer shall defend and indemnify Seller from any and all liability with respect to Buyer's non-compliance with the undertaking in the two preceding sentences which causes a violation of the WARN Act. Nothing in this Agreement constitutes an admission that a plant closing or mass layoff, or terms of similar import, as used by the WARN Act, has occurred or will occur.

ARTICLE VIII

SURVIVAL; INDEMNIFICATION

8.01 Survival of Representations and Warranties and Time Limitation on Indemnification. All of the representations and warranties set forth in this Agreement shall survive the Closing and the consummation of the transactions contemplated by this Agreement for a period of eighteen (18) months following the Effective Time. Notwithstanding the foregoing, the representations and warranties contained in Section 4.01 (Seller Existence and Power), Section 4.02 (Corporate Authority; Binding Agreement), Section 4.04 (Title to Purchased Assets) (excluding the last sentence of Section 4.04), Section 4.08 (Brokers' or Finders' Fees), Section 4.15 (Environmental Matters), Section 4.19 (Taxes), Section 5.01 (Buyer Existence and Power), Section 5.02 (Authorization; Binding Agreement) and Section 5.05 (Brokers' or Finders' Fees) shall survive until 30 days after the expiration of the applicable statute of limitations relating to the underlying claim. All covenants and agreements contained in this Agreement shall expire as appropriate, in accordance with their terms or at the expiration of the applicable statutes of limitation. If at any time on or prior to the applicable expiration

date, a party delivers to the other party a written notice alleging a breach of any of the representations, warranties, covenants or agreements made by the receiving party and asserting a claim for indemnification under this Article VIII, then that claim shall survive the applicable expiration date until such time as such claim is fully and finally resolved. Notwithstanding the foregoing, a claim will not survive more than three (3) months following the applicable expiration date unless the party delivering the claim notice is reasonably pursuing the claim.

8.02 Indemnity by Seller. Subject to the limitations in this Article VIII (including without limitation Section 8.07 hereof), Seller shall indemnify and hold harmless Buyer and its Affiliates, directors, officers, partners, agents, representatives, successors and permitted assigns (each, a “Buyer Indemnified Person” and collectively, the “Buyer Indemnified Persons”) from and against any and all losses, Liabilities, damages, fines, penalties, suits, judgments or causes of action, assessments, reasonable costs and reasonable expenses (whether or not involving a Third Party Claim), and any and all amounts paid in settlement of any of the aforementioned (collectively, the “Buyer’s Damages”), asserted against, imposed upon, or incurred or suffered by any Buyer Indemnified Person as a result of or arising from: (a) any Excluded Liability; (b) any inaccuracy in any representation or warranty of Seller contained in this Agreement; or (c) any breach of any covenant or agreement by Seller contained in this Agreement, the Bill of Sale, the Assignment and Assumption Agreement, the Patent Assignment, the Trademark Assignment Agreement, the Domain Name Transfer Agreement or the certificate to be delivered pursuant to Section 3.02(m).

8.03 Indemnity by Buyer. Subject to the limitations in this Article VIII, Buyer shall indemnify and hold harmless Seller, the Selling Shareholders and each of their Affiliates, directors, officers, stockholders, agents, representatives, successors and permitted assigns (each a “Seller Indemnified Person” and collectively, the “Seller Indemnified Persons” and, together with the Buyer Indemnified Persons, the “Indemnified Persons”), from and against any and all losses, Liabilities, damages, fines, penalties, suits, judgments or causes of action, assessments, reasonable costs and reasonable expenses (whether or not involving a Third Party Claim), and any and all amounts paid in settlement of any of the aforementioned (collectively, the “Seller’s Damages” and together with Buyer’s Damages, “Damages”), asserted against, imposed upon, or incurred or suffered by any Seller Indemnified Person, as a result of or arising from: (a) any Assumed Liability; (b) any inaccuracy in any representation or warranty of Buyer contained in this Agreement; (c) any breach of any covenant or agreement by Buyer contained in this Agreement, the Bill of Sale, the Assignment and Assumption Agreement, the Patent Assignment, the Trademark Assignment Agreement, the Domain Name Transfer Agreement or the certificate to be delivered pursuant to Section 3.03(k); or (d) the Schedule 4.14 Indemnification Amount (which amount, if payable pursuant to this Agreement, shall be paid directly by Seller and shall not be paid out of the Escrow Amount and shall not be subject to the limitation on indemnification set forth in Sections 8.07(a) and 8.07(b) below).

8.04 Reduction and Mitigation of Damages. For purposes of this Article VIII, all Damages shall be reduced dollar for dollar by: (a) the amount of any insurance proceeds actually received in connection with the circumstances giving rise to the claim for such Damages, in each case, which reduce such Damages that would otherwise be incurred; (b) the amount of any Tax benefits actually recognized (net of Tax costs incurred as a result of such indemnification

payment) directly resulting from such Damages or expenses related thereto; and (c) the amount of any other payments made under this Article VIII that relate to the same facts and circumstances giving rise to the same claim for such Damages. Any party entitled to indemnification hereunder shall take reasonable steps to mitigate Damages upon and after becoming aware of any event that could reasonably be expected to give rise to such Damages. All parties shall use commercially reasonable efforts to make claims under available insurance policies and to pursue the collection of such amounts.

8.05 Claims Procedure for Third Party Claims.

(a) Any party (the “Claimant”) that intends to seek indemnification for Damages from the other party (the “Defending Party”) under this Agreement with respect to a Third Party Claim shall notify the Defending Party in writing promptly after learning of such claim. Such notice shall specify, to the extent known by the Claimant, the nature of and basis for any such Third Party Claim or the nature of and basis for any suit, action, investigation or proceeding set forth therein, the amount or the good faith estimated amount thereof (to the extent then estimable) and the basis of the third party’s request for indemnification under this Agreement. The failure of the Claimant to promptly notify the Defending Party will not relieve the Defending Party of any Liability that it may have to the Claimant, except to the extent that the Defending Party demonstrates that the defense of such Third Party Claim is prejudiced by the Claimant’s failure to promptly give such notice. “Third Party Claim” means any claim, demand, suit, action or Legal Proceeding by any Person, other than Seller or Buyer, which could reasonably give rise to a right of indemnification under this Article VIII.

(b) The Defending Party may undertake the defense of a Third Party Claim as to which the Claimant has notified the Defending Party by notice to the Claimant no later than thirty (30) days after receipt by Defending Party of the Claimant’s notice of the Third Party Claim (but in no event later than such time as would result in the Claimant’s rights being materially and adversely affected by a failure to give notice earlier). The Defending Party’s notice must be in writing and must notify the Claimant (i) that the Defending Party will indemnify the Claimant, to the extent provided in this Agreement, from and against any Damages with respect to which such Claimant is entitled to indemnification under this Agreement, (ii) of the Defending Party’s intention to assume such defense, and (iii) that it has retained legal counsel (which counsel must be reasonably satisfactory to the Claimant) to conduct the defense of such Third Party Claim. If the Defending Party undertakes the defense of any Third Party Claim, it shall control the investigation and defense thereof; *provided* that the Claimant will be entitled to participate in the defense of such Third Party Claim to the extent it reasonably deems appropriate (unless the Claimant is also party to such proceeding and the Defending Party determines in good faith that joint representation would be inappropriate). If the Claimant elects to participate in the defense of the claim, the Defending Party, so long as it diligently conducts such defense, will not be liable to the Claimant for any fees of other counsel or advisors retained by Claimant or any other expenses with respect to Claimant’s defense of such claim unless (x) the Defending Party has, in its sole discretion, agreed to pay such fees and expenses, or (y) the Claimant has been advised by its counsel in good faith that there may be one or more defenses available to it which are different from or additional to those available to the Defending Party or that actual or potential conflicts of interest are likely to result from the

Defending Party's defense of the Third Party Claim. In such case, that portion of the fees and expenses of such separate counsel that are reasonably related to the matters covered by the foregoing clauses (x) – (y) shall be paid by the Defending Party. If the Defending Party assumes the defense of a Third Party Claim without participation by the Claimant, no compromise or settlement of such Third Party Claim may be effected by the Defending Party without the Claimant's consent unless (1) there is no finding or admission of any violation of Applicable Law by Claimant, and (2) the sole relief provided is monetary damages that are paid in full by the Defending Party.

(c) If notice is given to a Defending Party of a Third Party Claim and the Defending Party does not, within thirty (30) days after the Claimant's notice is given, give notice to the Claimant of its election to assume the defense of such Third Party Claim or otherwise does not defend such Third Party Claim, then the Claimant shall control such investigation and defense, and the Defending Party will be bound by any determination made in such proceeding or any compromise or settlement effected by the Claimant with the consent of the Defending Party (which shall not be unreasonably withheld).

(d) Subject to the advice of counsel, Seller and Buyer shall make available to each other, their counsel and other representatives, the information and documents reasonably available to them which relate to any Third Party Claim, and otherwise cooperate as may reasonably be required in connection with the investigation and defense thereof. Seller and Buyer shall keep the other reasonably informed as to all developments with respect to any Third Party Claim.

8.06 Claims Procedure for Direct Claims. In the event that a Claimant intends to seek indemnification for Damages from a Defending Party that does not involve a Third Party Claim, the Claimant shall promptly notify the Defending Party in writing of such claim (the "Direct Claim Notice"). The Direct Claim Notice shall specify the nature of and specific basis for any such Indemnity Claim, the amount or the good faith estimated amount thereof (to the extent then estimable) and the basis of the Claimant's request for indemnification under this Agreement. The failure of the Claimant to promptly notify the Defending Party will not relieve the Defending Party of any Liability that it may have to the Claimant, except to the extent that the Defending Party demonstrates that the defense of such Indemnity Claim is prejudiced by the Claimant's failure to give such notice. If the Claimant does not notify the Defending Party within thirty (30) days from its receipt of the Direct Claim Notice that it disputes such Indemnity Claim, the Indemnity Claim(s) specified in the Direct Claim Notice will be deemed payable by the Defending Party hereunder. If the Defending Party has timely disputed such Indemnity Claim, the parties shall negotiate in good faith for a thirty (30) day period after receipt of the Direct Claim Notice to resolve such Indemnity Claim. If no resolution is reached within such thirty (30) day period, the dispute regarding the Indemnity Claim shall be resolved pursuant to Section 10.13 of this Agreement.

8.07 Limitations on Indemnification. The rights of the Buyer Indemnified Persons and of the Seller Indemnified Persons to indemnification hereunder are subject to the following limitations:

(a) **Basket for Aggregate Claims.** Buyer shall not be entitled to indemnification hereunder unless and until the aggregate amount of Buyer's Damages arising from qualifying claims for indemnification exceeds seventy five thousand dollars (\$75,000). Seller shall only be liable for Buyer's Damages in excess of such amount.

(b) **Limitation of All Claims.** Buyer shall not be entitled to indemnification hereunder with respect to any claims under Section 8.02 to the extent the aggregate amount of Buyer's Damages exceeds \$1,740,000 in the aggregate. Notwithstanding the foregoing, (i) the maximum amount of Buyer's Damages that may be recovered as a result of any breach of the representations and warranties contained in Section 4.01 (Seller Existence and Power), Section 4.02 (Corporate Authority; Binding Agreement), Section 4.04 (Title to Purchased Assets) (excluding the last sentence of Section 4.04) and Section 4.08 (Brokers' or Finders' Fees) shall not be limited to the foregoing amount, but shall be limited in the aggregate to the Purchase Price and (ii) the maximum amount of Buyer's Damages that may be recovered as a result of any breach of the representations and warranties contained in Section 4.15 (Environmental Matters) shall not be limited to the foregoing amount, but shall be limited in the aggregate to 62.5% of the Purchase Price. Notwithstanding anything in this Agreement to the contrary, the maximum amount of Buyer's Damages that may be recovered as a result of any breach of any representation or warranty pertaining to FKI, LLC or China Subsidiary shall be limited in the aggregate to \$500,000. For all purposes of Articles VIII, Buyer Damages shall be net of (i) any insurance or other recoveries payable to Buyer Indemnified Person or its Affiliates in connection with the facts giving rise to the right of indemnification, and (ii) any tax benefit available to such Buyer Indemnified Person or its Affiliates arising in connection with the accrual, incurrence or payment of any such Buyer Damages (including, without limitation, the net present value, discounted at a 5% per annum rate of return, of any tax benefit arising in subsequent taxable years).

(c) **Relation to Escrow Amount.** All indemnification claims by the Buyer Indemnified Persons shall first be satisfied out of the Escrow Amount. The release of funds from the Escrow Amount shall be governed by the Indemnification Escrow Agreement, which shall provide that 50% of the escrowed funds shall be released after six months, net of any indemnification claims made prior to such date.

(d) **Expiration of Claims.** Any claim for indemnification hereunder that is not asserted by notice given as herein provided during the applicable period of survival as set forth in Section 8.01 may not be pursued and is hereby irrevocably waived upon the expiration of the applicable survival period.

8.08 Tax Treatment of Indemnification. For all Tax purposes, Buyer and Seller shall treat any amount paid pursuant to this Article VIII as an adjustment to the Purchase Price and shall also revise the Allocation Schedule in accordance with Section 6.02, except as otherwise required by Applicable Law.

8.09 Exclusive Remedy. Other than claims for fraud, this Article VIII shall provide the sole and exclusive remedy for any misrepresentation or breach of warranty, covenant or other agreement or other claim arising out of this Agreement, the Ancillary Agreements, or the transactions contemplated hereby.

8.10 Limitation On Damages. NO PARTY WILL BE LIABLE FOR EXEMPLARY, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING LOST PROFITS AND LOST REVENUES, WHICH ARISE DIRECTLY OR INDIRECTLY OUT OF THE PURCHASE, SALE AND/OR USE OF THE PURCHASED ASSETS WHETHER SUCH DAMAGES ARE ASSERTED IN AN ACTION BROUGHT IN CONTRACT, IN TORT OR PURSUANT TO SOME OTHER THEORY AND WHETHER THE POSSIBILITY OF SUCH DAMAGES WAS MADE KNOWN OR WAS FORESEEABLE.

ARTICLE IX

COVENANTS OF SELLER PRIOR TO CLOSING

9.01 Access and Investigation. Between the date of this Agreement and the Closing Date, and upon reasonable advance notice received from Buyer, Seller shall (and the Selling Shareholders shall cause Seller to) (a) afford Buyer and its representatives Fifth Third Bank, NA and their representatives (collectively, “Buyer Group”) full and free access, during regular business hours, to Seller’s personnel, properties, contracts, books and records, and other documents and data, such rights of access to be exercised in a manner that does not unreasonably interfere with the Business; (b) furnish Buyer Group with copies of all such contracts, governmental authorizations, books and records, and other existing documents and data as Buyer may reasonably request; (c) furnish Buyer Group with such additional financial, operating, and other relevant data and information as Buyer may reasonably request; and (d) otherwise cooperate and assist, to the extent reasonably requested by Buyer, with Buyer’s investigation of the properties, assets, and financial condition related to Seller.

9.02 Operation of the Business by Seller. Between the date of this Agreement and the Closing, Seller shall (and the Selling Shareholders shall cause Seller to):

(a) conduct its business only in the ordinary course of business and not enter into any agreements or commitments other than at substantially prevailing market prices and on substantially prevailing market terms;

(b) except as otherwise directed by Buyer in writing, and without making any commitment on Buyer’s behalf, use commercially reasonable efforts to preserve intact its current business organization, keep available the services of its officers, employees, and agents and maintain its relations and good will with suppliers, customers, landlords, creditors, employees, agents, and others having business relationships with it;

(c) confer with Buyer prior to implementing operational decisions of a material nature;

(d) otherwise report to, and as reasonably requested by, Buyer concerning the status of the Business, including all financial matters;

(e) make no material changes in management personnel without prior written consent of Buyer;

(f) maintain all Purchased Assets in a state of repair and condition that complies with legal requirements and is consistent with the requirements and normal conduct of the Business;

(g) keep in full force and effect, without amendment, all material rights relating to Seller's business;

(h) comply with all legal requirements and contractual obligations applicable to the operations of the Business;

(i) continue in full force and effect the insurance coverage under the policies set forth in this Agreement;

(j) upon request from time to time, execute and deliver all documents, make all truthful oaths, testify in any proceedings, and do all other acts that may be reasonably necessary or desirable in the opinion of Buyer to consummate the transactions contemplated by this Agreement, all without further consideration; and

(k) maintain all books and records of Seller relating to the Business in the ordinary course of business.

9.03 Negative Covenants. Except as otherwise expressly permitted herein, between the date of this Agreement and the Closing Date, Seller shall not, and no Selling Shareholder shall permit Seller to, without the prior written consent of Buyer, (a) take any affirmative action, or fail to take any reasonable action within its control, as a result of which any of the changes or events listed in Section 4.14 would be likely to occur; (b) make any modification to any material contract or governmental authorization; (c) allow the levels of raw materials, supplies, or other materials included in the Business to vary materially from the levels customarily maintained; (d) enter into any compromise or settlement of any litigation, proceeding, or governmental investigation relating to the Purchased Assets, the Business, or the Assumed Liabilities; or (e) other than payments of dividends on the Seller's stock that are in amounts not greater than what is necessary to fund Selling Shareholders' actual tax liabilities resulting solely from Seller's net income being attributed to Selling Shareholders as a result of Seller's Subchapter S status, make any distribution or declare or pay any dividends (in cash or other property) on, or purchase, acquire, redeem, or retire any of, Seller's equity, of any class, whether now or hereafter outstanding, or make any other type of payment (including salary, compensation, or bonus payments of any type) to any Selling Shareholder or a related person of any Selling Shareholder other than regular payments of salary in the ordinary course of business.

9.04 Notification. Between the date of this Agreement and the Closing Date, Seller and the Selling Shareholders shall promptly notify Buyer in writing if any of them, or Gary Keefer, Tom Lugar or Russell Lewis, becomes aware of (a) any fact or condition that causes or constitutes a breach of any of Seller's representations and warranties made as of the date of this

Agreement or (b) the occurrence after the date of this Agreement of any fact or condition that would or be reasonably likely to (except as expressly contemplated by this Agreement) result in any Material Adverse Change, or cause or constitute a breach of any such representation or warranty had that representation or warranty been made as of the time of the occurrence of, or Seller's or any Selling Shareholder's discovery of, such fact or condition. During the same period, Seller and Selling Shareholders also shall promptly notify Buyer of the occurrence of any breach of any covenant of Seller or any Selling Shareholder under this Agreement or of the occurrence of any event that may make the satisfaction of the conditions in this Article IX impossible or unlikely.

9.05 No Negotiation. Until such time as this Agreement is terminated, neither Seller nor any Selling Shareholder shall directly or indirectly solicit, initiate, encourage, or entertain any inquiries or proposals from, discuss or negotiate with, provide any nonpublic information to, or consider the merits of any inquiries or proposals from any Person (other than Buyer) relating to any business combination transaction involving Seller, including the sale by any Selling Shareholder of Seller's stock, the merger or consolidation of Seller, or the sale of Seller's business or any of the Purchased Assets (other than in the ordinary course of business). Seller and the Selling Shareholders shall notify Buyer of any such inquiry or proposal within twenty-four (24) hours of receipt or awareness of the same by Seller or any Selling Shareholder.

9.06 Payment of Liabilities. Seller shall pay or otherwise satisfy in the ordinary course of business as they come due all of its liabilities and obligations.

ARTICLE X

POST-CLOSING COVENANTS

10.01 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 Purchased Assets as of the Effective Time.

10.02 Name Change. Within three (3) Business Days of the Closing Date, Seller will file articles of amendment with the Secretary of State of Kentucky changing its name to one sufficiently dissimilar to Seller's present name that, in Buyer's reasonable judgment, is necessary to avoid confusion. Seller will take any action reasonably requested by Buyer after Closing to enable Buyer to make any and all use of the name Fisher-Klosterman, Inc.

10.03 Access To Business Records. Each of Buyer and Seller shall preserve until the seventh (7th) anniversary of the Effective Time all records, including electronic data records, possessed or to be possessed by such party relating to any of the assets, Liabilities or business of the Business prior to the Effective Time, including without limitation all of Seller's corporate

minute books, stock transfer records, books of account, checkbooks, cancelled checks, bills and vouchers in support thereof, bank accounts, and tax records. After the Effective Time, where there is a legitimate purpose (which shall be deemed to include Tax filings of either party), such party shall provide the other party with access, within a reasonable period of time after written request specifying the need hereof during regular business hours, to (a) the management employees of Buyer, (b) the books of account and records of such party related to the Business and (c) the payroll and personnel records of the Business but in each case only to the extent relating to the assets Liabilities or business of the Business prior to the Effective Time and the other party and its representatives shall have the right to make copies of such books and records *provided, however*, that the foregoing right of access shall not be exercisable in such a manner as to interfere unreasonably with the normal operations and business of such party; and *provided further*, that, as to such information that constitutes trade secrets or confidential business information of such party, the requesting party and its officers, directors and representatives will use due care to not disclose such information except (i) as required by law, (ii) with the prior written consent of such party, which consent shall not be unreasonably withheld, or (iii) where such information becomes available to the public generally, or becomes generally known to competitors of such party, through sources other than the requesting party, its Affiliates or its officers, directors or representatives.

10.04 Cooperation. After the Closing Date, upon Seller's request (at Seller's expense) and without necessity of subpoena, Buyer shall, and shall cause its representatives and its Affiliates and their representatives to, fully cooperate with Seller and its representatives for purposes of permitting Seller to address and respond to matters that arise as a result of or otherwise relate to Seller's prior ownership of the Business and the Purchased Assets, whether or not related to this Agreement, any matters for which Seller has or may have an obligation (including an indemnity obligation), and any claims made by or against Seller or any of its Affiliates for which such cooperation is, in Seller's opinion, necessary or appropriate. Such cooperation shall include (i) upon reasonable notice to Buyer, reasonable access to Buyer's and its Affiliates' officers, directors, employees, auditors, counsel, representatives, advisors, properties, books, records and operating instructions and procedures, (ii) providing reasonable assistance to Seller in connection with any pending or threatened Legal Proceedings, including preparation for any Legal Proceedings such as discovery, depositions and similar activities, and (iii) the right to make and retain copies of all pertinent documents and records relating to any such matters. Seller shall have the right to retain, at its expense, a copy of all business and employment records and other documents the originals of which are part of the Purchased Assets. Seller's access shall not unreasonably interfere with Buyer's operation of the Business.

10.05 Funds Received After Closing. Any and all funds received by Seller after Closing relating to the Purchased Assets shall be remitted to Buyer promptly upon receipt; *provided that*, for the avoidance of doubt, any funds received by Seller after Closing relating to the Excluded Assets shall remain the property of Seller.

10.06 Warranty Claims. Buyer shall be solely responsible for satisfying any warranty claims for replacement or repair of any products or goods manufactured, sold, leased or delivered by Seller prior to the Effective Time up to an aggregate amount of \$75,000. Seller shall be solely responsible for satisfying any warranty claims for replacement or repair of any products or

goods manufactured, sold, leased or delivered or services rendered by Seller prior to the Effective Time to the extent such claims exceed \$75,000 in the aggregate. With regard to the satisfaction of any warranty claims (individually or in the aggregate) exceeding \$75,000, Buyer shall grant Seller access to Buyer's resources reasonably or typically used in connection with satisfaction of similar warranty claims at no more than Buyer's out-of-pocket costs for the use of such resources and Seller shall have sole discretion (to be exercised in good faith) in satisfying such claim or claims; *provided, however*, that if Seller fails to resolve any such warranty claim within six (6) months after receiving notice of such a claim, then in order to preserve the goodwill of the customer, Buyer may assume responsibility for satisfying the warranty claim and Seller will be responsible for all costs actually incurred by Buyer in effecting any such repair or replacement. Warranty claims shall count toward the satisfaction of the minimum claims basket set forth in Section 8.07(a) notwithstanding the fact that Buyer may not recover the first \$75,000 incurred hereunder.

10.07 Covenants Regarding Competition and Solicitation.

(a) Non-Competition. For a period of three (3) years from and after the Effective Time, the Seller and the Selling Shareholders 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 that competes with the Business in any geographic area in which Seller has or had any manufacturing facility, employees, distributors and/or customers within a period of twelve (12) months prior to the Effective Time; *provided, however*, that owning less than 5% of the outstanding stock of any publicly-traded company shall not violate this Section 9.07(a). Seller and the Selling Shareholder acknowledge and agree that this non-compete is given in connection with the purchase and sale of the Purchased Assets pursuant to this Agreement and for other good and valuable consideration, and given the nature of the Business, 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. Nothing herein shall prevent Louis J. Heimbrock, Jr. from operating the Heimbrock Division as the Heimbrock Division was operated consistent with past practice prior to the sale of the Heimbrock Division to Louis J. Heimbrock, Jr. The parties hereto acknowledge and agree that the operations of the Heimbrock Division, as conducted prior to the sale of the Heimbrock Division to Louis J. Heimbrock, Jr., do not compete with the Business.

(b) Non-Solicitation of Employees. For a period of three (3) years from and after the Effective Time, Seller and the Selling Shareholders 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 the Business to terminate his or her employment with the Buyer or any of Buyer's Affiliates or (ii) hire an officer or employee of the Buyer or Buyer's Affiliates.

(c) Non-Solicitation of Sales Representatives. For a period of three (3) years from and after the Effective Time, Seller and the Selling Shareholders will not, and will use reasonable efforts to cause their Affiliates not to, directly or indirectly through another Person: (i) solicit any Person who is an active sales representative of the Business on or after the Effective Time or (ii) solicit any Person who had been an active sales representative of the Business within the twelve (12) month period prior to the Effective Time to sell a product or service that competes with the Business.

(d) Non-Solicitation of Customers. For a period of three (3) years from and after the Effective Time, Seller and Selling Shareholders will not, and will use reasonable efforts to cause their Affiliates not to, directly or indirectly through another Person solicit or attempt to solicit any customer or supplier of the Buyer or its Affiliates that was an active customer of the Business at Closing or within the twelve (12) month period prior to the Effective Time to purchase any product or service that competes directly or indirectly with the products and services of the Business.

(e) Injunctive Relief. Seller and Selling Shareholders acknowledge and agree that a remedy at law for any breach or threatened breach of Section 9.07 could be inadequate and therefore agrees that Buyer may be entitled to injunctive relief in addition to any other available rights and remedies in cases of any such breach or threatened breach.

(f) Limitation of Liability. In no event will any Selling Shareholder be liable for or otherwise held accountable for any breach of this Section 10.07 by another Selling Shareholder.

10.08 Delivery of 2007 Audited Financials. Buyer as soon as practicable after the Closing, but no later than March 1, 2008, its 2007 audited year-end financial statements, along with the consent of Seller's auditors for Buyer to use and rely on such statements and prior year audited statements including without limitation, in connection with all then outstanding registration statements of the Company. In addition, Seller agrees to use best efforts to cause its auditors to provide any and all necessary consents, approvals and other items for Buyer's use of its 2007 and prior years audited and other financial statements prepared by, reviewed by or audited by such auditor including without limitation in connection with SEC filings, including without limitation, naming such auditors as experts in any prospectus.

ARTICLE XI

CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE

Buyer's obligations to purchase the Purchased Assets and to take the other actions required to be taken by Buyer at the Closing are subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Buyer, in whole or in part):

11.01 Accuracy of Representations

(a) All of Seller's and the Selling Shareholders' representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), shall have been accurate in all material respects as of the date of this Agreement, and shall be accurate in all material respects as of the time of the Closing as if then made, without giving effect to any supplement to the Disclosure Schedule.

(b) Each of Seller's and the Selling Shareholders' representations and warranties in this Agreement that contains an express materiality qualification, shall have been accurate in all respects as of the date of this Agreement, and shall be accurate in all respects as of the time of the Closing as if then made, without giving effect to any supplement to the Disclosure Schedule.

11.02 Seller's Performance. All of the covenants and obligations that Seller or any Selling Shareholder is required to perform or to comply with pursuant to this Agreement at or prior to the closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with.

11.03 Additional Documents. Seller and the Selling Shareholders shall have caused the documents and instruments required by Section 3.02 and the following documents to be executed and delivered (or tendered subject only to closing) to Buyer as well as such other documents as Buyer may reasonably request for the purpose of: (a) evidencing the accuracy of any of Seller's representations and warranties; (b) evidencing the performance by Seller and each Selling Shareholder of, or the compliance by Seller and each Selling Shareholder with, any covenant or obligation required to be performed or complied with by seller or such Selling Shareholder; (c) evidencing the satisfaction of any condition referred to in this Article 11; or (d) otherwise facilitating the consummation or performance of any of the transactions contemplated by this agreement.

11.04 No Proceedings. Since the date of this agreement, there shall not have been commenced or threatened any proceeding or action (a) involving any challenge to, or seeking damages or other relief in connection with, any of the transactions contemplated by this agreement, or (b) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions on, or otherwise interfering with any of the transactions contemplated by this agreement.

11.05 No Conflict. Neither the consummation nor the performance of any of the transactions contemplated by this agreement will, directly or indirectly (with or without notice or lapse of time), contravene or conflict with or result in a violation of or cause Buyer or any affiliate of Buyer to suffer any adverse consequence under (a) any applicable legal requirement or order or (b) any legal requirement or order that has been published, introduced, or otherwise proposed by or before any governmental body.

11.06 No Material Adverse Change. There shall have been no Material Adverse Change, or any event or series of events that are likely to lead to a Material Adverse Change.

11.07 Warranty Claims. There shall be no warranty claims made against the Seller including, but not limited to claims related to the Ottertail project, which could reasonably be expected to have a Material Adverse Effect.

11.08 Employment Agreements. Buyer shall have entered into the Employment Agreements.

11.09 Major Customer And Vendor Assurance. No evidence shall be forthcoming that any top ten customers and suppliers of Seller as listed on the Disclosure Schedule shall object in any material respect to the transactions contemplated by this Agreement or that such customers or suppliers, such that the objection or the anticipated loss of business arising out the loss or reduction of such customer's business with Buyer would have a Material Adverse Effect.

11.10 Consent of Auditor. Seller's Auditor shall have delivered a consent letter with respect to 2005, 2006 and 2007 Financial Statements.

11.11 Release of Liens. Evidence satisfactory to Buyer that the Liens listed on Schedule 4.04 shall be released.

ARTICLE XII

CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

Seller's obligation to sell the Purchased Assets and to take the other actions required to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Seller in whole or in part):

12.01 Accuracy Of Representations

(a) All of Buyer's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), shall have been accurate in all material respects as of the date of this Agreement, and shall be accurate in all material respects as of the time of the Closing as if then made, without giving effect to any supplement to the Disclosure Schedule.

(b) Each of Buyer's representations and warranties in this Agreement that contains an express materiality qualification, shall have been accurate in all respects as of the date of this Agreement, and shall be accurate in all respects as of the time of the Closing as if then made, without giving effect to any supplement to the Disclosure Schedule.

12.02 Buyer Performance. All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this agreement at or prior to the closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with.

12.03 Additional Documents. Buyer shall have caused the documents and instruments required by Section 3.03 and the following documents to be executed and delivered (or tendered subject only to closing) to Seller, or the Escrow Agent, as well as such other documents as Seller may reasonably request for the purpose of: (a) evidencing the accuracy of any of Buyer's representations and warranties; (b) evidencing the performance by buyer of, or the compliance by Buyer with, any covenant or obligation required to be performed or complied with by Buyer; (c) evidencing the satisfaction of any condition referred to in this Article 12; or (d) otherwise facilitating the consummation or performance of any of the transactions contemplated by this agreement.

12.04 No Injunction. There shall not be in effect any legal requirement or any injunction or other order that (a) prohibits the consummation of the transactions contemplated by this agreement and (b) has been adopted or issued, or has otherwise become effective, since the date of this agreement.

ARTICLE XIII

TERMINATION

13.01 Termination Events. By notice given prior to or at the closing, subject to Section 13.01, this Agreement may be terminated as follows:

(a) by Buyer if a material breach of any provision of this Agreement has been committed by Seller or any Selling Shareholder and such breach has not been waived by Buyer;

(b) by Seller if a material breach of any provision of this Agreement has been committed by Buyer and such breach has not been waived by Seller;

(c) by Buyer if any condition in Article XI has not been satisfied as of the date specified for Closing in the first sentence of Section 3.01 or if satisfaction of such a condition by such date is or becomes impossible (other than through the failure of Buyer to comply with its obligations under this Agreement), and Buyer has not waived such condition on or before such date;

(d) by Seller if any condition in Article XII has not been satisfied as of the date specified for Closing in the first sentence of Section 3.01 or if satisfaction of such a condition by such date is or becomes impossible (other than through the failure of Seller or any Shareholder to comply with such party's obligations under this Agreement), and Seller has not waived such condition on or before such date;

(e) by mutual consent of Buyer and Seller;

(f) by Buyer if the Closing has not occurred on or before March 15, 2008, or such later date as the parties may agree upon, unless the Buyer is in material breach of this Agreement; or

(g) by Seller if the Closing has not occurred on or before March 15, 2008, or such later date as the parties may agree upon, unless the Seller or any Shareholder is in material breach of this Agreement.

13.02 Effect of Termination. Each party's right of termination under Section 13.01 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 13.01, all obligations of the parties under this Agreement will terminate, except that the obligations of the parties in this Section 13.02, Article XIV and Section 2.14 will survive; provided, however, that, if this Agreement is terminated because of a breach of this Agreement by the non-terminating party or because one or more of the conditions to the

terminating party's obligations under this Agreement is not satisfied as a result of the non-terminating party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE XIV

MISCELLANEOUS

14.04 Fees and Expenses. Buyer and Seller each shall pay their respective fees and expenses incurred in connection with the negotiation, execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby. Buyer shall pay the fees and expenses associated with any title or leasehold insurance (including, any survey) for the Leased Real Property and any fees and expenses associated with any environmental assessments.

14.02 Entire Agreement. This Agreement and the Ancillary Agreements constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter hereof, including the Letter of Intent dated October 19, 2007 from Buyer to Seller; *provided, however*, that the Confidentiality Agreement between Seller and Buyer dated August 2, 2007 shall remain in full force and effect. The Annexes, Exhibits and Schedules to this Agreement are incorporated herein by reference. There are no oral agreements between Seller and Buyer.

14.03 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

14.04 Amendments; Waivers. This Agreement may not be amended except by an instrument in writing signed on behalf of each of Buyer and Seller. Any term or provision of this Agreement may be waived at any time by the party entitled to the benefit thereof by written notice to the other party. The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of compliance with any representations, warranties, conditions or covenants contained in this Agreement or of any subsequent breach.

14.05 Notices. Any notice, request, demand, waiver, consent or other communication that is required or permitted under this Agreement or the Ancillary Agreements shall be in writing and shall be deemed given upon receipt and shall be delivered either personally (including by reputable overnight courier), by facsimile or electronic mail (with an appropriate acknowledgment of receipt), or by registered or certified mail, postage prepaid, return receipt requested, as follows:

if to Seller, to:

Fisher-Klosterman, Inc.
Attn: Gerald J. Plappert, Jr.
822 S. 15th Street
Louisville, KY 40210
Tel: (502) 572-4000
Fax: (502) 572-4023
Email: jp@fkinc.com

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

Frost Brown Todd LLC
Attn: Scott W. Dolson, Esq.
400 W. Market Street
32nd Floor
Louisville, KY 40202
Tel: (502) 589-5400
Fax: (502) 581-1087
Email: sdolson@fbtlaw.com

if to Buyer, to:

CECO Environmental Corp.
Attention: Dennis Blazer
3120 Forrer St.
Cincinnati, OH 45209
Tel: (513) 458-2676
Fax no.: (513) 458 – 2644
Email: dblazer@cecoenviro.com

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

Taft Stettinius & Hollister LLP
Attn: John J. McCoy, Esq.
425 Walnut Street, Suite 1800
Cincinnati, OH 45202
Tel: (513) 381-2838
Fax: (513) 381-0205
Email: mccoy@taftlaw.com

14.06 Governing Law. This Agreement and the Ancillary Agreements and their execution, interpretation and performance shall be construed in accordance with and governed by the law of the State of Ohio without regard to or application of any conflicts of law principles.

14.07 Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Any signature page delivered by facsimile or email shall be binding to the same extent as an original. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other parties hereto.

14.08 Interpretation; Construction. The headings in this Agreement have been included solely for ease of reference and shall not be considered in the interpretation or construction of this Agreement. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, as appropriate. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. Buyer and Seller have participated jointly in the negotiation and drafting of this Agreement and the Ancillary Agreements. In the event an ambiguity or question of intent or interpretation arises, this Agreement and the Ancillary Agreements shall be construed as if drafted jointly by Buyer and Seller and no presumptions or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement or the Ancillary Agreements. As used in this Agreement, the words “include” and “including” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.” Except as otherwise indicated, all references in this

Agreement to “Annexes”, “Articles”, “Sections”, “Schedules” and “Exhibits” refer to Articles and Sections of this Agreement and Annexes, Schedules and Exhibits attached to this Agreement. The reference to a particular “Section” or “Article” shall mean all matter included within that particular Section or Article, as applicable. Unless otherwise specifically provided, use of the word “or” in this Agreement shall not be deemed to create an exclusive alternative.

14.09 Disclosure Schedule. The information in the Disclosure Schedule constitutes (i) exceptions to particular representations, warranties, covenants and obligations of Seller as set forth in this Agreement, (ii) lists of specific items or people as set forth in this Agreement, or (iii) descriptions of items referred to in this Agreement. Inclusion of information in the Disclosure Schedule shall not constitute an admission or raise any inference that such information rises to a level of materiality or is determinative of any standard of materiality. Statements in the Disclosure Schedule relate to the Sections of this Agreement explicitly referenced therein and any other Section of this Agreement reasonably related thereto.

14.10 No Third-Party Beneficiaries. This Agreement (including all representations, warranties and covenants contained herein) is solely for the benefit of the parties hereto and their successors and permitted assigns, and it shall not be construed as conferring any rights, benefit or cause of action in or on behalf of any other Persons.

14.11 Severability. If one or more provisions of this Agreement are held to be illegal, invalid or unenforceable under Applicable Law, then (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof or thereof, (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement, and (iv) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

14.12 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE ANCILLARY AGREEMENTS OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE INCLUDING THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY.

14.13 Dispute Resolution. Subject to the provisions of Section 2.07, Section 6.02 and Section 14.13(c), any controversy or claim arising from or in connection with this Agreement or the Ancillary Agreements, an alleged breach of this Agreement or the Ancillary Agreements or the relationship of the parties under this Agreement or the Ancillary Agreements, whether based on contract, tort, common law, equity, statute, regulation, order or otherwise (a “Dispute”), shall be resolved as follows:

(a) *Informal Resolution.* First, upon written request of any party to the Dispute, each party to the Dispute will appoint a designated representative. Thereafter the designated representatives shall meet for the purpose of resolving such Dispute. The designated representatives shall have the authority to make binding decisions and/or commitments on behalf of each Person they represent. The designated representatives shall meet as often as they reasonably deem necessary to resolve the Dispute without the necessity of any formal proceeding. Unless delay would impair a party's rights under applicable statutes of limitations, formal proceedings (including arbitration) for the resolution of a Dispute may not be commenced until the earlier of: (i) the designated representatives concluding in good faith that amicable resolution through continued negotiation of the matter does not appear likely or (ii) the expiration of the thirty (30) day period immediately following the initial request to negotiate the Dispute.

(b) *Arbitration.* Failing resolution pursuant to Section 14.13(a), the Dispute shall be finally settled by binding arbitration under the Commercial Arbitration Rules established by the American Arbitration Association then in effect as follows. Any party may initiate the arbitration following failure of informal resolution of the Dispute pursuant to Section 14.13(a) by filing a demand for arbitration with the American Arbitration Association, and simultaneously delivering a copy of such demand to the other parties involved in the Dispute. Unless otherwise agreed by the parties, all such claims brought by Buyer shall be brought in Louisville, Kentucky and heard by a single arbitrator and all such claims brought by Seller shall be brought in Cincinnati, Ohio and heard by a single arbitrator. Any arbitrator employed shall act under the Commercial Rules of the American Arbitration Association except as modified herein and shall be a business attorney in practice for at least 15 years, with substantial experience in the negotiating and drafting of business acquisition agreements, and versed in Ohio law. Unless the parties mutually agree upon the arbitrator within thirty (30) days of a demand for arbitration, the arbitrator shall be selected by the American Arbitration Association. Any arbitrator employed shall be bound by the terms of this Agreement, including Article VIII (Survival; Indemnification) and the governing law provision. It is the intent of the parties that the arbitration shall be conducted in an efficient, economical and expeditious manner. Accordingly, the parties shall meet in a pre-hearing conference as promptly as practicable after selection of the arbitrator to establish the scope and extent of all discovery and the schedule of the arbitration. Discovery shall be limited to that necessary to resolve the disputed issues, in the judgment of the arbitrator. If any party wishes to take discovery, including document productions, interrogatories or depositions, a request to do so must be submitted to the arbitrator in accordance with the procedures determined at the pre-hearing conference. The arbitrator may allow limited discovery, all of which must be completed within twenty (20) Business Days of the arbitrators' directive unless extended for good cause by the arbitrator. The decision of the arbitrator as to the validity and amount of Damages shall be binding and conclusive upon the parties to this Agreement. The arbitrator shall issue such decision, including a brief statement of the reasons for the award and the calculation of damages awarded, within thirty (30) Business Days after completion of the arbitration hearing and deliver such decision to the parties involved in the Dispute. Judgment upon any award rendered by the arbitrator may be entered in any court

having jurisdiction. The non-prevailing parties shall pay the reasonable expenses (including attorneys' fees) of the prevailing party and the arbitrator fees and administrative expenses associated with the arbitration.

(c) *Excluded Disputes.* The following matters are excluded from the Dispute resolution requirements of this Section: (i) a cross-claim pursuant to an indemnification obligation arising under Article VIII in a proceeding filed by a third party; (ii) a Dispute solely relating to ownership, infringement or violation of intellectual property rights; and (iii) any formal proceedings commenced to avoid expiration of any applicable limitations period, to preserve a superior position with respect to other creditors or to seek temporary, preliminary or permanent injunctive relief. The filing of a court action to enable the recording of a notice of pending action, receivership, or injunction shall not constitute a violation of this Section.

14.14 Public Announcements. No party hereto, and none of their respective Affiliates, officers, members, directors, trustees, representatives, advisors and agents (including consultants, attorneys, and accountants of each party), shall release, publish, or otherwise make available to the public in any manner whatsoever any information or announcement regarding the transactions herein contemplated without the prior written consent of Seller and Buyer (which consent shall not be unreasonably withheld or delayed), except for information and filings reasonably necessary to be directed to governmental agencies to fully and lawfully effect the transactions herein contemplated or required in connection with securities and other Applicable Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto here caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

FISHER-KLOSTERMAN, INC.

By: /s/ William L. Heumann
Name: William L. Heumann
Title: CEO

CECO ENVIRONMENTAL CORP.

By /s/ Dennis W. Blazer
 Dennis W. Blazer, Chief Financial Officer

FKI ACQUISITION CORP.

By /s/ Dennis W. Blazer
 Dennis W. Blazer, Secretary

SELLING SHAREHOLDERS:

/s/ William L. Heumann
William L. Heumann

/s/ Gerald J. Plappert, Jr.
Gerald J. Plappert, Jr.

/s/ Paul S. Brannick
Paul S. Brannick

**THIRD AMENDMENT
TO
CREDIT AGREEMENT**

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of February 29, 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 **FKI ACQUISITION CORP.**, a Delaware corporation ("FKI Acquisition"), 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 and the Second Amendment to Credit Agreement dated as of February 28, 2007 (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 FKI Acquisition; (ii) increase the maximum Revolving Loan Commitment from \$20,000,000 to \$30,000,000 (subject to availability); (iii) make an additional term loan in the aggregate amount of \$5,000,000 to finance, in part, the FKI Acquisition; (iv) increase the maximum capital expenditures Financial Covenant in Fiscal Year 2007 to \$2,000,000 and commencing with Fiscal Year 2008 to \$2,500,000; (v) make certain changes to the incentive pricing with respect to LOC Fee, to be based upon Borrowers' Fixed Charge Coverage Ratio; and (vi) 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:

“CECO Environmental Mexico” means CECO Environmental Mexico, S. de R.L. de C.V., a company organized under the laws of Mexico.

“CECO Environmental Services” means CECO Environmental Services, S. de R.L. de C.V., a company organized under the laws of Mexico.

“CECO Mexico LLC” means CECO Mexico Holdings LLC, a Delaware LLC.

“CECO India” means CECO Filters India Private Limited, a corporation organized and existing under the laws of India.

“FKI Acquisition Corp.” means FKI Acquisition Corp., a Delaware corporation, and its successors and assigns.

“FKI” means Fisher-Klosterman, Inc., a Kentucky corporation.

“FKI Acquisition” means the acquisition by FKI Acquisition Corp. of substantially all of the assets of FKI, all in accordance with, and pursuant to the terms of, the FKI Acquisition Documents.

“FKI Acquisition Agreement” means the Asset Purchase Agreement dated as of February 1, 2008 by and among Parent, FKI Acquisition Corp., FKI, and the other parties thereto.

“FKI Acquisition Documents” means the FKI Acquisition Agreement and every other document or agreement executed or delivered by any Loan Party in connection with the FKI Acquisition.

“FKI Earn-out Payment” means any Earn-Out Payment (as defined in the FKI Acquisition Agreement) paid by a Loan Party in accordance with the FKI Acquisition Agreement.

“Fisher Klosterman Shanghai” means Fisher Klosterman Buell Shanghai Company, Ltd., a company organized under the laws of China.

“FKI, LLC” means FKI, LLC, a Delaware limited liability company.

“GMD” means GMD Environmental Technologies, Inc., formerly known as GMD Acquisition Corp., a Delaware corporation.

“Term Loan C” has the meaning given in Section 2.2(a).

“Term Loan Note C” has the meaning given in Section 2.2(a).

“Third Amendment” means the Third Amendment to this Agreement dated as of February 29, 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:

“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 and each officer and director of a Loan Party.

“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 Loan Parties’ 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 Loan Parties as earnings which relate to adjustments made by the Loan Parties 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 option 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 and FKI Earn-out Payments made by any Loan Party 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.

"Applicable LOC Fee Percentage" means, as of any date, the applicable percentage shown in the applicable column in the table below based on the then applicable Fixed Charge Coverage Ratio. As of the Effective Date (as defined in the Third Amendment), the Applicable LOC Fee Percentage is 1.0% (*i.e.*, Pricing Grid Level 3).

Pricing Grid Level	Fixed Charge Coverage Ratio	Applicable LOC Fee Percentage
Level 1	£ 1.50 to 1.0	2.50%
Level 2	> 1.50 to 1.0 and £ 2.0 to 1.0	1.50%
Level 3	> 2.0 to 1.0	1.00%

"Borrower" means each of Filters, New Busch, K&B, Technic, Aire, Abatement, H.M. White, CECO Acquisition (now known as Effox Inc.), GMD, FKI Acquisition 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, FKI Acquisition 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.

“Excess Cash Flow Payment” has the meaning given in Section 2.2(c)(iv).

“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 Loan Parties’ 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 Notes (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 Loan Parties during the applicable period; and plus (c) the Loan Parties’ 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 the portion of the ICS Debt, the Sandler Debt, and the Subordinated Debt which is repaid, with Lender’s prior consent, solely from the net cash proceeds received from the exercise of certain warrants issued Parent. 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.

“Letter of Credit Availability” means, as at any time, an amount equal to the lesser of (a) an amount equal to (i) \$5,000,000 less (ii) the then Letter of Credit Exposure and (b) the then Revolving Loan Availability.

“Loans” means the Revolving Loans (including the Letter of Credit Exposure), Term Loan C and any other loans or other extensions of credit or financial accommodations from time to time from Lender or its Affiliates to any one or more of Borrowers.

“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.

“Notes” means the Revolving Note (as defined in Section 2.1), Term Loan Note C (as defined in Section 2.2) and any other promissory note made from time to time by a Borrower in favor of Lender to evidence any of the Obligations.

“Revolving Commitment” means \$30,000,000 subject to Section 2.2(d) and 2.2(e).

“Subordination Agreement” means the Subordination Agreement between the Subordinated Creditor and Lender dated as of the Closing Date, as amended by the First Amendment to Subordination Agreement dated as of the Effective Date (as defined in the Second Amendment) and the Second Amendment to Subordination Agreement dated as of the Effective Date (as defined in the Third Amendment).

“Termination Date” means: (a) with respect to the Line of Credit, the Letter of Credit Obligations and the other Obligations (other than Term Loan C), the earlier of (i) January 31, 2010 and (ii) the date upon which the entire outstanding balance under the Revolving Note shall become due pursuant to the provisions hereof (whether as a result of acceleration by Lender or otherwise); and (b) with respect to Term Loan C, the earliest of (i) January 31, 2010, (ii) the date upon which the entire outstanding balance under Term Loan Note C shall become due pursuant to the provisions hereof (whether as a result of acceleration by Lender or otherwise), and (iii) the date upon which Term Loan C shall be repaid in full.

1.3 Clause (vii) of the definition of “Eligible Accounts” in Section 1.1 of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

(vii) Accounts owing from any single account debtor to the extent, as of any date, that the total amount of such account debtor’s Indebtedness to any one or more Borrowers exceeds 35% of the face amount (less maximum discounts, credits and allowances which may be taken by, or granted to, such account debtor in connection therewith) of the then outstanding Eligible Accounts of such Borrower or Borrowers; provided, however, that for Accounts (which are otherwise eligible) owing from General Motors Corporation, the foregoing percentage is 40%;

1.4 The following definitions in Section 1.1 of the Credit Agreement are hereby deleted: Foreign Affiliate, Term Loan, Term Loan A, Term Loan B, Term Loan Note, Term Loan Note A and Term Loan Note B.

1.5 Section 2.1(c) of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

(c) On the Effective Date (as defined in the Third Amendment) of the Third Amendment, Borrowers shall execute and deliver to Lender a Third Amended and Restated Revolving Credit Promissory Note in the form of Exhibit 2.1 attached to the Third Amendment (as amended, the "Revolving Note"), dated as of the Effective Date (as defined in the Third Amendment), in the principal amount of the Revolving Commitment, and bearing interest at such rates, and payable upon such terms, as specified in the Revolving Note.

1.6 Section 2.2 of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

2.2 Term Loans /Mandatory Prepayments.

(a) On December 29, 2005, Lender made a loan to Borrowers in an original aggregate amount equal to \$3,100,000 ("Term Loan A"). On February 28, 2007, Lender made a loan to Borrowers in an original aggregate amount equal to \$5,000,000 ("Term Loan B"). Borrowers repaid in full Term Loan A and Term Loan B. Subject to the terms and conditions of this Agreement and the effectiveness of the Third Amendment, Lender will make an additional term loan to Borrowers in an amount equal to \$5,000,000 ("Term Loan C"). No part of Term Loan C may, on the repayment thereof, be redrawn or reborrowed by a Borrower. The entire unpaid principal balance of, and accrued interest on, Term Loan C, if not sooner repaid, will be due and payable on the Termination Date with respect to Term Loan C. Borrowers shall execute and deliver to Lender a Term Promissory Note in the form of Exhibit 2.2 to the Third Amendment ("Term Loan Note C"), dated as of the Effective Date (as defined in the Third Amendment), in the principal amount of \$5,000,000, and bearing interest at such rates, and payable upon such terms, as specified in Term Loan Note C. The proceeds of Term Loan C shall be used (i) to consummate the FKI Acquisition and (ii) for general working capital and corporate purposes.

(b) Subject to the terms of Term Loan Note C and this Agreement, Borrowers may prepay Term Loan C in whole or part at any time. Any prepayment of Term Loan C will be applied to the last to mature of the payments required under Term Loan Note C. Except as provided in the preceding sentence, no partial prepayment will change the due dates or the amount of the monthly principal payments otherwise required by Term Loan Note C.

(c) In addition to the scheduled payments of principal on Term Loan C set forth in Term Loan Note C, the following payments shall be made to, or retained by, Lender and applied as provided in Section 2.2(d):

(i) Within three Business Days after the date of receipt thereof by any Loan Party, an amount equal to 100% of the Net Proceeds from any sale of any asset, including from the sale of the Cincinnati Facility as contemplated by Section 5.7 (exclusive of (A) sales of Inventory in the ordinary course of business or (B) sales or other dispositions of Equipment, the proceeds of which are used for the replacement of such Equipment as contemplated by Section 5.7);

(ii) Within three Business Days after the date of receipt thereof by any Loan Party, 100% of the Net Proceeds from any insurance or condemnation proceeds payable in respect of, or arising out of, any loss or damage to any of any Borrower's properties (other than (A) dispositions of Equipment, which is the subject of an Event of Loss, in connection with the replacement of such Equipment as contemplated by Section 5.7 or (B) repairs or replacements of any Mortgaged Property, which is the subject of an Event of Loss, to the extent set forth in the Mortgages); and

(iii) On the date of receipt thereof by any Loan Party, an amount equal to 100% of the Net Proceeds payable or owing to any Loan Party under, or arising out of, the Effox Acquisition Agreement, the Effox Acquisition, the FKI Acquisition Agreement or the FKI Acquisition, including any purchase price adjustment payment or indemnification or reimbursement payment made after the Effective Date (as defined in the Third Amendment) with respect to the Effox Acquisition or the FKI Acquisition. Notwithstanding anything to the contrary in this clause (iii), if a Loan Party incurs any out-of-pocket cost or expense for which it receives reimbursement from Effox under the Effox Acquisition Agreement ("Out-of-Pocket Effox Reimbursement") or from FKI under the FKI Acquisition Agreement ("Out-of-Pocket FKI Reimbursement"), then the Loan Parties will (A) apply such Out-of-Pocket Effox Reimbursement or Out-of-Pocket FKI Reimbursement, as applicable, against the then outstanding Revolving Loans and (B) not be obligated to apply such Out-of-Pocket Effox Reimbursement or Out-of-Pocket FKI Reimbursement, as applicable, as a mandatory prepayment of Term Loan C.

(iv) Beginning on May 1, 2009 and continuing on the same date thereafter occurring in each subsequent Fiscal Year until the payment in full of Term Loan C, Borrowers will make a payment to Lender in an aggregate amount equal to 50% of Excess Cash Flow for the immediately preceding Fiscal Year of Borrowers

then ended (each, an “Excess Cash Flow Payment”); *provided* that Lender will not require an Excess Cash Flow Payment, in any Fiscal Year, in an aggregate amount greater than \$1,000,000, but Borrowers may make a voluntary prepayment of Term Loan C in excess of such \$1,000,000. Each Excess Cash Flow Payment shall, absent the occurrence and continuance of an Event of Default, be applied to the remaining installments of principal under Term Loan Note C, in the inverse order of maturity.

(d) With respect to mandatory prepayments described in Sections 2.2(c)(i) through 2.2(c)(iv), such prepayments shall, absent the occurrence and continuance of an Event of Default: (i) first, be applied to the remaining installments of principal under Term Loan C, in the inverse order of maturity, until Term Loan C has been paid in full, (ii) second, at any time after the Term Loan C shall have been repaid in full, such payments shall be applied to the outstanding balance of the Revolving Loans, (iii) third, after the Revolving Loans have been paid in full, such payments shall be applied to cash collateralize outstanding Letter of Credit Obligations, and (iv) fourth, after all Letter of Credit Obligations are fully cash collateralized, in repayment of any of the other Obligations then due and payable, and the Revolving Commitment will, at Lender’s sole option, be contemporaneously reduced by an amount deemed appropriate by Lender in the exercise of its discretion in good faith. Nothing in this Section 2.2 shall be construed to constitute Lender’s consent to any transaction that is not permitted by other provisions of this Agreement or the other Loan Documents. No partial prepayment under Section 2.2(c) will change the due dates or the amount of the monthly principal payments otherwise required by Term Loan Note C.

(e) Within three Business Days after the date of receipt thereof by any Loan Party, the Loan Parties shall deliver to Lender: (i) 100% of the Net Proceeds payable under any Life Insurance, including any death benefit, (ii) an amount equal to 100% of: (A) any Net Proceeds from the issuance by Parent of any Ownership Interests after the Closing Date or (B) any dividend or distribution to a Loan Party from a Person other than a Loan Party, or (iii) 100% of the Net Proceeds from any Tax Refund. Such amounts shall, in each case, be applied by Lender to the Obligations as follows: (1) first, to the outstanding balance of the Revolving Loans, (2) second, after the Revolving Loans have been paid in full, such payments shall be applied to cash collateralize outstanding Letter of Credit Obligations, and (3) third, after all Letter of Credit Obligations are fully cash collateralized, in repayment of any of the other Obligations (other than Term Loan C absent the existence and continuation of an Event of Default) then due and payable, and the Revolving Commitment will, at Lender’s sole option, be contemporaneously reduced by an amount deemed appropriate by Lender in the exercise of its discretion in good faith.

1.7 Section 2 of the Credit Agreement is hereby amended by deleting Section 2.12 in its entirety.

1.8 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 and (b) the Purchase Price (as defined in the FKI Acquisition Agreement) paid by any Loan Party in accordance with the FKI 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").

1.9 The reference to "Term Loans" in Section 5.7(c)(iii) of the Credit Agreement is hereby amended by substituting a reference to "Term Loan C" for the "Term Loans" where it appears therein.

1.10 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, or CECO Environmental Services during any time that (i) the total Indebtedness of CECO India and (exclusive of loans, advances or equity investments permitted by Section 5.9(E)) CECO Environmental Mexico, CECO Environmental Services and Fisher Klosterman Shanghai, 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(E)) CECO Environmental Mexico, CECO Environmental Services and Fisher Klosterman Shanghai 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.

1.11 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; and

(E) loans, advances or equity investments in Fisher Klosterman Shanghai, CECO Environmental Mexico and CECO Environmental Services (other than transactions contemplated by clause (b) of Section 5.8), so long as (1) the aggregate amount of such investments does not exceed \$500,000 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, 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. Borrowers will deliver such *pro forma* analysis to Lender at least 10 Business Days prior to making each such investment.

1.12 Section 5 of the Credit Agreement is hereby amended by the addition of a new Section 5.13, in its proper numerical order, to provide in its entirety as follows:

5.13 FKI Acquisition; FKI 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 FKI Acquisition Documents. For purposes of this Section 5.13, “material” means any modification, waiver, or amendment of any of the FKI 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 FKI Acquisition Documents or the Indebtedness to be incurred by any Loan Party under the FKI 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.

1.13 Section 5 of the Credit Agreement is hereby amended by the addition of a new Section 5.14 and a new Section 5.15, in their proper numerical order, to provide in their entirety as follows:

5.14 FKI, LLC. Notwithstanding anything to the contrary set forth in this Agreement, FKI, LLC (A) is, and will remain, a holding company, whose only business will be the holding of the ownership interest of Fisher Klosterman Shanghai, (B) does not, and will not, have any Indebtedness except the Obligations, and (C) will not own or have any interest in property other than the Ownership Interests of Fisher Klosterman Shanghai, and the distributions received from Fisher Klosterman Shanghai on such Ownership Interests.

5.15 CECO Mexico, LLC. Notwithstanding anything to the contrary set forth in this Agreement, CECO Mexico LLC (A) is, and will remain, a holding company, whose only business will be the holding of the ownership interest of CECO Environmental Services and CECO Environmental Mexico, (B) does not, and will not, have any Indebtedness except the Obligations, and (C) will not own or have any interest in property other than the Ownership Interests of CECO Environmental Services and CECO Environmental Mexico, and the distributions received from CECO Environmental Services and CECO Environmental Mexico on such Ownership Interests.

1.14 Section 6.1(t) of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

(t)(i) 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; or (ii) 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.

1.15 Exhibit 2.1 to the Credit Agreement is hereby amended in its entirety by substituting the document attached hereto as Exhibit 2.1 in its stead. Exhibit 2.2 to the Credit Agreement is hereby amended in its entirety by substituting the document attached hereto as Exhibit 2.2 in its stead. 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 FKI Acquisition. The Loan Parties have requested that Lender consent to the acquisition by FKI Acquisition of substantially all of the assets of FKI and the recognition of FKI Acquisition as a Domestic Subsidiary of Group (collectively, the “FKI 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 FKI 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 FKI 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) the Third Amended and Restated Revolving Credit Promissory Note (“Amended and Restated Revolving Note”) in the form of Exhibit 2.1 attached hereto; (b) the Term Promissory Note (“Term Loan Note C”) in the form of Exhibit 2.2 attached hereto (c) the Joinder Agreement, the Security Agreement, and the Guaranty, each executed by GMD and FKI Acquisition and, with respect to the Guaranty, FKI, LLC and CECO Mexico LLC, each in the forms of Exhibit 3 attached hereto; (d) amendments to each Mortgage in form and substance satisfactory to Lender; (e) the Third Amendment to Pledge Agreement executed by Group in form and substance satisfactory to Lender; (f) copies, certified by the directors of each Borrower, of resolutions of such directors authorizing the execution of this Amendment and all other documents executed in connection herewith, which certificates and resolutions will be in form and substance satisfactory to Lender; (g) the Second Amendment to Subordination Agreement executed by Green Diamond, in form and substance satisfactory to Lender; (h) a Trademark Security Agreement, Patent Assignment and Security Agreement and Copyright Security Agreement executed by GMD and FKI Acquisition and Lender in the form of Exhibit 3 attached hereto; and (i) 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, the Amended and Restated Revolving Note, Term Loan Note C 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, the Amended and Restated Revolving Note, Term Loan Note C 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, the Amended and Restated Revolving Note, Term Loan Note C, 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 FKI Acquisition:

4.5.1 Each Loan Party has adequate power and authority and has full legal right to enter into each of the FKI 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 FKI Acquisition Documents.

4.5.2 The execution and delivery by each Loan Party of the FKI Acquisition Documents to which it is a party, the performance by each Loan Party of all of its agreements and obligations under the FKI Acquisition Documents to which it is a party, and the consummation of the FKI Acquisition pursuant to the FKI 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 FKI Acquisition; or (v) require any Person to make any filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the rules of the Federal Trade Commission thereunder, to give effect to the Effox 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 FKI Acquisition Documents.

4.5.4 The FKI Acquisition has been consummated in accordance with the terms and conditions of the FKI Acquisition Documents and all applicable laws, and FKI Acquisition became the owner, free and clear of any Liens (except any Permitted Liens) of substantially all of the assets of FKI pursuant to the FKI 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 FKI Acquisition in accordance with the terms and conditions of the FKI 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 FKI Acquisition.

4.6 The Subordinated Debt, the Sandler Debt and the ICS Debt have each been paid in full and not Refinanced.

5. Costs and Expenses; Amendment Fee. As a condition of this Amendment, (i) Borrowers will pay to Lender an amendment fee of \$20,000, 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: (i) the Credit Agreement will be deemed to be a reference to the Credit Agreement as amended by this Amendment, and (ii) the Revolving Note will be deemed to be a reference to the Amended and Restated Revolving Note. 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) 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, the Amended and Restated Revolving Note, Term Loan Note C 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 (a) 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 and (b) "Borrower" or "Borrowers" shall be deemed to include a reference to GMD and FKI Acquisition, as an additional Borrower under the Credit Agreement.

[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., formerly known as CECO
ACQUISITION CORP.
FKI ACQUISITION CORP.

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

A FIFTH THIRD BANCORP BANK

THIRD AMENDED AND RESTATED
REVOLVING CREDIT PROMISSORY NOTE

OFFICER NO. 4048

NOTE No. _____

\$30,000,000

December 29, 2005

First Amendment and Restatement June 8, 2006

Second Amendment and Restatement February 28, 2007

Third Amendment and Restatement February 29, 2008

(Effective Date)

Promise to Pay. On or before January 31, 2010 (the "Maturity Date"), the undersigned, CECO FILTERS, INC., a Delaware corporation, NEW BUSCH CO., INC., a Delaware corporation, THE KIRK & BLUM MANUFACTURING COMPANY, an Ohio corporation, KBD/TECHNIC, INC., an Indiana corporation, CECO AIRE, INC., a Delaware corporation, CECO ABATEMENT SYSTEMS, INC., a Delaware corporation, H.M. WHITE, INC., a Delaware corporation, EFFOX INC., formerly known as CECO ACQUISITION CORP., a Delaware corporation, GMD ENVIRONMENTAL TECHNOLOGIES, INC., formerly known as GMD ACQUISITION CORP., a Delaware corporation, and FKI ACQUISITION CORP., a Delaware corporation (each, a "Borrower", and, collectively, the "Borrowers"), for value received, hereby jointly and severally promise to pay to the order of FIFTH THIRD BANK, an Ohio banking corporation (together with its successors and assigns, "Lender"), at 38 Fountain Square Plaza, MD #10AT63, Cincinnati, Ohio 45263, or such other address as Lender may provide from time to time, the sum of THIRTY MILLION AND 00/100 Dollars (\$30,000,000), plus interest as provided herein, or so much thereof as is loaned by Lender to Borrowers as Revolving Loans or for which credit is extended by Lender as a Letter of Credit pursuant to the Credit Agreement among Lender, Borrowers, and certain of Borrowers' affiliates 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 even date herewith (as the same may be further amended, renewed, consolidated, restated or replaced from time to time, the "Credit Agreement"). The outstanding balance of this Third Amended and Restated Revolving Credit Promissory Note (this "Note") shall appear on supplemental bank records and is not necessarily the face amount of this Note, which record shall evidence the balance due pursuant to this Note at any time. As used herein, "Local Time" means the time at the office of Lender specified in this Note.

This Note, and any request by Borrowers from time to time for an advance of a specified principal amount hereunder, shall be subject to the terms and conditions of the Credit Agreement. Capitalized terms used herein which are not otherwise defined in this Note shall have the meanings set forth in the Credit Agreement. This Note is entitled to the benefits and security of the Credit Agreement, including, without limitation, acceleration upon the terms provided therein, and of the other Loan Documents.

The entire unpaid principal balance of this Note, together with all accrued and unpaid interest and any other charges, advances and fees, if any, outstanding hereunder, shall be due and payable in full on the earlier of the Maturity Date or upon acceleration of the Indebtedness evidenced by this Note, notwithstanding any other inconsistent or contradictory provisions contained in this Note.

Upon the occurrence and during the continuance of any Event of Default, the entire unpaid principal balance of this Note, together with all accrued but unpaid interest, and all other Obligations, shall, at Lender's option, become immediately due and payable, except that if there occurs an Event of Default of the type described in Sections 6.1(d), 6.1(e), or 6.1(j) of the Credit Agreement, the entire unpaid principal balance of this Note, together with all accrued but unpaid interest, and all other Obligations shall become automatically and immediately due and payable without notice, which Borrowers hereby waive.

Interest. Principal amounts outstanding under this Note shall bear interest commencing on the date of the first advance hereunder at the rate or rates per annum set forth below, which rate or rates shall be designated by Borrowers as more fully set forth herein (the "Interest Rate"). At any time and from time to time during the term of this Note, so long as no Event of Default has occurred and is continuing and so long as such outstanding principal amounts hereunder are not then subject to a LIBOR Election, Borrowers may exercise their right to adjust the Interest Rate on amounts of principal outstanding under this Note to one of the rates set forth below upon notice to Lender as set forth below; *provided, however*, that once the Interest Rate accruing against any amounts outstanding hereunder is adjusted to a LIBOR Rate for a particular LIBOR Interest Period, Borrowers may not elect to adjust such Interest Rate to a different Interest Rate until the expiration of such LIBOR Interest Period.

(a) LIBOR Rate. Upon telephonic notice to Lender by 10:00 a.m. Local Time given at least two Business Days prior to the beginning of a LIBOR Interest Period, Borrowers may, subject to the terms of this Note, elect to have advances under this Note bear interest at a rate per annum equal to the LIBOR Rate (as defined herein) plus the Applicable LIBOR Rate Margin (as defined herein) (a "LIBOR Election"). The "LIBOR Rate" is the rate of interest (rounded upwards, if necessary, to the next 1/8 of 1% and adjusted for reserves if Lender is required to maintain reserves with respect to relevant advances) fixed by the British Bankers' Association at 11:00 a.m., London, England time, relating to quotations for the one month, two month, or three month London InterBank Offered Rates, as selected by Borrowers in their LIBOR Election, on U.S. Dollar deposits as published on Bloomberg LP, or, if no longer provided by Bloomberg LP, such rate as shall be determined in good faith by Lender from such sources as Lender shall determine to be comparable to Bloomberg LP (or any successor) as determined by Lender at approximately 10:00 a.m. Local Time on the date of request by Borrowers. Each determination by Lender of the LIBOR Rate shall be conclusive in the absence of manifest error. Interest accruing based on the LIBOR Rate shall be: (i) calculated based on a 360-day year and charged for the actual number of days elapsed and (ii) payable in arrears on the last day of the applicable LIBOR Interest Period. The Interest Rate applicable to a particular LIBOR Election shall remain at the rate elected for the remainder of the subject LIBOR Interest Period.

The “LIBOR Interest Period” for each advance bearing interest with respect to the LIBOR Rate (each such advance, a “LIBOR Rate Loan”) is a period of one month, two months, or three months, at Borrowers’ election, which period shall commence on a Business Day selected by Borrowers subject to the terms of this Note. If a LIBOR Interest Period would otherwise end on a day that is not a Business Day, such LIBOR Interest Period shall end on the next succeeding Business Day; *provided* that, if the next succeeding Business Day falls in a new month, such LIBOR Interest Period shall end on the immediately preceding Business Day.

In addition, notwithstanding anything herein contained to the contrary, if, prior to or during any period with respect to any LIBOR Election, any change in any law, regulation or official directive, or in the interpretation thereof, by any governmental body charged with the administration thereof, shall make it unlawful for Lender to fund or maintain its funding in Eurodollars of any portion of the advance subject to the LIBOR Rate or otherwise to give effect to Lender’s obligations as contemplated hereby: (i) Lender may, by written notice to Borrowers, declare Lender’s obligations to make, convert into, continue or maintain LIBOR Rate Loans to be terminated forthwith, and (ii) the LIBOR Rate with respect to Lender shall forthwith cease to be in effect, and interest shall from and after such date be calculated at the Prime Rate as if a Prime Rate Election had been made, and interest shall be paid, in arrears, on the first (1st) day of each calendar month. Borrowers hereby agree to reimburse and indemnify Lender from all increased costs or fees incurred by Lender subsequent to the date hereof relating to the offering of rates of interest based upon the LIBOR Rate. In addition, notwithstanding anything herein contained to the contrary, if, prior to or during any period with respect to any LIBOR Election, any change in any law, regulation or official directive, or in the interpretation thereof, by any governmental body charged with the administration thereof, shall:

- (i) increase the cost to Lender, by an amount which Lender deems to be material, of making, converting into, continuing or maintaining LIBOR Rate Loans, or to reduce any amount receivable hereunder in respect thereof, or
- (ii) have the effect of reducing the rate of return on Lender’s capital as a consequence of its obligations hereunder to a level below that which Lender could have achieved but for such change by an amount deemed by Lender to be material,

then, in any such case, after submission by Lender to Borrowers of a written request therefor, Borrowers shall pay Lender any additional amounts necessary to compensate Lender for such increased cost or reduction. Lender agrees that, upon the occurrence of any event giving rise to the operation of this paragraph, it will use reasonable efforts to designate another lending office (if possible) for any LIBOR Rate Loans affected by such event with the object of avoiding the consequences of such event; *provided*, that no such designation shall be required unless such designation can be made on terms that, in the reasonable judgment of Lender, cause Lender and its lending office(s) to suffer no material economic, legal or regulatory disadvantage. A certificate of Lender setting forth the amount or amounts necessary to compensate Lender as specified in this paragraph and delivered to Borrowers shall be conclusive absent manifest error. Borrowers shall pay Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Borrowers' right to make a LIBOR Election shall be terminated automatically if Lender, by telephonic notice, shall notify Borrowers that Eurodollar deposits with a maturity corresponding to the maturity of the LIBOR Interest Period, in an amount equal to the advances to be subject to the LIBOR Election are not readily available in the London Inter-Bank Offered Rate Market, or that, by reason of circumstances affecting the London Inter-Bank Offered Rate Market, adequate and reasonable methods do not exist for ascertaining the rate of interest applicable to such deposits for the proposed LIBOR Interest Period. In such event, amounts outstanding hereunder shall bear interest at the Prime Rate as if a Prime Rate Election had been made or at such other rate of interest as may be agreed to between Lender and Borrowers.

If any amount as to which a LIBOR Election is in effect is repaid on a day other than the last day of the applicable LIBOR Interest Period, or becomes payable on a day other than the last day of the applicable LIBOR Interest Period due to acceleration or otherwise, Borrowers, whether or not a debtor in a proceeding under Title 11, United States Code, shall pay, on demand by Lender, such amount (as determined by Lender) as is required to compensate Lender for any losses, costs or expenses ("LIBOR Breakage Fee"), which Lender may incur as a result of such payment or acceleration, including, without limitation, any loss, cost or expense (including loss of profit) incurred by reason of liquidation or reemployment of deposits or other funds acquired by Lender to fund or maintain such amount bearing interest at the applicable LIBOR Rate. A certificate of Lender setting forth the amount or amounts necessary to compensate Lender as specified in this paragraph and delivered to Borrowers shall be conclusive absent manifest error.

(b) Prime Rate. Upon telephonic notice by Borrowers to Lender by 10:00 a.m. Local Time, Borrowers may elect to have all or any portion of the Revolving Loans outstanding hereunder (provided such amounts are not then subject to a LIBOR Election), bear interest at a floating rate equal to the rate of interest per annum established from time to time by Lender at its principal office as its "Prime Rate" plus the Applicable Prime Rate Margin (as defined below) (the "Prime Rate Election") (it being understood by Borrowers that such Prime Rate is established for reference purposes only and not as Lender's best loan rate). Any adjustment in the Interest Rate resulting from a change in Lender's Prime Rate shall become effective as of the opening of business on the date of each change (or if not a Business Day, the beginning of the day). Interest on the principal amount subject to a Prime Rate Election shall be calculated based on a 360-day year and charged for the actual number of days elapsed, and shall be payable in arrears on the first day of each calendar month.

On or before the date that is two Business Days before the making of any LIBOR Rate Loan, and on or before the date which is two Business Days prior to the expiration of any applicable LIBOR Interest Period, Borrowers shall notify Lender of each of the following: (a) the LIBOR Interest Period Borrowers have elected regarding any such LIBOR Rate Loan or any continuation of a LIBOR Election with respect to a LIBOR Rate Loan, (b) the amount of each such LIBOR Rate Loan or continuation, and (c) the commencement date of each LIBOR Interest Period. Borrowers may have LIBOR Rate Loans in minimum amounts of \$1,000,000 (and integral multiples of \$100,000) and such LIBOR Rate Loans may bear interest at the applicable Interest Rate for different LIBOR Interest Periods so long as (i) the last day of any LIBOR Interest Period does not exceed the Maturity Date hereof; (ii) no LIBOR Election with respect to any LIBOR Rate Loan commences prior to the expiration of the applicable LIBOR Interest Period in effect with respect to such LIBOR Rate Loan; and (iii) at no time may Borrowers have more than three outstanding LIBOR Rate Loans, in the aggregate, under all of their Notes and one Prime Rate Election under this Note. If, at any time during the term hereof,

Borrowers fail to designate a LIBOR Interest Period or if Borrowers have not elected another LIBOR Interest Period in accordance with this Note at least two Business Days prior to the expiration of the LIBOR Interest Period then in effect, Lender may assume that Borrowers have elected a Prime Rate Election.

(c) Pricing Grid. As used herein, the terms “Applicable Prime Rate Margin” and “Applicable LIBOR Rate Margin” (hereafter sometimes collectively referred to as the “Applicable Margins”) mean, as of any date, the applicable per annum rate shown in the applicable column in the table below based on the then applicable Fixed Charge Coverage Ratio. “Fixed Charge Coverage Ratio” has the meaning given in the Credit Agreement.

<u>Pricing Grid Level</u>	<u>Fixed Charge Coverage Ratio</u>	<u>Applicable Prime Rate Margin</u>	<u>Applicable LIBOR Rate Margin</u>
Level 1	£ 1.50 to 1.0	0.25%	2.50%
Level 2	> 1.50 to 1.0 and £ 2.0 to 1.0	0.0%	2.25%
Level 3	> 2.0 to 1.0	0.0%	2.00%

For purposes of determining the Applicable Margins: the Fixed Charge Coverage Ratio will, on and after the First Pricing Grid Determination Date, be determined (i) as of the end of each Fiscal Year ending on and after the First Pricing Grid Determination Date (each such date being a “Determination Date”) and (ii) in the same manner used to determine the Fixed Charge Coverage Ratio set forth in Section 5.10 of the Credit Agreement. The “First Pricing Grid Determination Date” will be December 31, 2007. On Lender’s receipt of the financial statements and Compliance Certificate required to be delivered to Lender pursuant to Sections 4.3(b) and 4.3(d) of the Credit Agreement for the Fiscal Year then ended, the Interest Rate will be subject to adjustment in accordance with the table set forth above in this subparagraph (c) based on the then Fixed Charge Coverage Ratio for such Fiscal Year then ended so long as no Event of Default is existing as of the applicable effective date of adjustment. The foregoing adjustment, if applicable, will become effective for LIBOR Elections made with respect to the Revolving Loans, the unpaid principal balance of the Revolving Loans subject to a Prime Rate Election and other outstanding Obligations related to the Revolving Loans and the Letter of Credit Obligations due with respect to Letters of Credit issued or renewed, on and after the first day of the first calendar month following delivery to Lender of the financial statements and Compliance Certificate required to be delivered to Lender pursuant to Sections 4.3(b) and 4.3(d) of the Credit Agreement for the Fiscal Year then ended until the next succeeding effective date of adjustment pursuant to this subparagraph (c). Each of the financial statements and Compliance Certificate required to be delivered to Lender must be delivered to Lender in compliance with Section 4.3 of the Credit Agreement. If, however, either the financial statements or the Compliance Certificate required to be delivered to Lender pursuant to Sections 4.3(b) and 4.3(d) of the Credit Agreement have not been delivered in accordance with Section 4.3 of the Credit Agreement, then, at Lender’s option, commencing on the date upon which such financial statements or Compliance Certificate should have been delivered in accordance with Section 4.3 of the Credit Agreement and continuing until such financial statements or Compliance Certificate are actually delivered in accordance with Section 4.3 of the Credit Agreement, it shall be assumed for purposes of determining the Applicable Margins, that the Fixed Charge Coverage Ratio was £ 1.50 to 1.0 and the pricing associated therewith (*i.e.*, Pricing Grid Level 1) will be applicable on the then applicable Determination Date. As of the Effective Date of this Note, the Applicable Prime Rate Margin is 0.0% per annum and the Applicable LIBOR Rate Margin is 2.00% (*i.e.*, Pricing Grid Level 3, notwithstanding the Loan Parties’ actual Fixed Charge Coverage Ratio prior to and as of such Effective Date).

Maximum Rate. In no event shall the Interest Rate provided for hereunder, together with all fees and charges as provided for herein or in any other Loan Document which are treated as interest under applicable law (collectively with interest, the “Charges”), exceed the maximum rate legally chargeable by Lender under applicable law for loans of the type provided for hereunder (the “Maximum Rate”). If, in any month, the Charges, absent such limitation, would have exceeded the Maximum Rate, then the Charges for that month shall be at the Maximum Rate, and, if in future months, such Charges would otherwise be less than the Maximum Rate, then such Charges shall remain at the Maximum Rate until such time as the amount of Charges paid hereunder and under the other Loan Documents equals the amount of Charges which would have been paid if the same had not been limited by the Maximum Rate. In the event that, upon payment in full of the Obligations, the total amount of Charges paid or accrued in respect of the Indebtedness evidenced by this Note and the other Obligations is less than the total amount of Charges which would, but for this paragraph, have been paid or accrued if the Charges otherwise set forth in this Note and in the other Loan Documents had at all times been in effect, then Borrowers shall, to the extent permitted by applicable law, pay to Lender an amount equal to the difference between: (a) the lesser of: (i) the amount of Charges which would have been charged if the Maximum Rate had, at all times, been in effect or (ii) the amount of Charges which would have accrued had such Charges otherwise provided for in this Note and in the other Loan Documents at all times been in effect and (b) the amount of Charges actually paid or accrued in respect of the Indebtedness evidenced by this Note or any of the other Loan Documents. In the event that a court of competent jurisdiction determines that Lender has received any Charges in respect of the Indebtedness evidenced by this Note and the other Loan Documents in excess of the Maximum Rate, such excess shall be deemed received on account of, and shall automatically be applied to reduce, the Obligations owed to Lender other than any Charges, in the inverse order of maturity, and if there are no Obligations to Lender outstanding, Lender shall refund to Borrowers (or to such Person to which Lender is directed by a court of competent jurisdiction) such excess.

Use of Proceeds. Borrowers certify that the proceeds of the Revolving Loans will be used for the purposes set forth in the Credit Agreement.

Default Rate; Fees. To the extent any payment is not made within 15 days after the date when due under this Note and, at or before the end of such 15-day period, there was insufficient Revolving Loan Availability to charge the full amount of such payment to the loan account with Lender as an advance of the Revolving Loans, Borrowers shall pay to Lender a late payment fee equal to two percent (2%) of that portion of any payment not paid when due (whether by maturity, acceleration or otherwise). After the occurrence and during the continuation of an Event of Default, Borrowers agree that Lender may, without notice, increase the Interest Rate by an additional 2.0% per annum (the “Default Rate”); *provided* that this paragraph shall not be deemed to constitute a waiver of any Event of Default or an agreement by Lender to permit any late payments whatsoever.

Prepayment. Borrowers will make each mandatory prepayment of the principal of this Note required by the Credit Agreement. Subject to Section 6.4(b) of the Credit Agreement, Borrowers may prepay all of this Note at any time; *provided* that if any prepayment results in any LIBOR Breakage Fee or a Termination Fee (as defined in Section 6.4(b) of the Credit Agreement), Borrowers will pay such LIBOR Breakage Fee due in accordance with this Note and, as applicable, the Termination Fee.

Entire Agreement. Borrowers agree that there are no conditions or understandings which are not expressed in this Note or the other Loan Documents.

Severability. If any provision of this Note is held to be invalid by a court of competent jurisdiction in a final order, the invalid provision will, subject to the provisions of this Note with respect to the Maximum Rate, be deemed severed from this Note and shall not affect any part of the remainder of the provisions of this Note.

Joint Obligations. All of the obligations of Borrowers hereunder are joint, several and primary. No Borrower shall be or be deemed to be an accommodation party with respect to this Note.

Assignment. Borrowers agree not to assign any of any Borrower's rights, remedies or obligations described in this Note without the prior written consent of Lender, which consent may be withheld in Lender's sole discretion. Borrowers agree that Lender may assign some or all of its rights and remedies described in this Note without prior consent from Borrowers, *provided* that Lender will promptly notify Borrowers of a total assignment of this Note.

Prior Note. This Note is issued, not as a refinancing or refunding of or payment toward, but as a continuation of, the Obligations of Borrowers to Lender pursuant to that certain Second Amended and Restated Revolving Credit Promissory Note dated as of February 28, 2007 in the principal amount of \$20,000,000 (as amended, and together with all prior amendments thereto or restatements thereof, the "Prior Note"), together with any and all additional Revolving Loans incurred under this Note. Accordingly, this Note shall not be construed as a novation or extinguishment of the Obligations arising under the Prior Note, and its issuance shall not affect the priority of any Lien granted in connection with the Prior Note. Interest accrued under the Prior Note prior to the date of this Note remains accrued and unpaid under this Note and does not constitute any part of the principal amount of the Indebtedness evidenced hereby. The entire unpaid principal balance created or existing under, pursuant to, as a result of, or arising out of, the Prior Note shall, together with any and all additional Revolving Loans incurred under this Note, continue in existence under this Note, which Obligations Borrowers acknowledge, affirm, and confirm to Lender. The Indebtedness evidenced by this Note will continue to be secured by all of the collateral and other security granted to Lender under the Prior Note and the other Loan Documents.

Modification; Waiver of Lender. The modification or waiver of any of Borrowers' obligations or Lender's rights under this Note must be contained in a writing signed by Lender and Borrowers. Lender may perform a Borrower's obligations, or delay or fail to exercise any of Lender's rights or remedies, without causing a waiver of those obligations or rights. A waiver on one occasion shall not constitute a waiver on another occasion. Borrowers' obligations under this Note shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases: (i) any of the obligations belonging to any co-borrower, indorser or guarantor, (ii) any of its rights against any co-borrower, guarantor or indorser, or (iii) any of the Loan Collateral.

Waivers of Borrowers. To the extent not prohibited by law or required by the Credit Agreement, demand, presentment, protest and notice of dishonor, notice of protest and notice of default are hereby waived by each Borrower, and any indorser or guarantor hereof. Borrowers and all co-makers and accommodation makers of this Note hereby waive all suretyship defenses, including, but not limited to, all defenses based upon impairment of collateral and all suretyship defenses described in Section 3-605 of the Uniform Commercial Code (the “UCC”). Such waiver is entered to the fullest extent permitted by Section 3-605 of the UCC.

Governing Law; Consent to Jurisdiction. This Note is delivered in, is intended to be performed in, will be construed and enforceable in accordance with and governed by the internal laws of, the State of Ohio, without regard to principles of conflicts of law. Each Borrower agrees that the state and federal courts in Hamilton County, Ohio shall, at Lender’s sole option, have exclusive jurisdiction over all matters arising out of this Note, WITHOUT LIMITATION ON THE ABILITY OF LENDER, ITS SUCCESSORS AND ASSIGNS, TO INITIATE AND PROSECUTE IN ANY APPLICABLE JURISDICTION ACTIONS RELATED TO THE REPAYMENT AND COLLECTION OF THE OBLIGATIONS AND THE EXERCISE OF ALL OF LENDER’S RIGHTS AGAINST EACH BORROWER WITH RESPECT THERETO AND ANY SECURITY OR PROPERTY OF EACH BORROWER, INCLUDING, WITHOUT LIMITATION, DISPOSITIONS OF THE LOAN COLLATERAL, and that service of process in any such proceeding shall be effective if mailed to Borrowers in accordance with the Credit Agreement.

JURY WAIVER. EACH BORROWER, ANY INDORSER OR GUARANTOR HEREOF, AND LENDER WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Signature Page Follows]

IN WITNESS WHEREOF, each Borrower has executed this Note by its duly authorized officer as of the date first above written.

CECO FILTERS, INC.
NEW BUSCH CO., INC.
THE KIRK & BLUM
MANUFACTURING COMPANY
KBD/TECHNIC, INC.
CECOAIRE, INC.
CECO ABATEMENT SYSTEMS, INC.
EFFOX INC., formerly known as CECO
ACQUISITION CORP.
FKI ACQUISITION CORP.

H.M. WHITE, INC.
GMD ENVIRONMENTAL
TECHNOLOGIES, INC., formerly known
as GMD ACQUISITION CORP.

By: /s/ Dennis W. Blazer
Dennis W. Blazer, Treasurer

By: /s/ Dennis W. Blazer
Dennis W. Blazer, Secretary and Treasurer

SIGNATURE PAGE TO
THIRD AMENDED AND RESTATED REVOLVING CREDIT PROMISSORY NOTE
(Third Amendment and Restatement)

A FIFTH THIRD BANCORP BANK

TERM PROMISSORY NOTE
(TERM LOAN C)

OFFICER NO. 4048

NOTE No. _____

\$5,000,000.00

February 29, 2008
(Effective Date)

Promise to Pay. On or before January 31, 2010 (the “Maturity Date”), the undersigned, CECO FILTERS, INC., a Delaware corporation, NEW BUSCH CO., INC., a Delaware corporation, THE KIRK & BLUM MANUFACTURING COMPANY, an Ohio corporation, KBD/TECHNIC, INC., an Indiana corporation, CECO AIRE, INC., a Delaware corporation, CECO ABATEMENT SYSTEMS, INC., a Delaware corporation, H.M. WHITE, INC., a Delaware corporation, EFOX INC., formerly known as CECO ACQUISITION CORP., a Delaware corporation, GMD ENVIRONMENTAL TECHNOLOGIES, INC., formerly known as GMD ACQUISITION CORP., a Delaware corporation, and FKI ACQUISITION CORP., a Delaware corporation (each, a “Borrower”, and, collectively, the “Borrowers”), for value received, hereby jointly and severally promise to pay to the order of FIFTH THIRD BANK, an Ohio banking corporation (together with its successors and assigns, “Lender”), at 38 Fountain Square Plaza, MD #10AT63, Cincinnati, Ohio 45263, or such other address as Lender may provide from time to time, the sum of FIVE MILLION AND 00/100 Dollars (\$5,000,000.00), plus interest as provided herein. The outstanding balance of this Term Promissory Note (this “Note”) shall appear on supplemental bank records and is not necessarily the face amount of this Note, which record shall evidence the balance due pursuant to this Note at any time. As used herein, “Local Time” means the time at the office of Lender specified in this Note.

This Note shall be subject to the terms and conditions of the Credit Agreement dated as of December 29, 2005 among Lender, Borrowers, and certain of Borrowers’ affiliates, 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 even date herewith (as the same may be further amended, renewed, consolidated, restated or replaced from time to time, the “Credit Agreement”). Capitalized terms used herein which are not otherwise defined in this Note shall have the meanings set forth in the Credit Agreement. This Note is entitled to the benefits and security of the Credit Agreement, including, without limitation, acceleration upon the terms provided therein, and of the other Loan Documents.

Borrowers shall make the following principal payments (each a “Scheduled Payment”) commencing on April 1, 2008 and continuing on the same day of each and every calendar month thereafter until this Note has been paid in full:

<u>Period</u>	<u>Payment</u>
Each calendar month from and including April 1, 2008 through, and including, January 1, 2010	\$83,333.33

The entire unpaid principal balance of this Note, together with all accrued and unpaid interest and any other charges, advances and fees, if any, outstanding hereunder, shall be due and payable in full on the earlier of the Maturity Date or upon acceleration of the Indebtedness evidenced by this Note, notwithstanding any other inconsistent or contradictory provisions contained in this Note. No part of the Indebtedness evidenced by this Note may, on the repayment thereof, be redrawn or reborrowed by Borrowers.

Upon the occurrence and during the continuance of any Event of Default, the entire unpaid principal balance of this Note, together with all accrued but unpaid interest, and all other Obligations, shall, at Lender's option, become immediately due and payable, except that if there occurs an Event of Default of the type described in Sections 6.1(d), 6.1(e), or 6.1(j) of the Credit Agreement, the entire unpaid principal balance of this Note, together with all accrued but unpaid interest, and all other Obligations shall become automatically and immediately due and payable without notice, which Borrowers hereby waive.

Interest. Principal amounts outstanding under this Note shall bear interest commencing on the date hereof at the rate or rates per annum set forth below, which rate or rates shall be designated by Borrowers as more fully set forth herein (the "Interest Rate"). At any time and from time to time during the term of this Note, so long as no Event of Default has occurred and is continuing and so long as such outstanding principal amounts hereunder are not then subject to a LIBOR Election, Borrowers may exercise their right to adjust the Interest Rate on amounts of principal outstanding under this Note to one of the rates set forth below upon notice to Lender as set forth below; *provided, however*, that once the Interest Rate accruing against any amounts outstanding hereunder is adjusted to a LIBOR Rate for a particular LIBOR Interest Period, Borrowers may not elect to adjust such Interest Rate to a different Interest Rate until the expiration of such LIBOR Interest Period:

(a) LIBOR Rate. Upon telephonic notice to Lender by 10:00 a.m. Local Time given at least two Business Days prior to the beginning of a LIBOR Interest Period, Borrowers may, subject to the terms of this Note, elect to have a portion or portions of the unpaid principal balance of this Note bear interest at a rate per annum equal to the LIBOR Rate (as defined herein) plus the Applicable LIBOR Rate Margin (as defined herein) (a "LIBOR Election"). The "LIBOR Rate" is the rate of interest (rounded upwards, if necessary, to the next 1/8 of 1% and adjusted for reserves if Lender is required to maintain reserves with respect to portions of this Note subject to a LIBOR Election) fixed by the British Bankers' Association at 11:00 a.m., London, England time, relating to quotations for the one month, two month, or three month London InterBank Offered Rates, as selected by Borrowers in their LIBOR Election, on U.S. Dollar deposits as published on Bloomberg LP, or, if no longer provided by Bloomberg LP, such rate as shall be determined in good faith by Lender from such sources as Lender shall determine to be comparable to Bloomberg LP (or any

successor) as determined by Lender at approximately 10:00 a.m. Local Time on the date of request by Borrowers. Each determination by Lender of the LIBOR Rate shall be conclusive in the absence of manifest error. Interest accruing based on the LIBOR Rate shall be: (i) calculated based on a 360-day year and charged for the actual number of days elapsed and (ii) payable in arrears on the last day of the applicable LIBOR Interest Period. The Interest Rate applicable to a particular LIBOR Election shall remain at the rate elected for the remainder of the subject LIBOR Interest Period.

The “LIBOR Interest Period” for each portion or portions of the unpaid principal balance of this Note bearing interest with respect to the LIBOR Rate (each such portion or portions, a “LIBOR Rate Loan”) is a period of one month, two months, or three months, at Borrowers’ election, which period shall commence on a Business Day selected by Borrowers subject to the terms of this Note. If a LIBOR Interest Period would otherwise end on a day that is not a Business Day, such LIBOR Interest Period shall end on the next succeeding Business Day; *provided* that, if the next succeeding Business Day falls in a new month, such LIBOR Interest Period shall end on the immediately preceding Business Day.

In addition, notwithstanding anything herein contained to the contrary, if, prior to or during any period with respect to any LIBOR Election, any change in any law, regulation or official directive, or in the interpretation thereof, by any governmental body charged with the administration thereof, shall make it unlawful for Lender to fund or maintain its funding in Eurodollars of any portion of the unpaid principal balance of this Note subject to the LIBOR Rate or otherwise to give effect to Lender’s obligations as contemplated hereby: (i) Lender may, by written notice to Borrowers, declare Lender’s obligations to make, convert into, continue or maintain LIBOR Rate Loans to be terminated forthwith, and (ii) the LIBOR Rate with respect to Lender shall forthwith cease to be in effect, and interest shall from and after such date be calculated at the Prime Rate as if a Prime Rate Election had been made, and interest shall be paid, in arrears, on the first (1st) day of each calendar month. Borrowers hereby agree to reimburse and indemnify Lender from all increased costs or fees incurred by Lender subsequent to the date hereof relating to the offering of rates of interest based upon the LIBOR Rate. In addition, notwithstanding anything herein contained to the contrary, if, prior to or during any period with respect to any LIBOR Election, any change in any law, regulation or official directive, or in the interpretation thereof, by any governmental body charged with the administration thereof, shall:

- (i) increase the cost to Lender, by an amount which Lender deems to be material, of making, converting into, continuing or maintaining LIBOR Rate Loans, or to reduce any amount receivable hereunder in respect thereof, or
- (ii) have the effect of reducing the rate of return on Lender’s capital as a consequence of its obligations hereunder to a level below that which Lender could have achieved but for such change by an amount deemed by Lender to be material,

then, in any such case, after submission by Lender to Borrowers of a written request therefor, Borrowers shall pay Lender any additional amounts necessary to compensate Lender for such increased cost or reduction. Lender agrees that, upon the occurrence of any event giving rise to the operation of this paragraph, it will use reasonable efforts to designate another lending office (if possible)

for any LIBOR Rate Loans affected by such event with the object of avoiding the consequences of such event; *provided*, that no such designation shall be required unless such designation can be made on terms that, in the reasonable judgment of Lender, cause Lender and its lending office(s) to suffer no material economic, legal or regulatory disadvantage. A certificate of Lender setting forth the amount or amounts necessary to compensate Lender as specified in this paragraph and delivered to Borrowers shall be conclusive absent manifest error. Borrowers shall pay Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Borrowers' right to make a LIBOR Election shall be terminated automatically if Lender, by telephonic notice, shall notify Borrowers that Eurodollar deposits with a maturity corresponding to the maturity of the LIBOR Interest Period, in an amount equal to the unpaid principal balance of this Note to be subject to the LIBOR Election are not readily available in the London Inter-Bank Offered Rate Market, or that, by reason of circumstances affecting the London Inter-Bank Offered Rate Market, adequate and reasonable methods do not exist for ascertaining the rate of interest applicable to such deposits for the proposed LIBOR Interest Period. In such event, amounts outstanding hereunder shall bear interest at the Prime Rate as if a Prime Rate Election had been made or at such other rate of interest as may be agreed to between Lender and Borrowers.

If any amount as to which a LIBOR Election is in effect is repaid on a day other than the last day of the applicable LIBOR Interest Period, or becomes payable on a day other than the last day of the applicable LIBOR Interest Period due to acceleration or otherwise, Borrowers, whether or not a debtor in a proceeding under Title 11, United States Code, shall pay, on demand by Lender, such amount (as determined by Lender) as is required to compensate Lender for any losses, costs or expenses ("LIBOR Breakage Fee"), which Lender may incur as a result of such payment or acceleration, including, without limitation, any loss, cost or expense (including loss of profit) incurred by reason of liquidation or reemployment of deposits or other funds acquired by Lender to fund or maintain such amount bearing interest at the applicable LIBOR Rate. A certificate of Lender setting forth the amount or amounts necessary to compensate Lender as specified in this paragraph and delivered to Borrowers shall be conclusive absent manifest error. Borrowers shall pay Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(b) Prime Rate. Upon telephonic notice by Borrowers to Lender by 10:00 a.m. Local Time, Borrowers may elect to have a portion or portions of the outstanding principal balance hereunder (provided such amounts are not then subject to a LIBOR Election), bear interest at a floating rate equal to the rate of interest per annum established from time to time by Lender at its principal office as its "Prime Rate" plus the Applicable Prime Rate Margin (as defined below) (the "Prime Rate Election") (it being understood by Borrowers that such Prime Rate is established for reference purposes only and not as Lender's best loan rate). Any adjustment in the Interest Rate resulting from a change in Lender's Prime Rate shall become effective as of the opening of business on the date of each change (or if not a Business Day, the beginning of the day). Interest on the principal amount subject to a Prime Rate Election shall be calculated based on a 360-day year and charged for the actual number of days elapsed, and shall be payable in arrears on the first day of each calendar month.

On or before the date that is two Business Days before the making of any LIBOR Rate Loan, and on or before the date which is two Business Days prior to the expiration of any applicable LIBOR Interest Period, Borrowers shall notify Lender of each of the following: (a) the LIBOR Interest Period Borrowers have elected regarding any such LIBOR Rate Loan or any continuation of a LIBOR Election with respect to any such LIBOR Rate Loan, (b) the amount of each such LIBOR Rate Loan or continuation, and (c) the commencement date of each LIBOR Interest Period. Borrowers may have LIBOR Rate Loans in minimum amounts of \$1,000,000 (and integral multiples of \$100,000) and such LIBOR Rate Loans may bear interest at the applicable Interest Rate for different LIBOR Interest Periods so long as (i) the last day of any LIBOR Interest Period does not exceed the Maturity Date hereof; (ii) no LIBOR Election with respect to any LIBOR Rate Loan commences prior to the expiration of the applicable LIBOR Interest Period in effect with respect to such LIBOR Rate Loan; and (iii) at no time may Borrowers have more than three outstanding LIBOR Rate Loans, in the aggregate, under all of their Notes and one Prime Rate Election under this Note. If, at any time during the term hereof, Borrowers fail to designate a LIBOR Interest Period or if Borrowers have not elected another LIBOR Interest Period in accordance with this Note at least two Business Days prior to the expiration of the LIBOR Interest Period then in effect, Lender may assume that Borrowers have elected a Prime Rate Election.

(c) Pricing Grid. As used herein, the terms “Applicable Prime Rate Margin” and “Applicable LIBOR Rate Margin” (hereafter sometimes collectively referred to as the “Applicable Margins”) mean, as of any date, the applicable per annum rate shown in the applicable column in the table below based on the then applicable Fixed Charge Coverage Ratio. “Fixed Charge Coverage Ratio” has the meaning given in the Credit Agreement.

Pricing Grid Level	Fixed Charge Coverage Ratio	Applicable Prime Rate Margin	Applicable LIBOR Rate Margin
Level 1	£1.50 to 1.0	0.50%	2.75%
Level 2	> 1.50 to 1.0 and £ 2.0 to 1.0	0.25%	2.50%
Level 3	> 2.0 to 1.0	0.0%	2.25%

For purposes of determining the Applicable Margins: the Fixed Charge Coverage Ratio will, on and after the First Pricing Grid Determination Date, be determined (i) as of the end of each Fiscal Year ending on and after the First Pricing Grid Determination Date (each such date being a “Determination Date”) and (ii) in the same manner used to determine the Fixed Charge Coverage Ratio set forth in Section 5.10 of the Credit Agreement. The “First Pricing Grid Determination Date” will be December 31, 2007. On Lender’s receipt of the financial statements and Compliance Certificate required to be delivered to Lender pursuant to Sections 4.3(b) and 4.3(d) of the Credit Agreement for the Fiscal Year then ended, the Interest Rate will be subject to adjustment in accordance with the table set forth above in this subparagraph (c) based on the then Fixed Charge Coverage Ratio for such Fiscal Year then ended so long as no Event of Default is existing as of the applicable effective date of adjustment. The foregoing adjustment, if applicable, will become effective for LIBOR Elections and Prime Rate Elections made with respect to the portion or portions of the unpaid principal balance of this Note, on and after the first day of the first calendar month following delivery to Lender of the financial statements and Compliance Certificate required to be delivered to Lender pursuant to Sections 4.3(b) and 4.3(d) of the Credit Agreement for the Fiscal Year then ended until the next succeeding effective date of adjustment pursuant to this subparagraph (c). Each of the financial statements and Compliance Certificate required to be delivered to Lender must be delivered to Lender in compliance with Section 4.3 of the Credit Agreement. If, however, either the financial statements or the Compliance Certificate required to be delivered to Lender pursuant to Sections 4.3(b) and 4.3(d) of the Credit Agreement have not been delivered in accordance with Section 4.3 of the Credit Agreement, then, at Lender’s option, commencing on the date upon which such financial statements or Compliance Certificate should have been delivered in accordance with Section 4.3 of the Credit Agreement and continuing until such financial statements or Compliance Certificate are actually delivered in accordance with Section 4.3 of the Credit Agreement, it shall be assumed for purposes of determining the Applicable Margins, that the Fixed Charge Coverage Ratio was £ 1.50 to 1.0 and the pricing associated therewith (*i.e.*, Pricing Grid Level 1) will be applicable on the then applicable Determination Date. As of the Effective Date of this Note, the Applicable Prime Rate Margin is 0.0% per annum and the Applicable LIBOR Rate Margin is 2.25% (*i.e.*, Pricing Grid Level 3, notwithstanding the Loan Parties’ actual Fixed Charge Coverage Ratio prior to and as of such Effective Date).

Maximum Rate. In no event shall the Interest Rate provided for hereunder, together with all fees and charges as provided for herein or in any other Loan Document which are treated as interest under applicable law (collectively with interest, the “Charges”), exceed the maximum rate legally chargeable by Lender under applicable law for loans of the type provided for hereunder (the “Maximum Rate”). If, in any month, the Charges, absent such limitation, would have exceeded the Maximum Rate, then the Charges for that month shall be at the Maximum Rate, and, if in future months, such Charges would otherwise be less than the Maximum Rate, then such Charges shall remain at the Maximum Rate until such time as the amount of Charges paid hereunder and under the other Loan Documents equals the amount of Charges which would have been paid if the same had not been limited by the Maximum Rate. In the

event that, upon payment in full of the Obligations, the total amount of Charges paid or accrued in respect of the Indebtedness evidenced by this Note and the other Obligations is less than the total amount of Charges which would, but for this paragraph, have been paid or accrued if the Charges otherwise set forth in this Note and in the other Loan Documents had at all times been in effect, then Borrowers shall, to the extent permitted by applicable law, pay to Lender an amount equal to the difference between: (a) the lesser of: (i) the amount of Charges which would have been charged if the Maximum Rate had, at all times, been in effect or (ii) the amount of Charges which would have accrued had such Charges otherwise provided for in this Note and in the other Loan Documents at all times been in effect and (b) the amount of Charges actually paid or accrued in respect of the Indebtedness evidenced by this Note or any of the other Loan Documents. In the event that a court of competent jurisdiction determines that Lender has received any Charges in respect of the Indebtedness evidenced by this Note and the other Loan Documents in excess of the Maximum Rate, such excess shall be deemed received on account of, and shall automatically be applied to reduce, the Obligations owed to Lender other than any Charges, in the inverse order of maturity, and if there are no Obligations to Lender outstanding, Lender shall refund to Borrowers (or to such Person to which Lender is directed by a court of competent jurisdiction) such excess.

Use of Proceeds. Borrowers certify that the proceeds of Term Loan C will be used for the purposes set forth in the Credit Agreement.

Default Rate; Fees. To the extent any payment is not made within 15 days after the date when due under this Note and, at or before the end of such 15-day period, there was insufficient Revolving Loan Availability to charge the full amount of such payment to the loan account with Lender as an advance of the Revolving Loans, Borrowers shall pay to Lender a late payment fee equal to two percent (2%) of that portion of any payment not paid when due (whether by maturity, acceleration or otherwise). After the occurrence and during the continuation of an Event of Default, Borrowers agree that Lender may, without notice, increase the Interest Rate by an additional 2.0% per annum (the “Default Rate”); *provided* that this paragraph shall not be deemed to constitute a waiver of any Event of Default or an agreement by Lender to permit any late payments whatsoever.

Prepayment. In addition to the Scheduled Payments set forth in this Note, Borrowers will make each mandatory prepayment of the principal of this Note required by the Credit Agreement, including, without limitation, the mandatory prepayments of the principal of this Note in the form of Excess Cash Flow Payments in the manner and to the extent set forth in the Credit Agreement. Subject to Section 6.4(b) of the Credit Agreement, Borrowers may prepay all of this Note at any time; *provided* that if any prepayment results in any LIBOR Breakage Fee or a Termination Fee (as defined in Section 6.4(b) of the Credit Agreement), Borrowers will pay such LIBOR Breakage Fee due in accordance with this Note and, as applicable, the Termination Fee.

Entire Agreement. Borrowers agree that there are no conditions or understandings which are not expressed in this Note or the other Loan Documents.

Severability. If any provision of this Note is held to be invalid by a court of competent jurisdiction in a final order, the invalid provision will, subject to the provisions of this Note with respect to the Maximum Rate, be deemed severed from this Note and shall not affect any part of the remainder of the provisions of this Note.

Joint Obligations. All of the obligations of Borrowers hereunder are joint, several and primary. No Borrower shall be or be deemed to be an accommodation party with respect to this Note.

Assignment. Borrowers agree not to assign any of any Borrower's rights, remedies or obligations described in this Note without the prior written consent of Lender, which consent may be withheld in Lender's sole discretion. Borrowers agree that Lender may assign some or all of its rights and remedies described in this Note without prior consent from Borrowers, *provided* that Lender will promptly notify Borrowers of a total assignment of this Note.

Modification; Waiver of Lender. The modification or waiver of any of Borrowers' obligations or Lender's rights under this Note must be contained in a writing signed by Lender and Borrowers. Lender may perform a Borrower's obligations, or delay or fail to exercise any of Lender's rights or remedies, without causing a waiver of those obligations or rights. A waiver on one occasion shall not constitute a waiver on another occasion. Borrowers' obligations under this Note shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases: (i) any of the obligations belonging to any co-borrower, indorser or guarantor, (ii) any of its rights against any co-borrower, guarantor or indorser, or (iii) any of the Loan Collateral.

Waivers of Borrowers. To the extent not prohibited by law or required by the Credit Agreement, demand, presentment, protest and notice of dishonor, notice of protest and notice of default are hereby waived by each Borrower, and any indorser or guarantor hereof. Borrowers and all co-makers and accommodation makers of this Note hereby waive all suretyship defenses, including, but not limited to, all defenses based upon impairment of collateral and all suretyship defenses described in Section 3-605 of the Uniform Commercial Code (the "UCC"). Such waiver is entered to the fullest extent permitted by Section 3-605 of the UCC.

Governing Law; Consent to Jurisdiction. This Note is delivered in, is intended to be performed in, will be construed and enforceable in accordance with and governed by the internal laws of, the State of Ohio, without regard to principles of conflicts of law. Each Borrower agrees that the state and federal courts in Hamilton County, Ohio shall, at Lender's sole option, have exclusive jurisdiction over all matters arising out of this Note, WITHOUT LIMITATION ON THE ABILITY OF LENDER, ITS SUCCESSORS AND ASSIGNS, TO INITIATE AND PROSECUTE IN ANY APPLICABLE JURISDICTION ACTIONS RELATED TO THE REPAYMENT AND COLLECTION OF THE OBLIGATIONS AND THE EXERCISE OF ALL OF LENDER'S RIGHTS AGAINST EACH BORROWER WITH RESPECT THERETO AND ANY SECURITY OR PROPERTY OF EACH BORROWER, INCLUDING, WITHOUT LIMITATION, DISPOSITIONS OF THE LOAN COLLATERAL, and that service of process in any such proceeding shall be effective if mailed to Borrowers in accordance with the Credit Agreement.

JURY WAIVER. EACH BORROWER, ANY INDORSER OR GUARANTOR HEREOF, AND LENDER WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Signature Page Follows]

IN WITNESS WHEREOF, each Borrower has executed this Note by its duly authorized officer as of the date first above written.

CECO FILTERS, INC.
NEW BUSCH CO., INC.
THE KIRK & BLUM
MANUFACTURING COMPANY
KBD/TECHNIC, INC.
CECOAIRE, INC.
CECO ABATEMENT SYSTEMS, INC.
EFFOX INC., formerly known as CECO
ACQUISITION CORP.
FKI ACQUISITION CORP.

**H.M. WHITE, INC.
GMD ENVIRONMENTAL
TECHNOLOGIES, INC., formerly known
as GMD ACQUISITION CORP.**

By: /s/ Dennis W. Blazer
Dennis W. Blazer, Treasurer

By: /s/ Dennis W. Blazer
Dennis W. Blazer, Secretary and Treasurer

SIGNATURE PAGE TO
TERM PROMISSORY NOTE
(Third Amendment to Credit Agreement)
(Term Loan C)

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this “Agreement”), dated as of February 29, 2008 (the “Effective Date”), is made by and between CECO Environmental Corp. (the “Company”) and Fisher-Klosterman, Inc. (the “Shareholder”).

WHEREAS, pursuant to that certain Asset Purchase Agreement by and among the Company, FKI Acquisition Corp. and the Shareholder, among others, dated February 20, 2008 (the “Purchase Agreement”), the Shareholder is receiving, in partial consideration for the Company’s purchase of substantially all the assets of the Shareholder certain shares of common stock of the Company (the “Acquired Securities”); and

WHEREAS, as a condition to the consummation of the transactions contemplated by the Purchase Agreement, the Company and the Shareholder have entered into this Agreement to provide certain securities registration rights to the Shareholder.

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. As used in this Agreement:

“Affiliate” shall mean any entity controlling, controlled by or under common control with another entity. For the purposes of this definition, “control” shall have the meaning presently specified for that word in Rule 405 promulgated by the SEC under the Securities Act.

“Company” shall have the meaning set forth in the preamble hereto.

“Person” means an individual, a corporation, a partnership, a trust, a limited liability company, an unincorporated organization or a governmental organization or any agency or political subdivision thereof.

“Public Offering” shall mean a public offering of Acquired Securities pursuant to an effective Registration Statement.

“Prospectus” shall mean any prospectus that is a part of a Registration Statement, together with all amendments or supplements thereto.

“Registrable Stock” shall mean the shares of common stock then outstanding issued by the Company to the Shareholder pursuant to the Purchase Agreement; provided, however, that Registrable Stock shall not be deemed to include (i) any shares after such shares have been registered under the Securities Act and sold pursuant to a registration of such securities, (ii) for purposes of Section 3, any shares that may be sold without registration under the Securities Act in compliance with Rule 144 without volume restrictions, (iii) any shares sold pursuant to any other exemption from registration under the Securities Act to a Person who is free to resell such shares without registration under the Securities Act, or (iv) they are sold in a transaction in which rights under this Agreement are not assigned.

“Registration Statement” shall mean any registration statement filed with the SEC in accordance with the Securities Act, together with all amendments or supplements thereto.

“SEC” shall mean the United States Securities and Exchange Commission or any successor to the functions of such agency.

“Securities Act” shall mean the Securities Act of 1933, as amended prior to or after the date of this Agreement or any federal statute or statutes which shall be enacted to take the place of such act, together with all rules and regulations promulgated thereunder.

2. Transfer Restrictions.

2.1. Transfer Restrictions.

(A) Prior to six (6) months after the Effective Date, no Transfers by any Shareholder shall be permitted except for Permitted Transfers effected in compliance with Section 2.3.

(B) Any purported Transfer not permitted by this Agreement will be null and void, and the Company shall not record on its share transfer books, register of stockholders or otherwise any such purported Transfer.

(C) Nothing in this Agreement shall be deemed to restrict any Transfer or other disposition of Acquired Securities pursuant to the terms of any merger, consolidation or other business combination transaction, or pursuant to any tender or exchange offer.

2.2 Compliance with Securities Laws. Each of the Shareholders hereby agrees that it shall not, directly or indirectly, Transfer any Acquired Securities unless such Transfer complies with the provisions hereof and, with respect to Shareholders subject thereto, the Company’s policies on insider trading, as in effect from time to time, and (a) such Transfer is made pursuant to an effective Registration Statement and, if required, has been registered under all applicable state securities or blue sky laws or (b) no such registration is required because of the availability of an exemption from registration under the Securities Act and all applicable state securities or blue sky laws, and, at the request of the Company, the transferor shall provide to the Company a legal opinion to such effect in form and substance, and from counsel, reasonably satisfactory to the Company; provided, however, that no such legal opinion shall be necessary in order to effectuate a Transfer pursuant to a Public Offering.

2.3 Permitted Transfers. The following shall be considered “Permitted Transfers”: (a) Transfers by a Shareholder to a family member or family trust or family limited partnership for bona fide estate planning purposes; (b) Transfers by a Shareholder by will or by intestate succession; or (c) Transfers by a Shareholder to an Affiliate, including a stockholder thereof. Notwithstanding the foregoing, no Transfer by a Shareholder permitted by this Section 2.3 shall be consummated unless and until the proposed transferee agrees in writing to become a party to and be bound by the provisions of this Agreement to the same extent as the transferring Shareholder (such writing, a “Joinder Agreement”). Upon consummation of any Permitted Transfer by a Shareholder, the Shareholder shall send to the Company a notice of the Permitted

Transfer, indicating the number of shares of Acquired Securities transferred, the date of the transfer, and the names and addresses of the transferees, along with a copy of the Joinder Agreement. For all purposes under this Agreement, such transferee shall thereafter be considered a Stockholder.

2.4. Legend on Acquired Securities

(A) A copy of this Agreement shall be filed with the Secretary of the Company and kept with the records of the Company.

(B) Each certificate representing Acquired Securities acquired by any Shareholder pursuant to the Purchase Agreement shall bear legends substantially in the following forms:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. THE SECURITIES MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS OR IN A TRANSACTION OUTSIDE THE UNITED STATES NOT SUBJECT TO THE SECURITIES ACT.

THE SALE, ASSIGNMENT, HYPOTHECATION, PLEDGE, ENCUMBRANCE OR OTHER DISPOSITION (EACH A “TRANSFER”) OF ANY OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE RESTRICTED BY THE TERMS OF A REGISTRATION RIGHTS AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER NAMED THEREIN, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY. THE COMPANY WILL NOT REGISTER THE TRANSFER OF SUCH SECURITIES ON THE BOOKS OF THE COMPANY UNLESS AND UNTIL THE TRANSFER HAS BEEN MADE IN COMPLIANCE WITH THE TERMS OF THE REGISTRATION RIGHTS AGREEMENT.

(C) In the event that any such Acquired Securities are Transferred in a Public Offering, the Company shall promptly upon request, deliver a replacement certificate not containing the legend set forth in Section 2.4(B) in connection with such Transfer.

(D) Upon the delivery to the Company of a legal opinion reasonably satisfactory to the Company to the effect that the legend set forth in Section 2.4(B) is no longer

required by the Securities Act and any applicable state securities law, the Company shall promptly upon request deliver a replacement certificate not containing the legend in exchange for the legended certificate.

3. S-3 Registration Rights.

(A) Subject to the Transfer restrictions set forth in Sections 2.1 and 2.2 and to Sections 3(B), (C) and (D) below, if at any time following six (6) months after the Effective Date, the Company is a registrant entitled to use Form S-3 or any successor thereto to register Registrable Stock, the Shareholder may request the Company in writing to use its diligent efforts to register all of the Registrable Stock, as requested by the Shareholder, under the Securities Act on Form S-3 or a successor thereto (the "S-3 Registration Right").

(B) Following exercise of the S-3 Registration Right, the Company will use its reasonable best efforts to effect the registration of all of the Registrable Stock under the Securities Act and, provided an exemption from registration or qualification does not exist, the registration or qualification thereof under applicable state securities or blue sky laws, but only to the extent provided for in the following provisions of this Agreement. Upon receipt of the notice pursuant to Section 3(A), the Company will use its reasonable best efforts to effect the registration under the Securities Act of the Registrable Stock, all to the extent requisite to permit such sale or other disposition by such holders of the Registrable Stock so registered.

(C) The Shareholder's right to exercise the S-3 Registration Right shall be subject to the following limitations:

(1) The Company shall not be required to effect a registration pursuant to the exercise of the S-3 Registration Right more than once.

(2) The number of shares of Registrable Stock to be registered pursuant to the exercise of such right must equal or exceed \$800,000 in value in the aggregate.

(D) Notwithstanding anything to the contrary in this Section 3, (i) the Company shall not be required to effect the filing of a Registration Statement pursuant to this Section 3 during the period beginning 60 days prior to the Company's good faith estimate, as certified in writing by an executive officer of the Company to the Shareholder, of the proposed date of filing of, and ending 120 days or 180 days if requested by the underwriter, following the effective date of, a Registration Statement relating to an offering of equity securities on account of the Company, and (ii) the Company shall be entitled to postpone or suspend the filing or effectiveness of the Registration Statement required under this Section 3, as certified in writing by an executive officer of the Company to the Shareholder, that such registration and offering would interfere with any business interest or planned transaction of the Company, including any financing, acquisition, disposition, corporate reorganization or other transaction involving the Company or that the filing would not be in the best interest of the Company or that the filing of a Registration Statement would require public disclosure of any such event prior to the time that such disclosure would otherwise be required.

(E) The Company shall not be required to effect the filing of a Registration Statement pursuant to this Section 3 in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act.

4. Piggyback Registration Rights.

(A) If at any time following six (6) months after the Effective Date and prior to 3 years after the Effective Date, the Company proposes to register shares of Common Stock under the Securities Act for distribution for its account pursuant to a primary underwritten offering (other than a registration statement on Form S-8 or Form S-4 or any successor forms to such Forms) and the Company may register such offering on a form that would also permit the registration of the Registrable Stock, the Company shall, each such time, promptly give the Shareholder written notice of such determination. Upon the written request of the Shareholder given within fifteen (15) days following such notice by the Company, subject to Section 4(B), the Company shall use its reasonable best efforts to cause to be registered under the Act (and any related qualification or registration under blue sky laws) and included within any underwriting involved therein, all of the Registrable Stock that the Shareholder has requested be registered. Such written request may specify all or a part of the Shareholder's Registrable Stock. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 4 prior to the effectiveness of such registration whether or not the Shareholder has elected to include securities in such registration.

(B) If lead underwriters of an underwritten primary registration advise the Company that, in their good faith judgment, the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without materially and adversely affecting the marketability of the offering, then the Company will include in the Registration Statement relating to such registration (i) first, the securities the Company proposes to sell, and (ii) second, the Registrable Stock requested to be included in such registration by the Stockholder(s) and any other stockholders of the Company ("Other Security Holders") reduced on a *pro rata* basis, based on the amount of Acquired Securities owned by the requesting Stockholder(s) and, if applicable, the securities owned by each such Other Security Holders.

5. Registration Procedures. Promptly after the Company is required by the provisions of this Agreement to use its reasonable best efforts to effect the registration of any Registrable Stock under the Securities Act, the Company will, as expeditiously as possible:

(A) prepare and file with the SEC a Registration Statement with respect to such Registrable Stock and use its reasonable best efforts to cause such Registration Statement to become effective (unless delayed under Section 3(D));

(B) prepare and file with the SEC such post-effective amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for such time as necessary to permit the Shareholder to dispose of all of its Registrable Stock covered by the Registration Statement (or such other time as is provided herein) and to comply with the provisions of the

Securities Act with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the Shareholder thereof set forth in such Registration Statement;

(C) furnish to the Shareholder such number of copies of such Registration Statement, each amendment and supplement thereto, the Prospectus included in the Registration Statement (including each preliminary Prospectus), and such other documents, as the Shareholder may reasonably request in order to facilitate the public sale or other disposition of the securities owned by the Shareholder;

(D) to the extent an exemption from registration or qualification does not exist, use reasonable best efforts to register or qualify the Acquired Securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as the Shareholder shall reasonably request, and do any and all other acts and things which may be necessary under such securities or blue sky laws to enable the Shareholder to consummate the public sale or other disposition in such jurisdiction of the Acquired Securities owned by the Shareholder covered by such Registration Statement; provided, however, that the Company shall not be required to (i) qualify to do business as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for this subparagraph or (ii) subject itself to general service of process or taxation in any such jurisdiction.

(E) use its reasonable best efforts to cause all such Acquired Securities covered by such Registration Statement to be listed on each securities exchange or national market system on which securities of the same class are then listed;

(F) provide a transfer agent and registrar for Registrable Stock not later than the effective date of such Registration Statement; and

(G) comply with all applicable rules and regulations of the SEC, and make available to its security holders an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (or in each case within such shorter period of time as may be required by the SEC for filing the applicable report with the SEC) (i) commencing at the end of any fiscal quarter in which Acquired Securities are sold to underwriters in an underwritten offering or (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Company after the effective date of a Registration Statement, which earnings statement shall cover said 12-month period.

(H) The Stockholders agree that, upon receipt of written notice from the Company of a happening of any event or the existence of any facts that make any statement made in a Registration Statement or prospectus untrue in any material respect or that require the making of any changes in a Registration Statement or prospectus so that it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made (in the case of any prospectus), not misleading, the Stockholders will forthwith discontinue disposition of such Acquired Securities covered by such Registration Statement until they are

advised in writing by the Company that the use of the applicable prospectus may be resumed, and have received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus, and, if so directed by the Company, such Stockholders will deliver to the Company all copies of the prospectus covering such Acquired Securities current at the time of receipt of such notice.

6. Stockholder Holdback. If the Company registers shares of Common Stock in connection with an underwritten public offering by the Company, the Stockholders, if so required by the lead underwriters of such underwritten offering, agree not to effect any public sale or distribution of any of the Acquired Securities, including any sale pursuant to Rule 144 promulgated under the Securities Act (other than as a part of such underwritten public offering), without the consent of the Company or such lead underwriters during the period commencing on a date specified by the lead underwriters, such date not to exceed 10 days prior to the effective date of such Registration Statement, and ending on the earlier of (i) 90 days after the pricing of such offering, unless the lead underwriters for such offering otherwise agree, and (ii) the abandonment of such offering.

7. Information. Shareholder hereby agrees to (a) to cooperate with the Company and to promptly provide such information and assistance as the Company may reasonably request and as may be reasonably necessary to complete any Registration Statement or other required filing pursuant to this Agreement and (b) to the extent required by the Securities Act, to deliver or cause delivery of the prospectus contained in any Registration Statement, and any amendment or supplement thereto, to any purchaser from such Stockholder of the Acquired Securities covered by the Registration Statement. It shall be a condition precedent to the inclusion of the Registrable Stock of any Stockholders in a Registration Statement effected pursuant to this Agreement that such Stockholder shall execute such indemnities, underwriting agreements, lockups and other documents as the Company or the managing underwriter shall reasonably request in order to satisfy the requirements applicable to such Registration Statement.

8. Expenses. To the fullest extent allowable under applicable state securities and blue sky laws, all expenses incurred in effecting the S-3 Registration Right, including without limitation, all registration and filing fees, printing expenses, fees and related expenses of counsel for the Company, expenses of any audits incident to or required by any such registration (other than audits with respect to financial statements required to be delivered by Seller (as defined in the Purchase Agreement) under the Purchase Agreement) and expenses of complying with the securities or blue sky laws of any jurisdictions pursuant to Subsection (D) of Section 5 hereof, shall be borne and paid by the Company; provided, however, that the Shareholder shall be responsible for all fees and any related expenses of counsel selected by the Shareholder and for all brokerage or underwriting commissions and taxes of any kind (including without limitation transfer taxes) with respect to the disposition, sale, or transfer of the Registrable Stock.

9. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

10. Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11. Notices. All requests, notices and other communications provided for hereunder shall be in writing and delivered by hand or by first-class or certified mail postage prepaid, or by facsimile, to the following addresses, or such other addresses as shall be given by notice delivered hereunder, and shall be deemed to have been received on the day of personal delivery or by facsimile or within three (3) business days after such mailing:

If to the Shareholder, to:

Fisher-Klosterman, Inc.
Attn: Gerald J. Plappert, Jr.
822 S. 15th Street
Louisville, KY 40210
Fax: (502) 572-4023

If to the Company, to:

CECO Environmental Corp.
Attention: Dennis Blazer
3120 Forrer St.
Cincinnati, OH 45209
Fax no.: (513) 458-2644

With a copy to:

Taft Stettinius & Hollister LLP
Attn: John J. McCoy, Esq.
425 Walnut Street, Suite 1800
Cincinnati, OH 45202
Fax: (513) 381-0205

or, as to the Shareholder or the Company, to such other persons or at such other addresses as shall be furnished by any such party by like notice to the other parties.

12. Termination. All rights under this Agreement shall terminate as to any holder at such time as such holder is free to sell all shares of Registrable Stock held by such holder pursuant to Rule 144 under the Securities Act free from any volume restrictions under Rule 144 or a comparable exemption from registration that enables the holder to sell all shares of Registrable Stock held by such holder without registration under the Securities Act and without legal restriction as to the manner of sale or otherwise.

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

14. Entire Agreement. This Agreement constitutes the entire agreement by and among the parties hereto with respect to the subject matter hereof.

15. Amendments. This Agreement may be amended, modified or supplemented only by a written instrument executed by the Company and the Shareholder; provided, however, that if any underwriter engaged by the Company in selling the Company's securities pursuant to the Company's initial public offering requests an amendment to this Agreement, the parties agree to negotiate in good faith to reasonably modify this Agreement to accommodate such request.

16. Assignment. The rights of the Stockholder hereunder may not be assigned other than to a Permitted Transferee.

17. Governing Law, Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio applicable to contracts made and to be performed in that state. EACH PARTY HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDINGS INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS AGREEMENT WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

[Signature page follows.]

IN WITNESS WHEREOF, each of the parties hereto has executed this Registration Rights Agreement as of the day and year first written above.

FISHER-KLOSTERMAN, INC.

By: /s/ William L. Heumann
Name: William L. Heumann
Title: Chief Executive Officer

CECO ENVIRONMENTAL CORP.

By: /s/ Dennis W. Blazer
Name: Dennis W. Blazer
Title: Chief Financial Officer