

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): 06/08/2006**

**CECO ENVIRONMENTAL CORP**

(Exact name of registrant as specified in its charter)

**Commission File Number: 0-7099**

**DE**

(State or other jurisdiction of  
incorporation)

**13-2566064**

(IRS Employer  
Identification No.)

**3120 Forrer Street, Cincinnati, OH 45209**

(Address of principal executive offices, including zip code)

**(416) 593-6543**

(Registrant's telephone number, including area code)

(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

### Credit Amendment

As previously reported, on December 28, 2005, Ceco Environmental Corp. (the "Company") entered into a \$16.1 million credit facility (the "Facility"). The Facility 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. (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 ("Fifth Third").

On June 8, 2006, the Borrowers amended the Facility pursuant to a First Amendment to Credit Agreement ("Amendment"), an Amended and Restated Revolving Credit Promissory Note ("Revolving Note"), an Amended and Restated Term Promissory Note ("Term Note"), and a Joinder Agreement, all dated as of June 8, 2006. H.M. White, Inc., a wholly owned subsidiary of CECO Group, Inc., was added as a Borrower. In connection with the amendments to the Facility, the personal guaranty of Phillip DeZwirek was released pursuant to a Release of Guaranty dated June 8, 2006 ("Release").

The Amendment amended the Facility by, among other things (i) extending the maturity date of the Credit Agreement from January 31, 2007 to January 31, 2009, (ii) lowering the interest rate on the revolving loan and term loan from the prime rate plus 2.25% and the prime rate plus 2.0%, respectively, to either prime plus 0.5% or LIBOR plus 2.75%, at the option of the Borrowers, and (iii) establishing an incentive pricing grid pegged to performance.

On June 14, 2006, CECO issued a press release announcing the Amendment. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

### Purchase Agreement Extension

As disclosed on an 8-K filed June 22, 2005, on June 20, 2005, The Kirk and Blum Manufacturing Co., ("K&B"), an indirectly wholly owned subsidiary of CECO Environmental Corp. ("CECO"), entered into a Restated and Amended Purchase Agreement with Trademark Property Company ("Trademark") for the sale of the Cincinnati manufacturing and corporate office facilities (the "Agreement"). Subsequently, pursuant to a Third Amendment and Assignment to the Agreement, dated as of October 20, 2005 and disclosed on an 8-K filed October 26, 2005, Trademark assigned the Agreement to Millworks Town Center, LLC ("Purchaser"). Pursuant to a Fourth Amendment and Assignment to Restated and Amended Purchase Agreement, a Fifth Amendment to Restated and Amended Purchase Agreement, a Sixth Amendment to Restated and Amended Purchase Agreement, and a Seventh Amendment to Restated and Amended Purchase Agreement ("Seventh Amendment"), the closing of Parcel A was extended. An Eighth Amendment extended the date by which the extension fee could be paid.

Pursuant to a Ninth Amendment to Restated and Amended Purchase Agreement ("Ninth Amendment") between Purchaser and K&B, dated June 8, 2006, the closing of Parcel A has been extended until August 31, 2006. K&B waived the extension fee set forth in the Seventh Amendment.

Under the Ninth Amendment, Purchaser may extend the closing of Parcel A until on or before November 30, 2006, by delivering to K&B a nonrefundable, but fully applicable to the purchase price, payment of Four Hundred Fifty Thousand Dollars (\$450,000.00) on or before August 31, 2006.

The closing of the acquisition is subject to various customary closing conditions. Additionally, closing is subject to certain special conditions such as the negotiation of a definitive agreement setting forth K&B's post-closing possessory rights.

The description set forth herein of the terms and conditions of the Amendment, Revolving Loan, Term Loan, Release and Ninth Amendment is qualified in its entirety by reference to the full text of such agreements, which are filed with this report as Exhibits 10.1, 10.2, 10.3, 10.4 and 10.5 and incorporated by reference into this Item 1.01.

This report contains statements about the future, sometimes referred to as "forward-looking" statements. Forward-looking statements are typically identified by the use of the words "believe," "may," "should," "expect," "anticipate," "estimate," "project," "propose," "plan," "intend" and similar words and expressions. Forward-looking statements are not guarantees of completion of proposed transactions, availability of tax-free treatment, or similar matters. Forward-looking statements are subject to risks and uncertainties outside CECO's control. Actual events or results may differ materially from the forward-looking statements. For a discussion of additional contingencies and uncertainties to which information respecting future events is subject, see CECO's other SEC reports.

## Item 9.01. Financial Statements and Exhibits

- 10.1 First Amendment to Credit Agreement
- 10.2 Amended and Restated Revolving Credit Promissory Note
- 10.3 Amended and Restated Term Promissory Note
- 10.4 Release of Guaranty
- 10.5 Ninth Amendment to Restated and Amended Purchase Agreement
- 99.1 Press Release

### 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: June 14, 2006

By: /s/ Dennis W. Blazer

Dennis W. Blazer  
Chief Financial Officer and Vice President-Finance and



## Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
EX-10.2	Amended and Restated Revolving Note
EX-10.3	Amended and Restated Term Note
EX-10.4	Release of Guaranty
EX-10.1	Amendment to Credit Agreement
EX-99.1	Press Release
EX-10.5	Ninth Amendment to Restated and Amended Purchase Agreement

**A FIFTH THIRD BANCORP BANK**

AMENDED AND RESTATED

## REVOLVING CREDIT PROMISSORY NOTE

OFFICER NO. \_\_\_\_\_ NOTE No. \_\_\_\_\_

\$13,000,000 December 29, 2005

First Amendment and Restatement June 8, 2006

(Effective Date)

**Promise to Pay.** On or before January 31, 2009 (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, CECOAIRE, INC., a Delaware corporation, CECO ABATEMENT SYSTEMS, INC., a Delaware corporation, and H.M. WHITE, INC., 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 THIRTEEN MILLION AND 00/100 Dollars (\$13,000,000), 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 Borrower's affiliates dated as of December 29, 2005, as amended by the First 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 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(k) 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 rate (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) being asked on an amount of Eurodollar deposits approximately equal to the amount of the advances subject to a LIBOR Election on the first day of a LIBOR Interest Period and which has a maturity corresponding to the maturity of the LIBOR Interest Period, as reported by the Dow Jones Telerate news service (or any successor or other reporting service selected by Lender) as determined by Lender by noon on the effective date of the LIBOR Interest Period (the "LIBOR Rate") plus the Applicable LIBOR Rate Margin (as defined herein) (a "LIBOR Election"). Each determination by Lender of the LIBOR Rate shall be conclusive in the absence of manifest error. Interest 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 advance shall remain at the rate elected for the remainder of the subject LIBOR Interest Period.

The "LIBOR Interest Period" for each advance is a period of 30, 60, or 90 days, 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 in respect of the LIBOR Rate 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. 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 such 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 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.

(b) Prime Rate. Upon telephonic notice by Borrowers to Lender by 10:00 a.m. Local Time, Borrower 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 of any advance hereunder bearing interest with reference to the LIBOR Rate, and on or before the date which is two Business Days prior to the expiration of the applicable LIBOR Interest Period, Borrowers shall notify Lender of each of the following: (a) the LIBOR Interest Period Borrowers have elected regarding each advance hereunder or any continuation of a LIBOR Election with respect to a portion of the indebtedness evidenced hereby, (b) the amount of each such advance or continuation, and (c) the commencement date of each LIBOR Interest Period. Borrowers may have advances outstanding hereunder bearing interest with reference to the LIBOR Rate in minimum amounts of \$1,000,000 (and integral multiples of \$100,000) 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 Interest Period election with respect to any advance commence s prior to the expiration of the applicable LIBOR Interest Period in effect with respect to such advance; and (iii) at no time may Borrowers have more than three outstanding LIBOR Elections, 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	Applicable LIBOR Rate
		Margin	Margin
Level 1	£ 1.10 to 1.0	2.0%	Not Available
Level 2	> 1.10 to 1.0 and £ 1.250 to 1.0	0.50%	2.75%

Level 3	> 1.250 to 1.0 and £ 1.50 to 1.0	0.25%	2.50%
Level 4	> 1.50 to 1.0	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, 2006. 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 £ 1.10 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 0.50% per annum and the Applicable LIBOR Rate Margin is 2.75% (*i.e.*, Pricing Grid Level 2, notwithstanding the Loan Parties' actual Fixed Charge Coverage Ratio prior to and as of such Effective Date). Notwithstanding anything to the contrary herein, upon the occurrence, and during the continuance of, any period in which Borrowers' Fixed Charge Coverage Ratio is, or is deemed to be, £ 1.10 to 1.0 and the pricing associated therewith (*i.e.*, Pricing Grid Level 1) (such period being a "Pricing Grid Level 1 Period"), Borrowers may not make any LIBOR Elections (other than those made and existing prior to the Determination Date upon which the Pricing Grid Level 1 Period commenced).

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. 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), Borrower 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 Revolving Credit Promissory Note dated as of December 29, 2005 in the principal amount of \$13,000,000 (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 at the address set forth herein by certified mail, return receipt requested, if such service of process is received by Borrowers.

**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.**

/s/Dennis W. Blazer

/s/Dennis W. Blazer

By:

By:

Dennis W. Blazer, Secretary and Treasurer

Dennis W. Blazer, Secretary and Treasurer



**THE KIRK & BLUM  
MANUFACTURING COMPANY**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**KBD/TECHNIC, INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**CECOAIRE, INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**CECO ABATEMENT SYSTEMS, INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**H.M. WHITE, INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Treasurer

**A FIFTH THIRD BANCORP BANK**

AMENDED AND RESTATED

TERM PROMISSORY NOTE

OFFICER NO. \_\_\_\_\_ NOTE No. \_\_\_\_\_

\$2,841,666.65 December 29, 2005

First Amendment and Restatement June 8, 2006

(Effective Date)

**Promise to Pay.** On or before January 31, 2009 (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, and H.M. WHITE, INC., 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 TWO MILLION EIGHT HUNDRED FORTY-ONE THOUSAND SIX HUNDRED SIXTY-SIX AND 65/100 Dollars (\$2,841,666.65), plus interest as provided herein. The outstanding balance of 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 Borrower's affiliates, as amended by the First 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 commencing on July 1, 2006 and continuing on the same day of each and every calendar month thereafter until this Note has been paid in full:

Period Payment

Each calendar month from and

including July 1, 2006

through, and including,

January 1, 2009 \$51,666.67

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(k) 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 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 rate (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 portions of this Note subject to the LIBOR Election) being asked on an amount of Eurodollar deposits approximately equal to the amount of the unpaid principal balances of this Note subject to a requested LIBOR Election on the first day of a LIBOR Interest Period and which has a maturity corresponding to the maturity of the LIBOR Interest Period, as reported by the Dow Jones Telerate news service (or any successor or other reporting service selected by Lender) as determined by Lender by noon on the effective date of the LIBOR Interest Period (the "LIBOR Rate") plus the Applicable LIBOR Rate Margin (as defined herein) (a "LIBOR Election"). Each determination by Lender of the LIBOR Rate shall be conclusive in the absence of manifest error. Interest 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 requested LIBOR Election is a period of 30, 60, or 90 days, 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 in respect of the LIBOR Rate 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. 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 such 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 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.

(b) Prime Rate. Upon telephonic notice by Borrowers to Lender by 10:00 a.m. Local Time, Borrower 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 commencement of any LIBOR Interest Period, 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 such portion of the unpaid principal balance of this Note or any continuation of a LIBOR Election with respect to such portion, (b) the amount of each such portion or continuation, and (c) the commencement date of each LIBOR Interest Period. Borrowers may have portions of the unpaid principal balance of this Note bearing interest with reference to the LIBOR Rate in minimum amounts of \$1,000,000 (and integral multiples of \$100,000) 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 Interest Period election with respect to any portion of the unpaid principal balance of this Note commences prior to the expiration of the applicable LIBOR Interest Period in effect with respect to such portion; and (iii) at no time may Borrowers have more than three outstanding LIBOR Elections, 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	Applicable LIBOR Rate
		Margin	Margin
Level 1	£ 1.10 to 1.0	2.25%	Not Available
Level 2	> 1.10 to 1.0 and £ 1.250 to 1.0	0.75%	3.0%
Level 3	> 1.250 to 1.0 and £ 1.50 to 1.0	0.50%	2.75%
Level 4	> 1.50 to 1.0	0.25%	2.50%

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, 2006. 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 £ 1.10 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 0.75% per annum and the Applicable LIBOR Rate Margin is 3.00% (*i.e.*, Pricing Grid Level 2, notwithstanding the Loan Parties' actual Fixed Charge Coverage Ratio prior to and as of such Effective Date). Notwithstanding anything to the contrary herein, upon the occurrence, and during the continuance of, any period in which Borrowers' Fixed Charge Coverage Ratio is, or is deemed to be, £ 1.10 to 1.0 and the pricing associated therewith (*i.e.*, Pricing Grid Level 1) (such period being a "Pricing Grid Level 1 Period"), Borrowers may not make any LIBOR Elections (other than those made and existing prior to the Determination Date upon which the Pricing Grid Level 1 Period commenced).

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 Term Loan 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. 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), Borrower 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 Term Promissory Note dated as of December 29, 2005 in the original principal amount of \$3,100,000 (the "Prior 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 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 at the address set forth herein by certified mail, return receipt requested, if such service of process is received by Borrowers.

**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.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**NEW BUSCH CO., INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**THE KIRK & BLUM**

**MANUFACTURING COMPANY**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**KBD/TECHNIC, INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**CECOAIRE, INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**CECO ABATEMENT SYSTEMS, INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**H.M. WHITE, INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Treasurer

**RELEASE OF GUARANTY**

THIS RELEASE OF GUARANTY, dated as of June 8, 2006 (the "Effective Date"), is made by FIFTH THIRD BANK, an Ohio banking corporation ("Lender"), in favor of PHILLIP DEZWIREK ("Guarantor").

**WITNESSETH:**

WHEREAS, Guarantor made an Amended and Restated Guaranty dated as of December 29, 2005, to, and for the benefit of, Lender in connection with Lender's loans to 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, and CECO ABATEMENT SYSTEMS, INC., a Delaware corporation (the "Guaranty"); and

WHEREAS, Lender has elected to release Guarantor of his obligations under the Guaranty.

NOW, THEREFORE, Lender hereby releases Guarantor of all of his indebtedness, obligations and liability under the Guaranty and terminates the Guaranty.

IN WITNESS WHEREOF, Lender has caused this Release of Guaranty to be duly executed as of the Effective Date.

**FIFTH THIRD BANK**

/s/Donald K. Mitchell

By:

Donald K. Mitchell, Vice President

Agreed to and Accepted as of the Effective Date.

/s/Phillip DeZwirek

**PHILLIP DEZWIREK**

**FIRST AMENDMENT****TO****CREDIT AGREEMENT**

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of June 8, 2006 (the "Effective Date"), by and among **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"), and **H.M. WHITE, INC.**, a Delaware corporation ("H.M. White"), and **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 (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 recognition of H.M. White as a Domestic Subsidiary of Group; (ii) increase the maximum capital expenditures Financial Covenant for Fiscal Year 2005 from \$600,000 to \$675,000; (iii) extend the stated Termination Date of the Credit Agreement from January 31, 2007 to January 31, 2009; (iv) implement incentive pricing with respect to the Line of Credit, Term Loan, Unused Line Fee and LOC Fee, each to be based upon Borrowers' Fixed Charge Coverage Ratio; (v) increase the required minimum "peg" balance in the Funding Account from \$220,000 to \$500,000; (vi) release Phillip DeZwirek ("Mr. DeZwirek") from his obligations under that certain Amended and Restated Guaranty dated December 29, 2005 (the "Individual Guaranty") made by Mr. DeZwirek in favor of Lender and (vii) 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:

"Applicable Unused Line 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. Prior to and as of the Effective Date (as defined in the First Amendment), the Applicable Unused Line Fee Percentage is 0.50% (*i.e.*, Pricing Grid Level 2 notwithstanding the Loan Parties' actual Fixed Charge Coverage Ratio prior to and as of such Effective Date).

<b>Pricing Grid</b>	<b>Fixed Charge</b>	<b>Applicable Unused Line Fee Percentage</b>
<b>Level</b>	<b>Coverage Ratio</b>	
Level 1	£ 1.10 to 1.0	0.75%
Level 2	> 1.10 to 1.0 and £ 1.250 to 1.0	0.50%
Level 3	> 1.250 to 1.0 and £ 1.50 to 1.0	0.25%
Level 4	> 1.50 to 1.0	0.25%

"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 First Amendment), the Applicable LOC Fee Percentage is 2.50% (*i.e.*, Pricing Grid Level 2 notwithstanding the Loan Parties' actual Fixed Charge Coverage Ratio as of such Effective Date). Prior to such Effective Date, the Applicable LOC Fee Percentage was 3.00% (*i.e.*, Pricing Grid Level 1 notwithstanding the Loan Parties' actual Fixed Charge Coverage Ratio prior to such Effective Date).



Pricing Grid	Fixed Charge	
Level	Coverage Ratio	Applicable LOC Fee Percentage
Level 1	£ 1.10 to 1.0	3.0%
Level 2	> 1.10 to 1.0 and £ 1.250 to 1.0	2.50%
Level 3	> 1.250 to 1.0 and £ 1.50 to 1.0	2.25%
Level 4	> 1.50 to 1.0	2.0%

"First Amendment" means the First Amendment to this Agreement dated as of June 8, 2006.

"H.M. White" means H.M. White, Inc., a Delaware corporation, and its successors and assigns.

"LIBOR Rate" has the meaning given in the Revolving Note.

"LIBOR Rate Loan" means that portion of the Loans which, as of any date, bears interest at an interest rate per annum equal to the LIBOR Rate plus the applicable margin as set forth in the applicable Note.

1.2 The definitions of "Borrower", "Borrowing Base", "Borrowing Base Reserves", "Business Day", "Fixed Charges", and "Subordinated Debt Default" in Section 1.1 of the Credit Agreement are hereby amended in their entirety by substituting the following in their respective steads:

"Borrower" means each of Filters, New Busch, K&B, Technic, Aire, Abatement, H.M. White, 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, 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.

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

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

plus (b) the lesser of: (i) \$500,000 or (ii) 50% of the then Eligible Net Unbilled Revenue;

plus (c) the lesser of: (i) \$5,000,000 or (ii) 50% of the then net amount of Eligible Inventory; and

less (d) all then Borrowing Base Reserves.

"Borrowing Base Reserves" means those reserves against the Borrowing Base implemented by Lender from time to time based on such credit and collateral considerations as Lender may deem appropriate to reflect contingencies or risks which may adversely affect any or all of the Loan Collateral, the business, operations, or financial condition of a Loan Party or the security of the Obligations, including (a) 100% of the aggregate mark-to-market exposure, as determined by Lender, of all Rate Management Obligations then owing by a Borrower to Lender or its Affiliate under a Rate Management Agreement and (b) a reserve for rent for any of Borrower's Facilities leased by a Borrower for which Borrowers have not obtained a landlord's waiver agreement on terms and in substance satisfactory to Lender, such reserve to be in an amount which is the longer of: (i) three months or (ii) the period under applicable law for which such landlord has been granted a Lien, as determined by Lender in the exercise of its discretion in good faith.

"Business Day" means (a) any day on which commercial banks in Cincinnati, Ohio are required by law to be open for business and (b) with respect to all notices and determinations in connection with, and payments of principal and interest on, Loans bearing interest with reference to the LIBOR Rate, any day (other than a Saturday or Sunday) on which commercial banks are open for business in New York, New York. Periods of days referred to in this Agreement will be counted in calendar days unless Business Days are expressly prescribed.

"Fixed Charges" means, for the applicable Test 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 Test Period, including those under the Term Loan Note, the ICS Note, the Sandler Note, and the Subordinated Debt Notes (whether

classified, as of any date, as long-term Indebtedness); plus (b) scheduled capital lease payments by the Loan Parties during the applicable Test Period; and plus (c) the Loan Parties' aggregate cash interest expense for the applicable Test Period, including interest paid on the Obligations, all capital lease obligations, the Subordinated Debt, and any other Indebtedness for the applicable Test Period; *provided, however*, 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 will be excluded for purposes only of determining Fixed Charges.

"Subordinated Debt Default" means any of the following (or any combination of the following): (i) a default or breach of or under any of the Subordinated Debt Documents, (ii) any event or circumstance that would become a default or breach on the Subordinated Creditor's election or would become a default or breach after notice, the lapse of time, or on the satisfaction of any other condition, or all of the foregoing, (iii) the acceleration of any or all of the Subordinated Debt, or (iv) the maturity of the Subordinated Debt on April 1, 2007 without the maturity of such Indebtedness being extended, in a writing signed by the Subordinated Creditor and Parent before April 1, 2007 on terms satisfactory to Lender, to a date beyond the Termination Date.

1.3 Each reference to "January 31, 2007" in the definition of "Termination Date" in Section 1.1 of the Credit Agreement is hereby amended by substituting a reference to "January 31, 2009" for "January 31, 2007" where it appears therein.

1.4 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 First Amendment) of the First Amendment, Borrowers shall execute and deliver to Lender an Amended and Restated Revolving Credit Promissory Note in the form of Exhibit 2.1 attached to the First Amendment (as amended, the "Revolving Note"), dated as of the Effective Date (as defined in the First Amendment), in the principal amount of \$13,000,000, and bearing interest at such rates, and payable upon such terms, as specified in the Revolving Note.

1.5 Section 2.2(a) of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

(a) On December 29, 2005, Lender made a loan to Borrowers in an original aggregate amount equal to \$3,100,000 (the "Term Loan"). No part of the Term Loan may, on the repayment thereof, be redrawn or reborrowed by a Borrower. The entire unpaid principal balance of, and accrued interest on, the Term Loan, if not sooner repaid, will be due and payable on the Termination Date with respect to the Term Loan. As of the Effective Date (as defined in the First Amendment) of the First Amendment, (i) the outstanding principal balance of the Term Loan is \$2,841,666.65 and (ii) Borrowers shall execute and deliver to Lender an Amended and Restated Term Promissory Note in the form of Exhibit 2.2 attached to the First Amendment (as amended, the "Term Loan Note"), dated as of the Effective Date (as defined in the First Amendment), in the principal amount of \$2,841,666.65, and bearing interest at such rates, and payable upon such terms, as specified in the Term Loan Note.

1.6 Section 2.3(j) of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

(j) (i) Borrowers will pay to Lender, with respect to each Letter of Credit, a fee ("LOC Fee") equal to the Applicable LOC Fee Percentage per annum on the amount available to be drawn under each Letter of Credit from, and including, the issuance date of the Letter of Credit to and including the expiry date thereof (or, if earlier, the date on which the Letter of Credit is returned to Lender and is canceled). In addition, Borrowers will pay to Lender, on its demand for payment, Lender's then current issuance, opening, closing, transfer, amendment, draw, renewal, negotiation and other letter of credit administration fees, charges and out of pocket expenses with respect to each Letter of Credit. The LOC Fee is fully earned by Lender when paid and will be due and payable on the issuance of each Letter of Credit. The LOC Fee will be calculated on the basis of the actual number of days elapsed in a 360-day year. If any Letter of Credit is cancelled for any reason before the stated expiry date thereof, any LOC Fee paid in advance will not be refunded and will be retained by Lender solely for its account.

(ii) For purposes of determining the Applicable LOC Fee Percentage, the Fixed Charge Coverage Ratio will, on and after the First Pricing Grid Determination Date, be determined 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"). The "First Pricing Grid Determination Date" will be December 31, 2006. 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 this Agreement for the Fiscal Year then ended, the LOC Fee will be subject to adjustment in accordance with the table set forth in the definition of "Applicable LOC Fee Percentage" based on the 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 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 this Agreement for the Fiscal Year then ended until the next succeeding effective date of adjustment pursuant to this clause (ii) of Section 2.3(j). 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 this 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 this Agreement have not been delivered in accordance with Section 4.3 of this 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 this Agreement and continuing until such financial statements or Compliance Certificate are actually delivered in accordance with Section 4.3 of this Agreement, it shall be assumed for purposes of determining the Applicable Margins, that the Fixed Charge Coverage Ratio was £ 1.10 to 1.0 and the pricing associated therewith (*i.e.*, Pricing Grid Level 1) will be applicable on the then applicable Determination Date.

**1.7** Section 2.4(c) of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

(c) Each Business Day, Lender will, or will cause the applicable Lender Affiliate, automatically and without notice, request or demand by Borrowers, in accordance with Lender's (or as applicable, the applicable Lender Affiliate's) automatic sweep program, transfer all collected and available funds in the Collection Account: (i) for application against the unpaid principal balance of all Prime Rate Loans and (ii) to be held in the Collection Account to the extent of any LIBOR Rate Loans. Pursuant to that automatic sweep program, Lender will either make Revolving Loans to the extent necessary to cover Presentments to the Controlled Disbursement Account or to maintain a minimum collected, positive (*i.e.*, "peg") balance in the Funding Account of \$500,000 at all times; *however*, in no event will the principal amount of the Revolving Loans advanced pursuant to the herein described automatic sweep program exceed the maximum available amount provided for in Section 2.1(a). Without limitation of the provisions in the Security Agreement, and without limitation to the provisions below relating to the ownership of the Lock Box, the Collection Account and the deposits and funds therein, Lender shall have, and Borrowers hereby grant to Lender, a Lien on all funds held in the Funding Account, the Controlled Disbursement Account, the Collection Account and Lock Box as security for the Obligations. The Funding Account, Controlled Disbursement Account, and Collection Account will not be subject to any deduction, set-off, banker's lien or any other right in favor of any Person other than Lender or an Affiliate of Lender and its Affiliates. If any Remittance deposited in the Collection Account is dishonored or returned unpaid for any reason, Lender, in its discretion, may charge the amount of such dishonored or returned Remittance directly against Borrowers and any account maintained by any Borrower with Lender or the applicable Lender Affiliate and such amount shall be deemed part of the Obligations. Neither Lender nor the applicable Lender Affiliate shall be liable for any loss or damage resulting from any error, omission, failure or negligence on the part of Lender or the applicable Lender Affiliate with respect to the operation of the Funding Account, Controlled Disbursement Account, Collection Account, the Lock Box, or the services to be provided by Lender or the applicable Lender Affiliate under this Agreement except to the extent, but only to the extent, of any direct damages, as opposed to any consequential, special or lost profit damages suffered by a Borrower from gross negligence or willful misconduct of Lender or the applicable Lender Affiliate. Until a payment is received by Lender for Lender's account in finally collected funds, all risks associated with such payment will be borne solely by Borrowers.

**1.8** Section 2.7 of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

2.7 Unused Line Fee. (a) Commencing on July 1, 2006 and continuing on the first day of each and every calendar month thereafter until the Obligations are fully paid and satisfied (and, as applicable, on the date this Agreement is terminated), Borrowers will pay to Lender a fee ("Unused Line Fee") in an amount equal to the result obtained by multiplying (i) the difference between (A) the Revolving Commitment and (B) the average daily Revolving Loans advanced to Borrowers during the preceding calendar month (or portion thereof during which any portion of the Revolving Loans was outstanding or during which this Agreement was in full force and effect) for which the Unused Line Fee is being determined by (ii) the result obtained (expressed as a percentage) by multiplying the Applicable Unused Line Fee Percentage by a fraction, the numerator of which is the sum of days in such calendar month during which this Agreement was in full force and effect (or during which any portion of the Revolving Loans was outstanding) and the denominator of which is 360. The Unused Line Fee is payable in arrears by Borrowers.

(b) For purposes of determining the Applicable Unused Line Fee Percentage, the Fixed Charge Coverage Ratio will, on and after the First Pricing Grid Determination Date, be determined 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"). The "First Pricing Grid Determination Date" will be December 31, 2006. 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 this Agreement for the Fiscal Year then ended, the Unused Line Fee will be subject to adjustment in accordance with the table set forth in the definition of "Applicable

Unused Line Fee Percentage" based on the 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 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 this Agreement for the Fiscal Year then ended until the next succeeding effective date of adjustment pursuant to this Section 2.7. 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 this 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 this Agreement have not been delivered in accordance with Section 4.3 of this 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 this Agreement and continuing until such financial statements or Compliance Certificate are actually delivered in accordance with Section 4.3 of this Agreement, it shall be assumed for purposes of determining the Applicable Margins, that the Fixed Charge Coverage Ratio was £ 1.10 to 1.0 and the pricing associated therewith (*i.e.*, Pricing Grid Level 1) will be applicable on the then applicable Determination Date.

**1.9** The reference to "\$600,000" in Section 5.3 of the Credit Agreement is hereby amended by substituting a reference to "\$675,000" for "\$600,000" where it appears therein.

**1.10** Section 6.1(f) of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

(f) (i) There occurs a Subordinated Debt Default, and the Subordinated Creditor has taken any action to declare such Subordinated Debt Default or has taken any action to enforce any of its rights or remedies with respect to such Subordinated Debt Default or (ii) (A) any Loan Party defaults under the terms of any other Indebtedness or lease that, individually or in the aggregate (when added to all other Indebtedness, if any, of any one or more Loan Party then in default), involves Indebtedness in excess of \$100,000, (B) such default is not cured within any applicable cure period or waived by the applicable creditor, and (C) such default gives any creditor or lessor the right to accelerate the maturity of any such Indebtedness or lease payments, which right is not contested by such Loan Party or is determined by any court of competent jurisdiction to be valid; or

**1.11** Section 6.4(b) of the Credit Agreement is hereby amended in its entirety by substituting the following in its place:

(b) Borrowers may terminate this Agreement (i) by giving Lender written notice ("Termination Notice") of the date on which this Agreement is to terminate ("Voluntary Termination Date") at least 30 days before the Voluntary Termination Date, and (ii) by paying on any such Voluntary Termination Date: (A) all of the Obligations and (B) for any Voluntary Termination Date on or before January 31, 2008, as compensation to Lender for loss of bargain with respect to the credit advanced hereunder, and not as a penalty, a termination fee (the "Termination Fee") in an amount equal to 1% of the Revolving Commitment. Upon the Voluntary Termination Date, (1) all Loans and all other Obligations will automatically and immediately become due and payable, (2) Borrowers will cause all Letters of Credit to be replaced or cash collateralized on terms satisfactory to Lender; and (3) Lender's obligations under this Agreement and the other Loan Documents arising on and after that effective date of termination will automatically terminate immediately, without notice or demand, which the Loan Parties hereby expressly waive.

**1.12** 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. 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. Consents by Lender: H.M. White as Borrower and the Release of the Individual Guaranty.** The Loan Parties have requested that Lender consent to the recognition of H.M. White as a Domestic Subsidiary of Group (the "H.M. White 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 H.M. White 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 H.M. White 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. In addition, the Loan Parties have requested that Lender consent to the release of the Individual Guaranty. Upon the execution and delivery of this Amendment by the Loan Parties and the satisfaction of its terms, Lender will execute and deliver to Mr. DeZwirek the Release of Guaranty in the form of Exhibit A attached hereto, releasing of the Individual Guaranty. The release of the Individual Guaranty effected in connection with this Amendment, either alone or together with other consents, or releases of guaranty, as applicable, which Lender may give from time to time, shall not, by course of dealing, implication or otherwise, obligate Lender to release any other guaranty, in any case past, present or future, other than the Individual Guaranty, or reduce, restrict or in any way affect the discretion of Lender in considering any future consent for a release 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 Amended and Restated Revolving Credit Promissory Note ("Amended and Restated Revolving Note") in the form of Exhibit 2.1 attached hereto; (b) the Amended and Restated Term Promissory Note ("Amended and Restated Term Loan Note") in the form of Exhibit 2.2 attached hereto; (c) the Joinder Agreement (the "Joinder Agreement"), the Security Agreement, and the Guaranty, all in the form of Exhibit 3 attached hereto; (d) amendments to each Mortgage relating to the Mortgaged Property located in Fayette County, Kentucky, and Jefferson County, Kentucky, respectively; (e) the First Amendment to Pledge Agreement executed by Group in favor of Lender; (f) copies, certified by the directors of H.M.White, 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; and (g) 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, the Amended and Restated Term Loan Note and the other Loan Documents being amended 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, the Amended and Restated Term Loan Note and the other Loan Documents being amended in connection herewith, respectively, have been duly authorized by all necessary corporate action.

**4.2** This Amendment, the Amended and Restated Revolving Note, the Amended and Restated Term Loan Note and the other Loan Documents being amended 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.

**5. Costs and Expenses; Amendment Fee.** As a condition of this Amendment, (i) Borrowers will pay to Lender an amendment fee of \$5,000, 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, (ii) the Revolving Note will be deemed to be a reference to the Amended and Restated Revolving Note, and (iii) the Term Loan Note will be deemed to be a reference to the Amended and Restated Term Loan 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 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, the Amended and Restated Term Loan Note, and the other Loan Documents being 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 a mended and restated in connection with, this Amendment and (b) "Borrower" or "Borrowers" shall be deemed to include a reference to H.M. White, 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.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Chief Financial Officer  
and Vice President

**CECO GROUP, INC**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Chief Financial Officer,  
Secretary and Treasurer

**CECO FILTERS, INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**NEW BUSCH CO., INC.**

/s/Dennis W. Blazer

By:

Dennis W. Blazer, Secretary and Treasurer

**THE KIRK & BLUM**

**MANUFACTURING COMPANY**

/s/Dennis W. Blazer

**KBD/TECHNIC, INC.**

/s/Dennis W. Blazer

By:  
Dennis W. Blazer, Secretary and Treasurer

By:  
Dennis W. Blazer, Secretary and Treasurer

**CECOAIRE, INC.**

**CECO ABATEMENT SYSTEMS, INC.**

/s/Dennis W. Blazer

/s/Dennis W. Blazer

By:  
Dennis W. Blazer, Secretary and Treasurer

By:  
Dennis W. Blazer, Secretary and Treasurer

**H.M. WHITE, INC.**

**FIFTH THIRD BANK**

/s/Dennis W. Blazer

/s/ Donald K. Mitchell

By:  
Dennis W. Blazer, Treasurer

By:  
Donald K. Mitchell, Vice President

**EXHIBIT A**

(Release of DeZwirek Guaranty)

**EXHIBIT 2.1**

(Amended and Restated Revolving Note)

**EXHIBIT 2.2**

(Amended and Restated Term Loan Note)

**EXHIBIT 3**

(Joinder Agreement, Security Agreement, Guaranty)

## NASDAQ:CECE NEWS RELEASE

### CECO ENVIRONMENTAL FINALIZES AMENDED CREDIT AGREEMENT

NEW YORK, June 14, 2006 - CECO Environmental Corp. (NASDAQ: CECE), a leading provider of air pollution control and industrial ventilation systems announced today that it has successfully negotiated an amendment to its existing credit agreement.

The amendment extends the maturity date of CECO's \$16.1 million credit facility from January 31, 2007 to January 31, 2009, reduces the rate of interest from prime plus 2.25% on the term debt and from prime plus 2.0% on the revolving loan to either prime plus 0.5% or LIBOR plus 2.75%, at the option of the borrower.

Additionally, H.M. White, a wholly owned subsidiary of CECO Group, Inc. was added as a borrower and the personal guaranty of Phillip DeZwirek was released.

Chairman and CEO, Phillip DeZwirek commented "We continue to benefit from our strengthening financial performance and increasing backlog of business. These lower rates will significantly reduce our interest costs and provide lower cost financing for our future working capital needs."

#### ABOUT CECO ENVIRONMENTAL

CECO Environmental Corp. is North America's largest independent air pollution control company. Through its seven subsidiaries -- Busch, CECOaire, CECO Filters, CECO Abatement Systems, kbd/Technic, Kirk & Blum and H. M. White, Inc. - CECO provides a wide spectrum of air quality services and products including: industrial air filters, environmental maintenance, monitoring and management services, and air quality improvements systems. CECO is a full-service provider to the steel, military, aluminum, automotive, ethanol, aerospace, semiconductor, chemical, cement, metalworking, glass, foundry and virtually all-industrial process industries.

For more information on CECO Environmental please visit the company's website at <http://www.cecoenviro.com/>.

#### Contact:

#### Corporate Information

Phillip DeZwirek, CECO Environmental Corp.

Email: [investors@cecoenviro.com](mailto:investors@cecoenviro.com)

#### 1-800-606-CECO

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All forward-looking statements are subject to certain risks, uncertainties and assumptions. These risks and uncertainties, which are more fully described in CECO's Annual and Quarterly Reports filed with the Securities and Exchange Commission, include changes in market conditions in the industries in which the Company operates. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may vary in material aspects from those currently anticipated.

###



**NINTH AMENDMENT TO  
RESTATED AND AMENDED PURCHASE AGREEMENT**

This Ninth Amendment and Assignment to Restated and Amended Purchase Agreement ("**Ninth Amendment**") is effective as of the 8th of June, 2006, between **MILLWORKS TOWN CENTER, LLC**, an Ohio limited liability company ("**Purchaser**"), and **THE KIRK & BLUM MANUFACTURING COMPANY**, an Ohio corporation ("**Seller**").

**WITNESSETH:**

**WHEREAS**, Seller and Trademark Property Company entered into that certain Restated and Amended Purchase Agreement dated June 20, 2005, as amended by that certain First Amendment to Restated and Amended Purchase Agreement dated July 15, 2005 and the Second Amendment to Restated and Amended Purchase Agreement dated September 14, 2005; Seller, Trademark Property Company and Purchaser entered into the Third Amendment and Assignment to Restated and Amended Purchase Agreement dated October 20, 2005; Seller and Purchaser entered into the Fourth Amendment to Restated and Amended Purchase Agreement dated December 29, 2005; Seller and Purchaser entered into the Fifth Amendment to Restated and Amended Purchase Agreement dated March 1, 2006; Seller and Purchaser entered into the Sixth Amendment to Restated and Amended Purchase Agreement dated April 21, 2006; Seller and Purchaser entered into the Seventh Amendment to Restated and Amended Purchase Agreement dated May 9, 2006; and Seller and Purchaser entered into the Eighth Amendment to Restated and Amended Purchase Agreement dated May 26, 2006 (as amended, the "**Agreement**"), covering the sale of two (2) separate parcels of land, as more particularly described therein (unless otherwise defined herein, all defined terms in this Ninth Amendment will have the same meaning as in the Agreement); and

**WHEREAS**, Purchaser and Seller have previously agreed that the Closing of Parcel A was extended to occur on or before June 2, 2006;

**NOW, THEREFORE**, for good and valuable consideration -- which the parties acknowledge receiving -- Seller and Purchaser hereby agree as follows:

1. Closing of Parcel A is extended until on or before August 31, 2006, notwithstanding anything in the Agreement to the contrary.
2. Purchaser may extend Closing of Parcel A until on or before November 30, 2006 by delivering to Seller a nonrefundable, but fully applicable to the purchase price, payment of Four Hundred Fifty Thousand Dollars (\$450,000.00) on or before August 31, 2006 (the "Delayed Closing Fee").

Except as specifically modified by the terms of this Ninth Amendment, all of the terms and provisions of the Agreement shall remain in full force and effect and unmodified and are hereby ratified by the parties.

This Agreement may be executed in any number of counterparts, each of which will be an original, and all of which -- when taken together -- will constitute one (1) document. Facsimile signatures will be treated as original signatures for all purposes hereunder.

*(signature blocks on following page)*

**EFFECTIVE** as of the day and year first above written.

**PURCHASER: MILLWORKS TOWN CENTER, LLC,**

an Ohio limited liability company

/s/ Kent Arnold

By:

Name:

Its: /s/ Managing Member

**SELLER: THE KIRK & BLUM MANUFACTURING COMPANY,**

an Ohio corporation

/s/Dennis W. Blazer

By:

Name:

Its: /s/Treasurer

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