U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-KSB
Annual Report under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1998

Commission File No. 0-7099

CECO ENVIRONMENTAL CORP.
(Name of Small Business Issuer in Its Charter)

New York	13-2566064
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

505 University Avenue, Suite 1400 Toronto, Ontario CANADA	M5G 1X3
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (416) 593-6543

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $0.01 par value per share
(Title of Class)

Check whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No__.

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

State issuer's revenues for its most recent fiscal year: $26,381,622

Aggregate market value of voting stock held by non-affiliates of registrant (based on the last sale price on March 15, 1999): $16,071,279

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date: 8,388,816 shares of common stock, par value $0.01 per share, as of March 15, 1999.

Transitional Small Business Disclosure Format: Yes__ No _X_

PART I

Item 1. Business

CECO Environmental Corp. ("CEC" or the "Company") was incorporated in New York State in 1966. The Company owns 6,373,192 shares of common stock CECO Filters, Inc. ("CECO"), representing 92.8% of CECO's outstanding common stock. The Company has no significant operations nor does it hold any significant assets other than CECO stock. CECO was incorporated July 25, 1985, and commenced operations in August 1985.

For a description of CECO's business and other information regarding CECO, see "CECO Filters, Inc." below.

Recent Developments

In 1998 management at CECO continued to concentrate on targeting industrial markets in addition to specialty markets by focusing on adding service components to products offered. In addition, CECO continued to focus on offering a facilities management service, which focus began in 1997. The facilities management service combines products and management services using industry leading computer technology. Such service is also known as Computer Aided Facilities Management ("CAMF").

On September 25, 1997, pursuant to an Asset Purchase Agreement, New Busch Co., Inc., a Delaware corporation ("Busch") which is a wholly-owned subsidiary of CECO, acquired certain assets, and all rights and interests of, Busch Co., a Pennsylvania corporation (the "Seller") for a purchase price of $2,100,000 plus acquisition costs. The Seller was engaged in the business of marketing, selling, designing and assembling ventilation, environmental and process-related products, and also provided manufacturer's representative services to certain companies or manufacturers in support of related businesses. Busch has continued this business, focusing on providing custom engineered, high quality, precision-manufactured products to steel aluminum, chemical, paper, glass and other related industries, and also in providing a wide range of special services, including conceptual studies, application engineering and system start-up.

In connection with such acquisition, Busch entered into an Employment, Non-Compete and Confidentiality Agreement with Andrew M. Halapin, the majority stockholder and President of the Seller, pursuant to which Mr. Halapin agreed to be Busch's President and Chief Operating Officer for approximately three years. Included as compensation for Mr. Halapin's services was a $500,000 signing bonus. For a description of Busch's business and other information regarding Busch see "New Busch Co., Inc." below.

On March 16, 1998, pursuant to an Asset Purchase Agreement, U.S. Facilities Management Company, Inc. ("USFM"), a wholly owned subsidiary of CECO, acquired certain assets, and all rights and interests of, Integrated Facilities Management, Inc. an Arizona corporation ("IFM") for a purchase price of $150,000. IFM was engaged in the business of

providing a full range of services for inter-facility general repair, preventative maintenance and inter-facility construction needs for owners and users of industrial commercial, educational, healthcare and manufacturing facilities (the "IFM Business"). The closing was deemed effective as of January 1, 1998. The funds used for the acquisition were from the working capital of the Company. The IFM Business in 1998 was responsible for approximately $4,500,000 of the Company's gross revenues. CECO invested an additional approximately $840,000 in such division. However, because of the high overhead associated with the IFM Business, the IFM Business generated an operating loss in 1998 and CECO is, therefore, curtailing the IFM Business in 1999.

CECO, as of March 16, 1999 refinanced its various credit facilities that were formerly with Core States Bank with PNC Bank, National Association ("PNC"). PNC has provided a $5,000,000 line of credit, a $625,000 term loan, a $787,155 first mortgage loan and a $2,000,000 senior committed acquisition line of credit to CECO and its wholly-owned subsidiaries, Air Purator Corporation, New Busch Co., Inc and U.S. Facilities Management Company, Inc. (collectively, the "Borrowers"). The proceeds from the line of credit, term loan and the mortgage loan were used to pay in full the Company's then existing obligations to Core States Bank. The line of credit and term loan are secured with the assets of the Borrowers. The mortgage loan is secured with the plant facility owned by the Company in Conshohocken, Pennsylvania. The Company has guaranteed the payment of all of such obligations.

The new financing should enable the Company to continue and to expand its acquisition strategy, which forms a significant part of the Company's growth plans.

Growth and Acquisition Strategy

The Company expects its growth to continue as a result of its acquisition strategy and internal development. A significant part of the Company's growth has and is expected to continue to result from acquisitions of other entities in its industry. Management has and continues to evaluate potential acquisition opportunities for the Company. The Company has received a committed $2,000,000 acquisition line of credit as part of its financing from PNC. In addition, PNC has discussed with the Company an additional line of credit for acquisitions in the amount of $9,000,000, which, if made, would be made in the sole discretion of PNC based upon the details of the acquisition transaction proposed by the Company. Internal growth has and is anticipated to continue to come from the Company's research and development and growth within the Company's industry.

CECO Filters, Inc.

CECO Filters, Inc. ("CECO"), a Delaware corporation, is located in Conshohocken, Pennsylvania. CECO manufactures and sells industrial air filters known as fiber bed mist eliminators. The filters are used to trap, collect and remove solid soluble and liquid particulate matter suspended in an air or other gas stream whether generated in a point source emission or otherwise. The principal functions which can be performed by use of the filters are (a) the

removal of damaging mists and particles (for example, in process operations that could cause downstream corrosion and damage to equipment), (b) the removal of pollutants and (c) the recovery of valuable materials for reuse. The filters are also used to collect fine insoluble particulates. CECO's filters are used by, among others, the chemical and electronics industries; manufacturers of various acids, vegetable and animal based cooking oils, textile products, alkalies, chlorine, paper, computers, automobiles, asphalt, pharmaceutical products and chromic acid; electric generating facilities including cogeneration facilities; and end users of pollution control products such as incinerators.

CECO holds a US Patent for a device with the trade names of the N-SERT(R) and X- SERT(R) prefilter. This device is used to protect the filter's surface from becoming coated with insoluble solids. Field performance has demonstrated the effectiveness of this device. CECO also holds a patent for its N-ESTED(R) multiple-bed fiberbed TWIN-PAK(R) filter, which permits an increase in filter surface area of 60% or more, thus decreasing energy consumption and improving collection efficiency. The device also permits the user to increase the capacity of the emission generating source without an energy or major modification penalty.

CECO's filters range in size from 2 to 20 feet in height and are typically either 16 or 24 inches in diameter. The cages used in CECO's filter assemblies may be stainless steel, carbon steel, titanium or fiberglass mesh. The filter material used in approximately 75% of CECO's filters is fiberglass, which may be purchased in various grades of fiber diameter and chemical resistance depending on the specific requirements of the customer. Filter material may also be made of polyester, polypropelene or ceramic materials. CECO's filters are manufactured with different levels of efficiency in the collectibility of particulates, depending on the requirements of the customer.

Eventually, the filter material contained in CECO's filters will become saturated with insoluble solids or corroded and require replacement. The life of the filter material will be primarily dependent on the nature of the particles collected and the filtration atmosphere. Filter life generally ranges from 3 months to 15 years. The filters can be returned to CECO for replacement of the filter material, or can be replaced on-site by the customer. CECO sells replacement filter material segments with the trade name of SITE-PAK(R) for on-site installation by the customer and compressor kits to be used in connection with on-site replacement.

CECO has exclusive rights to engineer, market and sell the patented Catenary Grid Scrubber(R). This device is designed for use with heat and mass transfer operations and particulate control. CECO designs complete systems centered around these devices.

A significant portion of CECO's business consists of the sale of replacement filter material segments for its filters and for filters made by other manufacturers. The replacement process for filters made by other manufacturers involves modification of the cages to permit the insertion of replacement segments. Once modification of the cage and replacement of filter material has been completed by CECO, subsequent replacement of the filter material can be made on-site by the customer.

During 1998, CECO continued to implement the results of its new design strategies by utilizing standard components customized for specific customer needs. These unique designs are characterized by ease of use, flexibility in application and the ability to achieve complete product recycle when the customer's use is satisfied. This breakthrough enables CECO to offer the same units or applications in widely disparate industries with the possibility to reuse the units once the original use is satisfied. It also allows CECO the flexibility to sell or rent the systems. The rental approach allows CECO to reuse the units after cleaning and repacking, resulting in a high return on capital employed.

Andrew Halapin, president of New Busch Co., became the sales manager of CECO in 1998 to assist in the sale of CECO's products.

Air Purator Corporation

Air Purator Corporation ("APC"), a wholly owned subsidiary of CECO, is engaged in the manufacture of specialty needled fiberglass fabrics. Some of the fabrics are coated to permit their use in certain highly corrosive applications. The fabrics are mainly used in a particulate collection device known as a pulse jet baghouse which is fabricated by a number of companies. Before APC's fabric is placed into the baghouse, the fabric will generally be sewn into a shape resembling a tube closed at one end, called a bag. The bag is then placed in an enclosed cylindrical apparatus known as a bag holder. APC mainly sells its fabrics to the bag fabricator. Other applications include the recovery of valuable materials such as carbon black. There are many domestic and foreign fabricators with which APC deals. APC's flagship product line is known in the field under the Huyglas(R) trade name. Other products include Dynaglas(R) and GNT products.

A felted fiberglass fabric developed by APC and targeted to compete with other fabrics sold for dust collection in industrial applications is now being marketed. This product may allow CECO to compete for a larger share of the global market for filter fabric media and may add to CECO's established position with the Huyglas(R) trade name. APC recently developed two new products that are capable of higher temperature exposure and less costly final fabrication. These products, once commercialized, could improve the operating results of the company.

APC is presently engaged in the development of additional products based on its proprietary technology. One of its sales personnel is designated as a "Product Champion" and is vigorously pursuing various applications outside of uses traditionally associated with such fabrics. Several new products are currently being tested, but APC is unable to predict whether these efforts will result in the successful development of marketable products.

Compliance Systems International

In October 1997, the assets of Compliance Systems International, a Delaware corporation ("CSI"), a wholly-owned subsidiary of CECO, were moved to CECO. CSI was originally formed by CECO to pursue domestic and foreign environmental service markets and the sale of

certain specialty equipment. CECO maintained use of the name CSI in its operations for a brief time following the moving of the assets, however, CECO has entirely ceased using such name.

New Busch Co., Inc.

CECO purchased the business of Busch Co. in September of 1997, which purchase was deemed effective as of July 1, 1997. Busch Co. had been in business since August of 1947. In 1998, Busch generated approximately 50% of the Company's consolidated net sales.

Busch is engaged in the business of marketing, selling, designing and assembling ventilation, environmental and process-related products, and providing manufacturer's representative services to certain companies or manufacturers. Busch consists of two divisions: Busch INTERNATIONAL and Busch MARTEC. A third division, Busch RIG (resource implementation group) was phased out in 1998. Busch RIG designed and manufactured custom electrical and control systems and also acted as a manufacturers' representative of certain products, such as heat transfer devices and related support products. Its operations have been integrated into the Busch INTERNATIONAL and Busch MARTEC divisions.

Busch INTERNATIONAL, the larger division of Busch, designs and supplies custom air systems to steel, aluminum, chemical, paper, glass, cement, power generation, and related industries on an international level. As part of its system designs, it supplies custom engineered precision-manufactured products specializing in air related applications. In addition, Busch INTERNATIONAL provides a wide range of special services, including conceptual studies, application engineering, and system start-up. Busch employs an engineering staff experienced in aerodynamic, mechanical, civil, and electrical disciplines. These personnel are utilized entirely to support Busch's air systems work. Areas of expertise include turbine inlet filtration, evaporative cooling, gas absorption, scrubbers, acoustics, and corrosion control.

Busch INTERNATIONAL is noted as the premier supplier of custom engineered solutions for the control of fume and oil mist emissions from steel and aluminum rolling mills. Busch's Fume-Shield Systems are designed and supplied by Busch and are devised to contain, capture, convey, and clean contaminated air. Busch International fume exhaust systems and air-curtain hoods are designed to provide high efficiency control of oil mist and fumes.

Busch INTERNATIONAL also designs, manufactures and supplies ventilation and other air handling equipment for industrial use. It also provides systems for corrosion protection, fugitive emissions control, evaporative cooling, oil mist collection, mill building ventilation, crane cab ventilation and other air handling applications. Some of these air handling units are the MRV-80, MRV-81, N-DUR-AIR, RE-TREAT,(R) and PCR.

Busch INTERNATIONAL'S patented Jet*Star heat and transfer device is an excellent strip cooler, strip dryer, coil cooler, and strip blow-off system and is gaining significant market penetration for its ability to rapidly cool or heat metal or other materials. The rapid cooling

permits higher throughput than competitive processes. Busch is presently involved in supplying Jet*Start for new and upgrade mill construction work.

Busch MARTEC acts as a manufacturers' representative with manufacturers relating to air and fluids products. Busch MARTEC does business almost exclusively in the Pittsburgh and tri-state area. Busch MARTEC also supplies certain products to the other Busch divisions.

U.S. Facilities Management Company

During the fourth quarter of 1996 CECO formed USFM. USFM provides facilities management and emission control systems, software and outsource monitoring and/or maintenance service to help customers achieve air quality and operational goals. In 1997, CECO funded USFM with $400,000 to test CAMF service in Phoenix, Arizona. This is a component in CECO's new strategy to focus on adding additional service elements to its products.

Customers

During 1998, one customer comprised approximately 11% of CECO's consolidated net sales for 1998. During 1997, there were no customers which comprised more than 10% of CECO's consolidated net sales. During 1996, two customers comprised more than 10% of CECO's consolidated net sales in each year. Because the demand for CECO's filters, replacement segments, fabric material, scrubbers and consulting services is not constant but can fluctuate due to economic conditions, filter life and other factors beyond CECO's control, CECO is unable to predict the level of purchases by its largest customers, or any other customer, in the future.

While CECO is exploring targeting larger industrial markets, CECO is also continuing to service specialty market areas, where it believes it has a competitive advantage over its larger competitors who generally have much greater resources than CECO. In the year ended December 31, 1998, CECO and its subsidiaries continued to develop additional market areas, including storage facility vent emission control and its related odor control, new dry particulate emission control and combination scrubber-fiber bed filter systems, while also implementing changes to reach larger industrial markets, such as machining, automotive and asphalt markets. In recent years CECO added capabilities to penetrate the semiconductor and printed circuit board markets through its filter technology and its patented scrubbers.

Government Regulations

CECO has not been materially impacted by existing government regulation, nor is CECO aware of any probable government regulation that would materially affect its operations. CECO's costs in complying with environmental laws has been negligible. During 1998 and 1997, CECO estimates that $97,090 and $91,803 respectively, has been expended on research

and development programs. Such costs are generally included as factors in determining CECO's pricing procedures.

Suppliers

CECO purchases all of its chemical grade fiberglass as needed from Manville Corporation, which CECO believes is the only domestic supplier of such fiberglass. However, there are foreign suppliers of chemical grade fiberglass, and, based on current conditions, CECO believes that it could obtain such material from foreign suppliers on acceptable terms. CECO believes that there is sufficient supply of raw materials for the other components of its filters and does not anticipate any shortages in the near future.

APC purchases its raw material from a variety of sources and does not anticipate any shortages in the near future. While CECO depends upon two suppliers for certain specialty items, including glass and chemicals, CECO believes it has a good relationship with such suppliers and does not anticipate any difficulty in continuing to receive such items on terms acceptable to CECO.

Busch purchases a majority of its fans from New York Blower and a majority of its louvers from American Warming. Busch purchases additional materials from a variety of sources and does not anticipate any shortages in the near future. Busch believes it has a good relationship with such suppliers and does not anticipate any difficulty in continuing to receive such items on terms acceptable to Busch.

Backlog

As of December 31, 1998, CECO's backlog of orders was approximately $10,795,753 as compared to approximately $10,213,816 as of December 31, 1997.

Competition and Marketing

Monsanto Corporation is dominant in the fiber bed mist eliminator industry. Monsanto's financial resources are far greater than CECO's, and Monsanto can undertake much more extensive marketing and advertising programs than CECO. Monsanto is also a competitor of Busch. Certain other competitors also have greater financial resources than CECO.

CECO competes by stressing its exclusive products, including SITE-PAK(R) segments that permit on-site filter media replacement capability and prefilters, its patented product that protects the surface of a fiber bed filter from becoming plugged with solids, and its patented multiple-bed fiberbed filters that dramatically increase the surface area of a filter. Also, CECO believes that it is the only U.S. manufacturer of fiber bed mist eliminators whose filter material can be replaced on-site by a customer. CECO believes it is price competitive within the market for filters with similar efficiency.

Manufacturers of electrostatic precipitators and wet scrubbers may also be deemed to be in competition with CECO, because those devices are also effective in removing particulates from an air or another gas stream. While such devices may have higher operating costs than fiber bed mist eliminators, replacement of the component parts of such devices is rare as compared to fiber bed mist eliminators.

CECO's subsidiaries each face substantial competition. Kirk & Blum is dominant in the air systems design industry and competes with Busch International, a division of Busch. Kirk & Blum's financial resources are far greater than CECO's. APC and CECO each face competition from other forms of environmental control and material recovery devices including scrubbers and electrostatic precipitators and from other filter fabric media that can also be fabricated into bags for baghouses. These fabrics and fibers include, Teflon(R), Goretex(R), woven fiberglass (both treated and non-treated), polyester, Ryton(R), Nomex(R) and several other fabrics.

CECO's marketing efforts have consisted of telemarketing and direct solicitation of orders from existing customers. CECO is also utilizing direct mail solicitation and selected advertising in trade journals and product guides and trade shows. CECO also utilizes sales representatives located in the United States, Canada and overseas and Special Sales Directors, each focused on specific industries. Busch, in addition to using direct solicitation and some sales representatives, also participates in industrial shows.

Employees

As of March 15, 1999, the Company did not have any full-time employees. CECO and its subsidiaries had 88 full-time employees and 5 part-time employees as of December 31, 1998. None of CECO's employees is currently unionized and CECO considers its relationship with its employees to be satisfactory.

Key Employee

CECO's operations to date have been largely dependent on the efforts of its President, Dr. Steven I. Taub. The loss to CECO of Dr. Taub would have a material adverse effect upon the operations of CECO. CECO has obtained key man life insurance in face amount of $5 million on the life of Dr. Taub in an effort to reduce, to the extent possible, the immediate adverse economic impact to its business that would occur if it were to lose the services of Dr. Taub.

Product Liability Insurance

As of October, 1989 CECO obtained product liability insurance covering its products. The policy excludes environmental liability.

Patents

CECO currently holds one US patent for its N-SERT(R) and X-SERT(R) prefilters. CECO also holds a patent on its Twin Pak(R) multiple bed fiberbed filter and an exclusive world-wide license to the patent on the Catenary Grid Scrubber, Ultra-violet Enhanced Cantenary Grid Scrubber, and the Narrow Gap Venturi Scrubber, along with fluoropolymer media for difuusion filtration. APC holds two patents on the Huyglas material. All of the prefilters, the multiple bed units and the Huyglas material have contributed to CECO's performance during 1998. Busch holds an exclusive license to the patent on the JET*STAR strip cooler, strip dryer, coil cooler, and strip blow-off systems. Busch also holds an exclusive license on the patent on the flexible nozzle material used in connection with the JET*STAR systems and the process of using water in addition to air used in the JET*STAR systems. There is no assurance that measurable revenues will accrue to CECO or its subsidiaries as a result of their patents or licenses.

Acquisition of Shares of CECO by the Company

On February 18, 1998, the Company exchanged 281,768 shares of the Company for 281,768 shares of CECO with a single off-shore investor. The Company also made open market purchases of 110,500 shares of the Company in 1998. As of December 31, 1998, the Company owned 6,373,192 shares of CECO's common stock, representing 92.8% of CECO's outstanding common stock.

The Company intends to purchase additional shares of CECO common stock if such additional shares become available at a price which the Company considers reasonable. Such purchases, if made, would be made through private transactions, including exchanges of the Company's common stock for CECO common stock, or open market stock purchases of CECO common stock.

Investment by CECO in the Company

On May 26, 1993, CECO purchased 100,000 shares of newly issued Common Stock of the Company for $2.80 per share or $280,000 in the aggregate. The market price for the Company's Common Stock closed at $4.00 per share at that date. The purchase price was paid for with $160,000 in cash, with the balance due on demand, without interest. The balance was paid in full during the first quarter of 1994. On the date of purchase the Company owned 52.1% of CECO's common stock. As of December 31, 1996, CECO distributed 17,800 shares of such Common Stock of the Company to certain of CECO's key employees in lieu of cash bonuses. No additional shares have been distributed.

Consulting Agreement

On November 1, 1998, the Company entered into a Consulting Agreement with IRG Investor Relations Group Ltd. ("IRG") by which IRG agrees to perform certain corporate and investor relations services. As part of IRG's compensation, the Company issued 250,000 warrants for the common stock of the Company, with an exercise price of $2.00 per share and 250,000 warrants for the common stock of the Company, with an exercise price of $3.00 per

share. In addition, the Company issued to a third party as compensation for introducing the Company and IRG, 700,000 warrants for the common stock of the Company, 450,000 of which are exercisable at $2.00 per share and 250,000 of which are exercisable at $3.00 per share.

Readiness for Year 2000

The Company has conducted an analysis and assessment of its Year 2000 risk. Based on such analysis, the Company believes that its information systems and systems and equipment containing embedded chips are essentially Year 2000 ready, and those components that are not Year 2000 ready will not have a material impact on the ability of the Company to conduct business. The Company has been advised by most of its key supply-chain partners that they are or expect to be Year 2000 ready prior to December 31, 1999. Some of the Company's suppliers have not definitely committed that they are or will be Year 2000 ready, however, the Company does not expect any of its suppliers' Year 2000 compliance problems to have a material impact on the Company's business.

Item 2. Properties

The Company maintains its executive offices in Toronto, Ontario.

CECO owns a plant facility in Conshohocken, Pennsylvania. On March 16, 1999 CECO refinanced the property with a seven year commercial mortgage from PNC Bank, National Association at 7.75%.

CECO, for APC's operations, leases 11,500 square feet of space from BTR North America, Inc. for the premises in Taunton, Massachusetts for annual rental of $54,625. This lease expires on February 28 of each year and is renewable yearly upon mutual consent and APC continues to lease the premises as a tenant-at-will.

Busch maintains its offices in Pittsburgh, Pennsylvania. The lease that Busch was assigned in connection with the acquisition of the Busch assets, is dated January 10, 1980 and extends through July 31, 2002. The lease is for approximately 12,000 square feet at an annual rental of $133,308. The rental amount will be adjusted commencing August 1, 1999. Andrew M. Halapin, the former principal owner of Busch, is the beneficial owner of the property in which Busch's offices are located. Busch also leases 1,000 square feet of space in Etna, Pennsylvania for $315 per month. Such lease will expire on March 31, 1999. The Company plans on renewing said lease on approximately the same terms.

USFM leases property in Mesa, Arizona. The lease is for approximately 625 square feet of office space and a 2500 square foot warehouse for $1,750 per month.

Item 3. Legal Proceedings

There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of their property is subject.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this Annual Report on Form 10-KSB.

PART II

Item 5. Market of the Registrant's Common Stock and Related Stockholder Matters.

(a) The Company's common stock is traded in the over-the-counter market and is quoted in the NASDAQ automated quotation system under the symbol CECE. The following table sets forth the range of bid prices for the common stock of the Company as reported in the NASDAQ system during the periods indicated, and represents prices between broker-dealers, which do not include retail mark-ups and mark-downs, or any commissions to the broker-dealers. The bid prices do not reflect prices in actual transactions.

CEC Common Stock - Bids			CEC Common Stock - Bids		
1997	High	Low	1998	High	Low
1st Quarter	$3.125	$1.9375	1st Quarter	$4.00	$2.625
2nd Quarter	$3.8125	$1.875	2nd Quarter	$4.00	$2.375
3rd Quarter	$4.875	$3.0625	3rd Quarter	$3.00	$1.531
4th Quarter	$5.00	$3.0625	4th Quarter	$3.25	$1.406

1999		
1st Quarter	$3.8125	$2.25
(through March 24, 1999)		

(b) The approximate number of beneficial holders of common stock of the Company as of March 15, 1999 was 1550.

(c) The Company has paid no dividends during the fiscal year ended December 31, 1997 or the fiscal year ended December 31, 1998. The Company does not expect to pay dividends in the foreseeable future.

Item 6. Management's Discussion and Analysis or Plan of Operation.

Overview

The Company is comprised of CECO Filter, Inc. and its subsidiaries, Air Purator Corporation, U.S. facilities Management Company, Inc. and New Busch Co., Inc. (collectively referred to as "the CECO Group"), which provide innovative solutions to air quality problems through particle and chemical control technologies and management services.

CECO manufactures and markets filters known as fiber bed mist eliminators, designed to trap, collect and remove solid soluble and liquid particulate matter suspended in an air or other gas stream whether generated from a point source emission or otherwise. CECO offers innovative patented technologies, Catenary Grid(R) and Narrow Gap Venturi(TM), designed for use with heat and mass transfer operations and particulate control. APC designs and manufactures high performance filter media and bags for use in high temperature pulse-jet baghouses, the most effective type of baghouse for capturing submicron particulate from gas streams. Busch is engaged in designing, manufacturing and supplying equipment used to control the environment in and around industrial plants with a variety of proprietary and patented technologies. USFM provides facilities management and software, and outsourced plant-wide maintenance management to assist customers achieve their performance goals.

Results of Operations - The Company

The Company's consolidated statement of operations for the years ended December 31, 1998 and 1997 reflect the operations of the Company consolidated with the operations of CECO and CECO's subsidiaries. As of December 31, 1998, the Company owned approximately 93% of the outstanding Common Stock of CECO. Minority interest on the consolidated statement of operations has been presented as a reduction in the income for the year.

The following table sets forth income line items shown on the condensed consolidated statement of operations, as a percentage of net sales, for the periods indicated. This table should be read in conjunction with the condensed consolidated financial statements and notes thereto.

	Year Ended December 31,	
	1998	1997
Revenues:		
Net sales- products	45.3%	75.0%
Contract revenues	54.7	25.0
Total revenues	100.0	100.0
Costs and expenses:		
Cost of revenues - products	26.5	39.5
Cost of revenues - contracts	41.5	16.3
Selling and administrative	25.2	41.8
Depreciation and amortization	2.4	2.7
	95.6	100.2
Income (loss) from operations	4.3	(.2)
Investment income	.3	.6
Interest expense	(1.0)	(.9)
Income (loss) before income taxes and minority interest	3.6	(.5)
Income taxes	1.4	-
Income (loss) before minority interest	2.2	(.5)
Minority interest in net (income) loss of consolidated subsidiary	(.1)	.2
Net income (loss)	2.0%	(.3)%

The Company's consolidated net sales, comprised entirely of CECO's consolidated net sales, increased 81.6% over the prior year, to $26,381,622 for the year ended December 31, 1998

from $14,530,974 for the years ended December 31, 1997. This increase was due primarily to an increase in sales from its recently acquired subsidiaries, specifically Busch that was acquired in mid-year 1997 and IFM that was acquired in 1998. During the fiscal year ended December 31, 1997, the results of operations for Busch were only consolidated with the results of operations of the Company for a six-month period.

During 1998, the Company's earned $315,000 from consulting fees from CECO and $67,815 as investment income from marketable securities. During 1997 the Company received consulting fees of $240,000 from CECO and investment income from marketable securities of $84, 326. The Company's selling and administrative expenses decreased slightly to $203,759 for the year ended December 31, 1998 from $204,104 for the year ended December 31, 1997, excluding those expenses incurred by CECO that are reflected on the Company's consolidated statement of operations. These expenses consisted primarily of fees related to acquisition consulting and shareholder relations, and legal and accounting fees.

Except as set forth above, the Company has no other income (loss), revenues or expenses, other than as a result of its investment in CECO. The Company does not engage in operations other the through its operating subsidiaries, CECO and CECO's subsidiaries.

See discussion of CECO below.

Results of Operations - CECO

Revenues

Revenues for the year ended December 31, 1998 increased by $11,850,648 or 82% to $26,381,622 from $14,530,974 for the year ended December 31, 1997. The increase was due primarily to an increase in sales from its recently acquired subsidiaries, specifically Busch that was acquired in mid-year 1997 and IFM that was acquired in 1998. During the fiscal year ended December 31, 1997, the results of operations for Busch were only consolidated with the results of operations of the Company for a six-month period.

Costs and Gross Margin

CECO's overall cost of sales increased as a percentage of revenues to 68% for the year ended December 31, 1998 compared to 56% for the year ended December 31, 1997. This increase is attributable to (i) the consolidation of the revenues of Busch for the entire year ended December 31, 1998 of $13,000,000 as compared to revenues for the last six months of the year ended December 31, 1997 of $4,400,000, for which the cost of sales as a percentage of revenues equaled approximately 71.0% and 67%, respectively, for the year ended December 31, 1998 and the six months ended December 31, 1997 and (ii) the sales of USFM, which equaled $4,500,000 for the year ended December 31, 1998. At USFM, the cost of sales as a percentage of revenues equaled 95.0%. The sales of Busch and USFM accounted for an aggregate of 66%, of CECO's total sales for the year ended December 31, 1998 and with respect to Busch, 30% for the year ended December 31, 1997. The cost of sales as a percentage of revenues for the balance of CECO's business was approximately 49% for the year ended December 31, 1998 and 51% for

the year ended December 31, 1997. Such sales accounted for 34% of CECO's total sales for the year ended December 31, 1998 and 70% of CECO's total sales for the year ended December 31, 1997. This small decrease is attributable to reduced material costs and lower costs incurred to service CECO's products. CECO attempts to use the latest technology available in an effort to reduce both the costs of sales, including maintaining optimal levels of inventory and operating expenses, and to increase the Company's net income.

Expenses

CECO's selling and administrative expenses were $6,470,980 for the year ended December 31, 1998 compared to $5,850,452 for the year ended December 31, 1997, representing an increase of $620,528 or 11%. A substantial portion of the increase is attributable to selling and administrative expenses of Busch's operations for the first full year from the date of acquisition, and selling and administrative expenses associated with USFM since the effective date of the IFM acquisition. Although a significant portion of CECO's selling and administrative expenses are fixed in nature.

CECO's depreciation and amortization expense increased to $502,990 in 1998 from $289,544, or $213,446, which is an increase of 74%. A significant portion of this increase was attributable to the reclassification of an asset as a patent that previously was classified as goodwill. Goodwill is amortized over a forty-year period and patents are amortized over a seventeen-year period.

Interest

CECO's interest expense increased $179,866 or 138% during the year ended December 31, 1998 to $310,567 from $130,701 for the year ended December 31, 1997. The increase was principally the result of increased borrowing by CECO from its line of credit.

Net Income (Loss)

CECO generated pre-tax income of $829,973 for the year ended December 31, 1998 compared to a pre-tax loss of $95,744 for the year ended December 31, 1997. The increase in income is attributable to a significant increase in revenues and lower expenses associated with the operations of CECO and APC, and the non-recurrence of the expenses associated with the Busch acquisition in 1997.

Net income per share for 1998 and 1997 were as follows:

1998	1997
$0.06	($0.01)

As described above, CECO and the Company are parties to a management and consulting agreement pursuant to which CECO paid consulting fees to the Company of $315,000 for the year ended December 31, 1998 and $240,000 for the year ended December 31, 1997. Such

amounts are eliminated in the consolidation of the financial statement of CECO and the Company.

Financial Condition, Liquidity and Capital Resources

The Company's consolidated cash position was $364,648 at December 31, 1998; a decrease from the Company's consolidated cash position of $847,827 on December 31, 1997. The net decrease is attributable to an increase in cash outflows in connection with the operations of the Company, primarily due to a decrease in cash received from progress billings related to engineering contracts negotiated by Busch, and its subsidiaries and the Company's investment in USFM (acquired on March 16, 1998).

At December 31, 1998, the Company's consolidated working capital was $371,948 compared to $591,921 at December 31, 1997. The primary reason from the reduction in working capital is the reduction in cash received from the progress billings described above.

The Company's investments in marketable securities, which earned interest income of $67,815 in 1998, consist principally of high yield bonds of major U.S. corporations and had a market value of $695,944 on December 31, 1998.

CECO's capital expenditures were $334,368 and $341,905 for the years ended December 31, 1998 and 1997, respectively. The expenditures were primarily for computer hardware and software upgrades, engineering and manufacturing equipment upgrades and office renovations. Neither the Company nor CECO has material firm commitments for capital expenditures. Capital expenditures are expected to continue to increase as a result of CECO's anticipated growth.

Until March 16, 1999, CECO maintained a $2,000,000 line of credit with a commercial bank (the "Original Lender"), which was used primarily to finance the operations of the Company and its subsidiaries. At December 31, 1998, $1,200,000 was outstanding on the line of credit. In 1997, CECO obtained a four-year term loan in the principal amount of $1,000,000 from the Original Lender, the proceeds of which were used to finance the acquisition of Busch. At December 31, 1998, the outstanding principal balance of this loan was $687,500. CECO also had a mortgage note payable to the Original Lender the outstanding balance of which was $802,151 on December 31, 1998. The line of credit, term loan and mortgage note were paid in full on March 16, 199 in connection with the refinancing of the Company's credit facility. A term loan payable to First Union National Bank, the outstanding balance of which was $218,500 at December 31, 1998 was also paid in full at such time.

Effective March 16, 1999, the Company, CECO and their subsidiaries acquired financing from PNC as follows: a $5,000,000 line of credit, a $625,000 term loan, a $787,155 first mortgage loan and a $2,000,000 senior committed acquisition line of credit. Proceeds of this credits facility were used to repay the line of credit, term loan and mortgage from the Original Lender. This new credit facility represents a substantial increase in the financing available to the Company, CECO and their subsidiaries, which the Company expects to use in connection with the its growth and acquisition strategies.

The Company also has a second mortgage note payable to Pennsylvania Industrial Development Authority, the outstanding balance of which was $245,636 at December 31, 1998.

Since January 1, 1994, the Company and CECO have been parties to a management and consulting agreement pursuant to which the Company has provided management and financial consulting services to CECO for a monthly fee of $20,000 through July 1998 and $35,000 per month thereafter. This agreement was originally due to expire in December 31, 1998, but was extended by the parties and will automatically renew for one-year terms unless cancelled by the Company.

The Company believes that its management and consulting agreement with CECO and interest income from its investment in marketable securities should provide sufficient revenue to meet its general and administrative obligations. Management believes that CECO's anticipated cash flow from operations together with its available credit line will be adequate to meet CECO's expected cash needs for working capital, sales growth, debt service payments and capital investment goals for at least the next twelve months.

Results of Operations - CECO

1998 as Compared to 1997

Revenues for the year ended December 31, 1998 increased by $11,850,648 or 81.6% from $14,530,974 in 1997 compared to $26,381,622 in 1998. This increase was due primarily to the Busch acquisition completed in 1997 & the IFM acquisition in 1998.

CECO's overall cost of sales increased as a percentage of sales for the year ended December 31, 1998 (68.0 %) compared to the year ended December 31, 1997 (55.8%). This increase is attributed to the impact of Busch where costs as a percentage of revenues amounted to 71.0%, and IFM, now called USFM(Az), where costs as a percentage of revenues amounted to 95.0% both from January 1, 1998 through December 31, 1998. Without the impact of Busch and IFM, the costs as a percentage of revenues would have been 49.9%. The decrease compared to the prior year excluding figures from the operations of Busch and IFM, is attributed to lower material costs, as well as lower costs incurred to service CECO's products. CECO continues to use the latest technology available in an effort to reduce both cost of sales, including maintaining optimal levels of inventory and operating expenses, and ultimately increase overall company profits.

CECO's selling and administrative expenses amounted to $6,470,980 for the year ended December 31, 1998 compared to $5,850,452 for the year ended December 31, 1997, representing an increase of $620,528 or 10.6%. A significant amount of this increase is attributable to selling and administrative expenses of Busch's operations for the first full year from date of acquisition, and selling and administrative expenses associated with IFM (now called USFM) since the effective date of IFM acquisition, A substantial portion of CECO's selling and administrative expenses are fixed in nature.

CECO entered into a management and consulting agreement with the Company in 1994, in which terms of the agreement require payment of monthly fees of $20,000 through July, 1998 and $35,000 through December 1998, in exchange for management and financial consulting services involving corporate policies; marketing; strategic and financial planning; and mergers, acquisitions and related matters. CECO paid management fees to the Company of $315,000 during the year ended December 31, 1998.

CECO's depreciation and amortization expense increased from $289,544 in 1997 to $502,990 in 1998, primarily due to additional amortization expense related to Jet*star that was reclassified as a patent effective 07/01/97.

CECO's interest expense increased $179,866 or 137.6% during the year ended December 31, 1998 compared to the same period in 1997, principally due to increased borrowing from CECO's line of credit in 1998.

CECO generated pre-tax income of $829,973 for the year ended December 31, 1998 compared to a pre-tax loss of $95,744 for the year ended December 31, 1997. The significant change is attributed to the increase in revenues for the year ended December 31, 1998 over the comparable period in 1997 and the absence of the Busch acquisition related expenses.

1997 as Compared to 1996

Revenues for the year ended December 31, 1997 were $14,530,974, an increase of $4,683,277 or 47.6% from $9,847,697 for the year ended December 31, 1996. This increase was due primarily to the Busch acquisition completed in 1997.

CECO's overall cost of sales increased as a percentage of sales for the year ended December 31, 1997 (55.8%) compared to the year ended December 31, 1996 (52.7%). This increase is attributed to the impact of the Busch acquisition; Busch's costs as a percentage of sales amounted to 66.9% from July 1, 1997 through December 31, 1997. Without the acquisition of Busch, CECO's cost of sales as a percentage of sales would have been 51.0%. The decrease compared to the prior year excluding figures from the operations of Busch, is attributed to lower material costs, as well as lower costs incurred to service CECO's products. CECO continues to use the latest technology available in an effort to reduce both cost of sales, including maintaining optimal levels of inventory and operating expenses, and ultimately increase overall company profits.

CECO's selling and administrative expenses amounted to $5,850,452 for the year ended December 31, 1997 compared to $3,316,716 for the year ended December 31, 1996, representing an increase of $2,533,736, or 76.4%. A significant amount of this increase is attributable to (I) selling and administrative expenses of Busch's operations since the effective date of the Busch acquisition, and (ii) selling and administrative expenses associated with USFM which only recently commenced its operations. The selling and administrative expenses of Busch include a non-recurring $500,000 charge for a sign-on bonus (the "Sign On Bonus") paid to a former officer of the old Busch Co. in connection with a three-year employment agreement. A substantial portion of CECO's selling and administrative expenses are fixed in nature.

CECO entered into a management and consulting agreement with the Company in 1994, in which terms of the agreement require payment of monthly fees of $20,000 through December 1998 in exchange for management and financial consulting services involving corporate policies; marketing; strategic and financial planning; and mergers, acquisitions and related matters. CECO paid management fees to the Company of $240,000 during each of the years ended December 31, 1997 and 1996.

CECO's depreciation and amortization expense decreased from $341,599 in 1996 to $289,544 in 1997, primarily because equipment and intangible assets acquired over five years became fully amortized or depreciated during 1997.

CECO's interest expense decreased by $24,136 or 15.6% during the year ended December 31, 1997 compared to the same period in 1996, principally due to decreased borrowing from CECO's line of credit in 1997.

CECO incurred a pretax loss of $95,744 for the year ended December 31, 1997 compared to pretax income of $606,813 for the year ended December 31, 1996. Pretax income for the year ended December 31, 1997, before deducting the charge for the Sign On Bonus ("non-recurring charge") was $404,256. The decrease from the prior year is attributed principally to the increase in selling and administrative expenses in relation to the Busch acquisition, expenses connected with the start-up of USFM and expenses in relation to international sales development.

Net income (loss) per share for 1997 and 1996 before and after non-recurring charges were as follows:

	1997	1996
Before non-recurring charges	$ .06	$ .06
After non-recurring charges	(.01)	.06

Item 7. Financial Statements

The Company's Consolidated Financial Statements of CECO Environmental Corp. and Subsidiaries for Years Ended December 31, 1998 and 1997 and other data are presented on the following pages:

CECO ENVIRONMENTAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 1998 AND 1997

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
CECO Environmental Corp.
Toronto, Ontario Canada

We have audited the accompanying consolidated balance sheet of CECO Environmental Corp. and Subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CECO Environmental Corp. and Subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Certified Public Accountants

Bala Cynwyd, PA
January 22, 1999

CECO ENVIRONMENTAL CORP.

CONSOLIDATED BALANCE SHEET

	DECEMBER 31, 1998	1997
ASSETS		
Current assets:		
Cash	$ 364,648	$ 847,827
Marketable securities - trading	695,944	634,150
Accounts receivable	4,068,640	2,979,414
Inventories	541,315	771,068
Costs and estimated earnings in excess of billings on uncompleted contracts	226,504	235,454
Due from former owners of Busch	147,939	-
Investment in sales - type lease	95,400	-
Prepaid expenses and other current assets	344,961	230,458
Prepaid income taxes	-	150,200
Deferred income taxes	84,500	33,477
Total current assets	6,569,851	5,882,048
Property and equipment, net	2,062,452	1,947,482
Goodwill, net	5,169,353	4,843,888
Other intangible assets, at cost, net	1,270,780	1,320,501
Investment in sales-type lease	333,900	-
Deferred income taxes	68,500	23,896
	$15,474,836	$14,017,815
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	$ 1,200,000	$ -
Current portion of long-term debt	385,149	333,871
Current portion of capital lease obligation	3,223	5,554
Accounts payable and accrued expenses	3,104,004	1,873,965
Billings in excess of costs and estimated earnings on uncompleted contracts	1,174,427	2,517,310
Unearned income	78,000	-
Due to former owners of Busch	-	559,427
Income taxes payable	253,100	-
Total current liabilities	6,197,903	5,290,127
Long-term debt, less current portion	1,569,713	1,732,993
Capital lease obligation, less current portion	-	3,821
Total liabilities	7,767,616	7,026,941
Minority interest	149,941	248,289
Shareholders' equity:		
Preferred stock, $.01 par value; 10,000,000 shares authorized, none issued	-	-
Common stock, $.01 par value; 100,000,000 shares authorized, 8,388,816 and 8,107,048 shares issued in 1998 and 1997, respectively	83,888	81,070
Capital in excess of par value	10,139,013	9,860,063
Accumulated deficit	(2,316,953)	(2,849,879)
	7,905,948	7,091,254
Less treasury stock, at cost	(348,669)	(348,669)
Net shareholders' equity	7,557,279	6,742,585
	$15,474,836	$14,017,815

The notes to consolidated financial statements are an integral part of the above statement.

CECO ENVIRONMENTAL CORP.

CONSOLIDATED STATEMENT OF OPERATIONS

	YEAR ENDED DECEMBER 31, 1998	1997
Revenues:		
Net sales - products	$11,961,116	$10,901,728
Contract revenues	14,420,506	3,629,246
Total revenues 26,381,622	14,530,974	
Costs and expenses:		
Cost of revenues - products	6,993,386	5,746,125
Cost of revenues - contracts	10,958,726	2,369,886
Selling and administrative	6,674,739	6,054,556
Depreciation and amortization	617,964	384,661
	25,244,815	14,555,228
Income (loss) from operations	1,136,807	(24,254)
Investment income	67,815	84,326
Interest expense	260,567	130,701
Income (loss) before income taxes and minority interest	944,055	(70,629)
Income taxes	373,322	7,200
Income (loss) before minority interest	570,733	(77,829)
Minority interest in net (income) loss of consolidated subsidiary	(37,807)	24,055
Net income (loss)	$ 532,926	($ 53,774)
Net income (loss) per share, basic and diluted	$ .06	($ .01)

The notes to consolidated financial statements are an integral part of the above statement.

CECO ENVIRONMENTAL CORP.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	ACCUMULATED DEFICIT	TREASURY STOCK
Balance, December 31, 1996	$73,385	$ 8,178,998	($2,796,105)	($348,669)
Net (loss) for year ended December 31, 1997			(53,774)	
Acquisition of 19.5% of CECO Filters, Inc. common stock through issuance of 768,500 shares of common stock	7,685	1,681,065		
Balance, December 31, 1997	81,070	9,860,063	(2,849,879)	(348,669)
Net income for year ended December 31, 1998			532,926	
Acquisition of 4.1% of CECO Filters, Inc. common stock through issuance of 281,768 shares of common stock	2,818	278,950		
Balance, December 31, 1998	$83,888	$10,139,013	($2,316,953)	($348,669)

The notes to consolidated financial statements are an integral part of the above statement.

CECO ENVIRONMENTAL CORP.

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 1998	1997
INCREASE (DECREASE) IN CASH		
Cash flows from operating activities:		
Net income (loss)	$ 532,926	($ 53,774)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	617,964	384,661
Deferred income taxes	(95,627)	1,362
Unearned revenue	78,000	-
Minority interest	37,807	(24,055)
Gain on sale of marketable securities, trading	(1,253)	-
(Increase) decrease in operating assets:		
Accounts receivable	(519,519)	(902,369)
Inventories	229,753	(60,318)
Costs and estimated earnings in excess of billings on uncompleted contracts	32,836	(235,454)
Due from former owners of Busch	(147,939)	-
Minimum lease payments receivable	(429,300)	-
Prepaid expenses and other current assets	(96,762)	(174,460)
Prepaid income taxes	150,200	(150,200)
Purchase of marketable securities	(2,134,312)	(1,191,998)
Proceeds from sale of marketable securities	2,073,771	1,573,369
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	733,422	653,370
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,514,707)	2,517,310
Due to former owners of Busch	(559,427)	502,592
Income taxes payable	253,100	(276,976)
Net cash provided by (used in) operating activities	(759,067)	2,563,060
Cash flows from investing activities:		
Acquisition of IFM, net of cash acquired, comprised of the following:		
Excess of current liabilities over current assets, net of cash acquired	169,756	-
Equipment	(93,372)	-
Goodwill	(171,235)	-
Acquisition of Busch, comprised of the following:		
Goodwill	(16,614)	(796,910)
Inventory	-	(145,379)
Equipment	-	(131,818)
Patents	-	(1,129,754)
Prepaid expenses	-	(13,059)
Acquisitions of property and equipment	(240,996)	(210,087)
Acquisitions of intangible assets	(340,848)	(168,845)
Sale of CECO Filter's common stock	-	24,100
Net cash (used in) investing activities	($ 693,309)	($ 2,571,752)

CONTINUED ON NEXT PAGE

The notes to consolidated financial statements are an integral part of the above statement.

CECO ENVIRONMENTAL CORP.

CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED

	YEAR ENDED DECEMBER 31, 1998	1997
Cash flows from financing activities:		
Net borrowings (repayments), short-term obligations	$ 1,200,000	($ 400,000)
Proceeds from issuance of long-term debt	230,000	1,000,000
Repayments of long-term debt and capital lease obligation	(460,803)	(155,655)
Net cash provided by financing activities	969,197	444,345
Net increase (decrease) in cash	(483,179)	435,653
Cash at beginning of year	847,827	412,174
Cash at end of year	$ 364,648	$ 847,827
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 260,567	$ 130,701
Income taxes	$ 118,000	$ 433,014

SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES

The Company exchanged 281,768 and 186,000 shares of its common stock for 281,768 and 186,000 shares of CECO Filters, Inc. ("CFI") common stock with unrelated third parties in 1998 and 1997, respectively. On August 13, 1997, the Company exchanged 582,500 shares of its common stock for 1,165,000 shares of CFI's common stock with an officer of CFI.

The notes to consolidated financial statements are an integral part of the above statement.

1. Nature of Business and Summary of Significant Accounting Policies

Nature of business - The principal business of the Company's subsidiary is to provide standard and engineered systems for air quality improvement and to offer complete operation and maintenance services to industrial and commercial customers, primarily in the United States.

Principles of consolidation - The consolidated financial statements include the accounts of CECO Environmental Corp. (the "Company"), and CECO Filters, Inc. ("CFI"), a 93% (as of December 31, 1998) owned subsidiary. The Company acquired its majority ownership in CFI in April, 1993 (see Note 2). All intercompany balances and transactions have been eliminated.

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

Investments in marketable securities - The Company's investments in marketable securities comprise corporate debt securities, all classified as trading securities, which are carried at their fair value based on the quoted market prices. Accordingly, net realized and unrealized gains and losses on trading securities are included in net income. Investment income consists principally of interest income.

Accounts receivable - The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Inventories - Inventories are valued at the lower of cost, using the first-in, first-out (FIFO) method, or market.

Property and equipment - Property and equipment are recorded at cost. Expenditures for repairs and maintenance are charged to income as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Intangible assets - Goodwill is being amortized on a straight-line basis over 40 years. The Company's policy is to continually monitor the recoverability of goodwill using a fair value approach. Other intangible assets are being amortized on a straight-line basis over their estimated useful lives, which range from 5 to 17 years.

Revenue recognition - Revenue from manufactured products and products purchased for resale is recognized upon shipment to customers.

Revenue from contracts for the design and manufacture of air handling units and inter-facility construction are recognized on the percentage of completion method, measured by the percentage of contract costs incurred to date to estimated total contract costs for each contract. This method is used because management considers contract costs to be the best available measure of progress on these contracts.

1. Nature of Business and Summary of Significant Accounting Policies - Continued

Contracts - continued

Contract costs include direct material, labor cost and those indirect costs related to contract performance, such as indirect labor, supplies, tools and repairs. Selling and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability may result in revisions to contract revenue and costs and are recognized in the period in which the revisions are made.

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

Income taxes - The Company follows the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the differences between the financial statement and tax bases of assets and liabilities using tax rates in effect for the year in which the differences are expected to reverse.

Advertising costs - Advertising costs are charged to operations in the year incurred and totaled $158,029 in 1998 and $117,481 in 1997.

Research and development - Research and development costs are charged to expense as incurred. The amounts charged were $97,090 in 1998 and $91,803 in 1997.

Per share data - The Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share," which establishes standards for computing basic and diluted earnings per share. Per share data is computed using the weighted average number of common shares outstanding. The Company considers outstanding options and warrants in computing diluted net income (loss) per share only when they are dilutive. The weighted average number of common shares was 8,250,896 in 1998 and 7,551,836 in 1997 for basic and 8,845,626 in 1998 and 7,953,212 in 1997 for diluted net income (loss) per share.

Reclassifications - Certain reclassifications have been made to the 1997 financial statements to conform with the 1998 presentation.

Stock-based compensation - In October, 1996, the Financial Accounting Standards Board adopted Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." SFAS 123 permits companies to choose between a "fair value based method of accounting" for employee stock options or to continue to measure compensation cost for employee stock compensation plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). The Company has chosen to continue to use the APB 25 method. Under such method, compensation is measured by

1. Nature of Business and Summary of Significant Accounting Policies - Continued

Stock-based compensation - continued

the quoted market price of the stock at the measurement date less the amount, if any, that the employee is required to pay. The measurement date is the first date on which the number of shares that an individual employee is entitled to receive and the option or purchase price, if any, are known. The Company did not incur any compensation expense in either year.

Entities electing to remain with this method must make pro forma disclosures of net income (loss) and earnings (loss) per share as if the fair value based method of accounting defined in SFAS 123 had been applied to all awards granted in fiscal years beginning after December 15, 1994. The Company has not presented the proforma disclosures required by SFAS 123 since the impact on the Company's income (loss) from operations for the periods presented was de minimis.

Recent accounting pronouncements - In June, 1997 and February, 1998, respectively, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," and SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," both of which are effective for fiscal years beginning after December 15, 1997. In June, 1998, the FASB also issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" effective for fiscal years beginning after December 15, 1998. The adoption of these pronouncements will have no impact on the Company's consolidated results of operations, financial position, or cash flows.

2. Investment in CFI

Pursuant to a Stock Exchange Agreement dated May 30, 1992, between the Company and IntroTech Investments, Inc. ("IntroTech"), a privately-held Ontario corporation, the Company exchanged 1,666,666 newly issued shares of its common stock for 1,666,666 shares of CFI common stock owned by IntroTech. CFI is a Delaware corporation. The 1,666,666 shares of CFI common stock acquired by the Company are restricted. Those shares represented 24.51% of the outstanding shares of common stock of CFI.

During 1993 through 1996, the Company exchanged 2,953,964 additional shares of its common stock for 2,953,964 shares of CFI's common stock with unrelated third parties. On August 13, 1997, the Company exchanged 582,500 shares of its common stock for 1,165,000 shares of CFI's common stock with an officer of CFI. During 1997 and 1998, the Company exchanged 186,000 and 281,768, respectively, additional shares of its common stock for 186,000 and 281,768 shares of CFI's common stock with unrelated third parties. As of December 31, 1998, the Company owned 92.8% of CFI's common stock. The excess of the aggregate purchase over the fair market value of the net assets acquired was allocated to goodwill which is being amortized on the straight-line method over 40 years.

3. Acquisition of Businesses

During March, 1998, pursuant to an Asset Purchase Agreement, the Company acquired substantially all of the assets, and the business, of Integrated Facilities Management, Inc. ("IFM") for $150,000 in cash. IFM, located in Mesa, Arizona, provides a full range of services for inter-facility general repair, preventive maintenance and inter-facility construction needs exclusively for owners and users of industrial commercial, educational, healthcare and manufacturing facilities. The acquisition was accounted for as a purchase. The excess of the aggregate purchase price over the fair market value of the net assets acquired was allocated to goodwill which is being amortized on the straight-line method over 40 years. The Asset Purchase Agreement provides that, notwithstanding the actual closing date, the closing was deemed to be effective as of January 1, 1998 and the consolidated statement of operations, therefore, includes the operations of IFM since January 1, 1998.

On September 25, 1997, pursuant to an Asset Purchase Agreement, New Busch Co., Inc., a wholly-owned subsidiary of CECO Filters, Inc., acquired substantially all of the assets, and the business, of Busch Co. ("Busch") for $2,100,000 in cash, plus acquisition costs. During the next three years, the Company has a contingent obligation to pay to the former owner of Busch an earnout based on certain targeted EBITDA as defined in the agreement. The Company did not incur a liability under the earnout arrangement for the year ended December 31, 1998. Any amounts paid under this arrangement will be recorded as compensation. Busch, located in Pittsburgh, Pennsylvania, was engaged in the business of marketing, selling, designing and assembling ventilation, environmental and process-related products, and also provided manufacturer's representative services to certain companies or manufacturers in support of related businesses. The acquisition was accounted for as a purchase. The excess of the aggregate purchase price over the fair market value of the net assets acquired of approximately $1,900,000 was allocated to goodwill based upon preliminary estimates of fair value. Additional costs associated with the acquisition of approximately $16,000 were paid during 1998 and has been recorded as goodwill. During April, 1998, the Company completed a valuation of certain patents acquired as part of this acquisition, utilizing the services of an independent consultant. The valuation resulted in the reclassification of approximately $1,047,000 from goodwill to patents. Goodwill is being amortized on the straight-line method over 40 years. The 1997 amounts have been adjusted to reflect this reclassification. The Asset Purchase Agreement provides that, notwithstanding the actual September 25, 1997 closing date, the closing was deemed to be effective as of July 1, 1997. The 1997 statement of operations, therefore, includes the operations of New Busch Co. since July 1, 1997.

On a pro forma basis, unaudited results of operations for the years ended December 31, 1998 and 1997 would have been as follows, if the Busch and the IFM acquisitions had been made as of January 1, 1997:

	DECEMBER 31,	
	1998	1997
Total revenues	$26,381,622	$25,693,370
Income before taxes on income	944,056	804,022
Net income	532,926	479,984
Net income per share	$.06	$.07

4. Financial Instruments

Fair value of financial instruments:

	1998		1997	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets:				
Cash	$ 364,648	$ 364,648	$ 847,827	$ 847,827
Marketable securities695,944	695,944	634,150	634,150	
Due from former owners of Busch	147,939	-	-	-
Financial liabilities:				
Short-term obligations1,200,000	1,200,000	-	-	
Long-term debt	1,954,862	1,846,759	2,066,864	1,963,547
Due to former owners of Busch	-	-	559,427	-

The fair values of cash, short-term obligations and due to/from former owners of Busch are assumed to be equal to their reported carrying amounts based on their close proximity to maturity and due to interest rates which fluctuate with the market.

Valuations for marketable securities are determined based on quoted market prices and valuations for long-term debt are determined based on future payments discounted at current interest rates for similar obligations.

Management of the Company does not expect any losses to result from its standby letter of credit described in Note 11 and, therefore, is of the opinion that the fair value of this off-balance sheet financial instrument is zero.

The Company does not hold any financial instruments for trading purposes.

Concentrations of credit risk:

Financial instruments that potentially subject the Company to credit risk consist principally of cash and accounts receivable. The Company performs periodic evaluations of the financial institutions in which its cash is invested. The Company performs ongoing credit evaluations of its customers' financial condition, and generally requires no collateral from its customers.

5. Accounts Receivable

	1998	1997
Trade receivables	$1,402,085	$1,321,760
Contract receivables:		
Billed on completed contracts	233,315	3,817
Billed on contracts in progress	2,433,240	1,653,837
	$4,068,640	$2,979,414

6. Inventories

Inventories consisted of the following at December 31:

	1998	1997
Raw material	$ 380,477	$ 409,639
Finished goods	46,742	157,911
Parts for resale	114,096	203,518
	$ 541,315	$ 771,068

7. Costs and Estimated Earnings on Uncompleted Contracts

	1998	1997
Costs incurred on uncompleted contracts	$9,140,606	$2,217,978
Estimated earnings	3,308,598	1,205,994
	12,449,204	3,423,972
Less billings to date 13,397,127	5,705,828	
	($ 947,923)	($2,281,856)

Included in the accompanying balance sheet under the following captions:

Costs and estimated earnings in excess of billings on uncompleted contracts	$ 226,504	$ 235,454
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,174,427)	(2,517,310)
	($ 947,923)	($2,281,856)

8. Property and Equipment

Property and equipment consisted of the following at December 31:

	1998	1997
Land	$ 137,342	$ 137,342
Building	1,770,246	1,679,659
Machinery and equipment	2,128,353	1,884,572
	4,035,941	3,701,573
Less accumulated depreciation	1,973,489	1,754,091
	$2,062,452	$1,947,482

Depreciation expense was $219,398 and $200,550 for 1998 and 1997, respectively.

Machinery and equipment at December 31, 1998 and 1997 included equipment acquired under a capital lease with a cost of $19,793 and accumulated depreciation of $18,738 and $15,097, respectively.

9. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consisted of the following at December 31:

	1998	1997
Goodwill	$5,666,958	$5,212,340
Less accumulated amortization	497,605	368,452
	$5,169,353	$4,843,888
Non-compete agreements	$ 300,000	$ 100,000
Patents	1,318,806	1,299,114
	1,618,806	1,399,114
Less accumulated amortization	348,026	78,613
	$1,270,780	$1,320,501

Amortization expense was $398,566 and $184,111 for 1998 and 1997, respectively.

10. Investment in Lease Sales-Type

The Company entered into a sales-type lease. The unearned finance income of $87,000 is being realized over the five-year lease term.

Future minimum lease payments receivable under the sales-type capital lease as of December 31, 1998 are as follows:

YEAR ENDING DECEMBER 31,	
1999	$ 95,400
2000	95,400
2001	95,400
2002	95,400
2003	47,700
	429,300
Less unearned income	78,000
Net investment in sales-type lease	$351,300

11. Debt

	1998	1997
Short-term obligations		
Note payable, bank, under line of credit. The Company has a line of credit with a bank permitting borrowings of up to $1,500,000 with interest at the prime rate plus 1/2% (effective rate of 8.25% and 9% at December 31, 1998 and 1997, respectively). Borrowings are limited to 80% of eligible accounts receivable plus a permitted out-of-formula advance which at December 31, 1998 was $500,000. There was also a $150,000 standby letter of credit to the Pennsylvania Industrial Development Authority which was outstanding at both dates.	$1,200,000	$ -

The Company is required to maintain compensating cash balances of 5% of the total line of credit offered, or is subject to additional fees.

11. Debt - Continued

Long-term debt

	1998	1997
Term loan, bank, monthly payments of $20,833, plus interest at 1/2% over the prime rate (effective rate of 8.25%) through September, 2001	$ 687,500	$ 937,500
Mortgage note payable, bank, monthly installments of $10,149, including interest at 7.75% per annum, through March 1, 2003, at which time the interest rate will be adjusted to prime plus 1/2%. Remaining principal will be repaid in 60 equal monthly installments plus interest beginning April 1, 2003.	802,151	857,956
Pennsylvania Industrial Development Authority, payable in equal monthly installments of $2,797 including interest at 3% per annum, through May, 2007, collateralized by a second mortgage on land and building	245,636	271,408
Term loan, bank, monthly payments of $3,833, plus interest at 8.3% through September, 2003	218,500	-
Other	1,075	-
	1,954,862	2,066,864
Less current portion 385,149	333,871	
	$1,569,713	$1,732,993

Maturities of all long-term debt over the next five years and thereafter are estimated as follows:

1999	$ 385,149
2000	389,442
2001	333,288
2002	152,401
2003	148,003
Thereafter	546,579
	$1,954,862

CFI's property and equipment, accounts receivable, and inventory serve as collateral for its bank debt. The bank debt is also subject to certain financial covenants.

12. Capital Lease Obligation

The Company acquired equipment under the provisions of a long-term lease.

Future minimum lease payments under the capital lease are as follows:

1999	$3,280
Less amount representing interest	57
Present value of net minimum capital lease payments, current portion	$3,223

13. Shareholders' Equity

Stock Option Plan

CFI maintained a stock option plan for its employees through 1997. During 1997, all participants in the CFI plan were given the opportunity to exchange their unexercised options for the same number of options in a new plan established by CECO Environmental Corp. Under the former plan, options to purchase 500,000 shares of CFI's common stock were available to be granted at not less than 100% of the market price of the shares on the date of grant. Options were generally exercisable one year from the date of grant and expired between five and ten years of the date of grant. At December 31, 1997, there were no outstanding options with respect to the CFI plan. The grant date for all of the exchanged options is December 15, 1997 and 20% of the options become exercisable each year over the following five years. There are 1,500,000 shares of CECO Environmental Corp.'s common stock that have been reserved for issuance under this plan.

The status of the CECO Environmental Corp. stock option plan is as follows:

	1998		1997	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	312,320	$4.46	0	
Granted			312,320	$4.46
Forfeited			0	
Outstanding at end of year	312,320	4.46	312,320	4.46
Options exercisable at year end	0		0	
Available for grant at end of year	1,187,680		1,187,680	

13. Shareholders' Equity - Continued

Employee Stock Purchase Plan

Effective October 1, 1998, the Company established an Employee Stock Purchase Plan for all employees meeting certain eligibility criteria. Under the Plan, eligible employees may purchase through the initial twelve month offering and through a series of semiannual offerings, each October and April, commencing October 1, 1999, shares of the Company's common stock, subject to certain limitations. The purchase price of each share is 85% of the lessor of its fair market value on the grant date or on the exercise date. The aggregate number of whole shares of common stock purchasable under the option shall not exceed 10% of the employee's base compensation. At December 31, 1998, 250,000 shares were available for purchase under the plan. At December 31, 1998, there have been no shares issued under this plan.

Warrants to Purchase Common Stock

In January, 1998, warrants were issued to the Chief Executive Officer to purchase 250,000 shares of the Company's common stock at an exercise price of $2.75 per share. These warrants expire ten years from date of issuance. In September, 1998, warrants were issued to the Chief Executive Officer to purchase 250,000 shares of the Company's common stock. These warrants have an exercise price of $1.625 per share. The aforementioned warrants expire 10 years from date of issuance. In November, 1998, warrants were issued to two unrelated third parties to purchase 500,000 and 700,000 shares of the Company's common stock at an exercise price of $2 per warrant for the first 250,000 and 450,000 shares, respectively, and $3 per warrant for the remaining 250,000 shares. These warrants expire two years from issuance.

Stock Options

In June, 1998, the Company granted options to a member of the board of directors to purchase 10,000 shares of the Company's common stock at $2.75 per share. The options become exercisable on February 1, 1999 through June 30, 2008. The value of the stock options are deemed de minimis.

14. Sales to Major Customers

CFI had one customer in 1998 representing 11% of consolidated net revenues. There were no customers in 1997 where revenues exceeded 10% of consolidated net revenues.

15. Employee Benefit Plans

CFI has a 401(k) Savings and Retirement Plan which covers substantially all employees. Under the terms of the Plan, employees can contribute between 1% and 22% of their annual compensation to the Plan. CFI matches 50% of the first 6%. Plan expense for the years ended December 31, 1998 and 1997 was $119,423 and $57,678, respectively.

CFI also has a profit-sharing plan which covers substantially all employees. There were no contributions to the Plan for 1998 or 1997.

16. Commitments

Rent

CFI leases certain facilities on a year-to-year basis. CFI also has future annual minimum rental commitments under noncancelable operating leases as follows:

1999	$297,481
2000	195,585
2001	172,466
2002	102,465
2003	4,560

The Company leases a facility from the President and Chief Operating Officer of New Busch Co., Inc. who is the beneficial owner of the property with an annual rental of approximately $133,000 expiring July, 2002.

Total rent expense under all operating leases for 1998 and 1997 was $341,549 and $206,927, respectively.

Non-Compete Agreement

In connection with the acquisition of Busch described in Note 3, the Company entered into a non-compete agreement with a former shareholder of Busch. In addition to the $100,000 paid at the closing date, the agreement requires annual payments of $200,000 on each of the next four anniversary dates of the closing.
The related cost is being amortized ratably over the four-year period.

17. Income Taxes

Income taxes (benefit) consisted of the following at December 31:

	1998	1997
Current:		
Federal	$286,200	($64,085)
State	182,747	69,923
	468,947	5,838
Deferred:		
Federal	(29,625)	1,362
State	(66,000)	-
	(95,625)	1,362
	$373,322	$ 7,200

17. Income Taxes - Continued

The provision for income taxes differs from the statutory rate due to the following:

	1998	1997
Tax (benefit) at statutory rate	$320,979	($24,014)
Increase (decrease) in tax resulting from:		
Net operating loss deduction	(77,879)	(40,875)
State income tax, net of federal benefit	77,054	46,149
Change in tax versus book basis of assets	(8,883)	1,362
Permanent differences, principally goodwill	54,307	44,249
Under (over) accrual of prior years' taxes	7,947	(16,852)
Other	(203)	(2,819)
	$373,322	$ 7,200

Deferred income taxes reflect the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The net deferred tax liability consisted of the following at December 31:

	1998	1997
Deferred tax asset:		
Inventory capitalization	$ 18,500	$13,477
Depreciation	20,900	20,600
Non-compete agreement	73,400	18,666
Employee bonuses - restricted stock in lieu of cash	-	20,000
State loss carryforwards	120,000	74,000
Federal net operating loss carryforwards	36,000	114,000
Less valuation allowance	(90,000)	(188,000)
	178,800	72,743
Deferred tax liability:		
Goodwill	(24,600)	(15,370)
Patents	(1,200)	-
	(25,800)	(15,370)
Net deferred tax liability	$153,000	$57,373

The Company has federal net operating loss carryforwards of approximately $107,000 and $336,000 at December 31, 1998 and 1997, respectively, which begin to expire in 2008. The loss carryforward of $107,000 has separate return loss year limitations from losses incurred prior to the acquisition of CFI. Additionally, the Company has state net operating loss carryforwards of approximately $1,333,000 and $826,000 at December 31, 1998 and 1997, respectively, which begin to expire in 2001.

Due to the uncertainty of the realization of certain tax carryforwards, the Company has established a valuation allowance against these carryforward benefits in the amount of $90,000 at December 31, 1998.

CECO Environmental Corp. and CFI file a consolidated federal income tax return.

18. Related Party Transactions

Effective January 1, 1995, the Company entered into a consulting agreement with CFI. The terms of the agreement require monthly fees by CFI of $20,000 through July, 1998 and $35,000 through December, 1998 in exchange for management and financial consulting services involving corporate policies; marketing; strategic and financial planning; and mergers, acquisitions and related matters. CFI paid the Company $315,000 and $240,000 during each of the years ended December 31, 1998 and 1997. These fees have been eliminated in consolidation.

19. Consulting Agreement

The Company entered into a one year consulting agreement with an option to renew for an additional year with an unrelated third party, effective November 1, 1998, to provide investor relations services to the Company. As compensation, the consultant received warrants to purchase 500,000 shares of the Company's common stock at $2 per warrant for the first 250,000 shares and $3 per warrant for the remaining 250,000 shares, with warrants expiring November, 2000. In connection with this transaction, warrants were issued to an unrelated third party to purchase 700,000 shares of the Company's common stock at $2 per warrant for the first 450,000 shares and $3 per warrant for the remaining 250,000 shares, with warrants expiring November, 2000. The value of the warrants is considered de minimis.

In addition, the Company advanced $150,000 at November 1, 1998 and is obligated to advance an additional $150,000 on January 1, 1999 as advances towards expenses incurred for the public relations program. Any unused advances are fully refundable. The initial $150,000 advance has been recorded as a prepaid asset and amortized proratably over the twelve-month period.

20. Backlog of Uncompleted Contracts

		1998
Contracts in progress, January 1, 1998, including contracts acquired in connection with acquisition of IFM		$8,750,121
New contracts, 1998	11,260,548	
Contract adjustments	360,343	
		20,371,012
Less contract revenues recognized for 1998		(14,420,506)
Balance, December 31, 1998		$5,950,506

		1997
Contracts in progress acquired on July 1, 1997 in connection with acquisition of Busch Co.		$8,557,030
New contracts, July 1 through December 31, 1997		2,804,467
Contract adjustments	291,501	
		11,652,998
Less contract revenues recognized, July 1, 1997 through December 31, 1997		(3,629,246)
Balance, December 31, 1997		$8,023,752

21. Segment and Related Information

The Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," in 1998.

The Company has three reportable segments: Air Quality Improvement, Ventilation and Environmental Products and Interfacility Maintenance. The Company provides standard and engineered systems and filter media for air quality improvement through its Air Quality Improvement segment. The Ventilation and Environmental Products segment assembles and manufactures ventilation, environmental and process-related products. Interfacility repair, preventative maintenance and inter-facility construction are provided by the Interfacility Maintenance segment.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on operating earnings of the respective business segments.

	AIR QUALITY IMPROVEMENT	VENTILATION AND ENVIRONMENTAL PRODUCTS	INTERFACILITY MAINTENANCE	OTHER	ELIMINATION OF INTER-SEGMENT ACTIVITY	TOTAL CONSOLIDATED
			1998			
Net sales	$ 8,405,289	$13,033,784	$5,083,370		($ 140,821)	$26,381,622
Depreciation and amortization	183,394	282,548	37,048	$ 114,974		617,964
Operating income (loss)	1,077,074	753,717	(690,251)	(3,733)		1,136,807
Other significant noncash items:						
Cost and estimated earnings in excess of billings on uncompleted contracts		193,116	33,388			226,504
Total assets, net of inter-segment receivables	10,342,894	4,967,269	1,758,360	4,778,671	(6,372,358)	15,474,836
Capital expenditures	55,540	47,374	138,032			240,996
			1997			
Net sales	$ 9,698,208	$ 4,421,862	$ 452,847		($ 41,943)	$14,530,974
Depreciation and amortization	200,538	85,931	3,085	$ 95,107		384,661
Operating income (loss)	785,882	(302,167)	(448,758)	(59,211)		(24,254)
Other significant noncash items:						
Cost and estimated earnings in excess of billings on uncompleted contracts		235,454				235,454
Total assets, net of inter-segment receivables	7,207,414	4,875,364	152,990	4,507,276	(2,725,229)	14,017,815
Capital expenditures	191,584	10,450	8,053			210,087

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has had no changes in or disagreements with its independent accountants during the Company's two most recent fiscal years.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

The following are the directors and executive officers of the Company. The terms of all directors expire at the next annual meeting of shareholders and upon election of their successors. The terms of all officers expire at the next annual meeting of the board of directors and upon the election of the successors of such officers.

Name	Age	Position
Phillip DeZwirek	61	Chairman of the Board of Directors; Chief Executive Officer and Chief Financial Officer
Jason Louis DeZwirek	28	Director, Secretary
Josephine Grivas	59	Director
Donald Wright	61	Director

The business backgrounds during the past five years of the Company's directors and officers are as follows:

Phillip DeZwirek became a director, the Chairman of the Board and the Chief Executive Officer of the Company in August 1979. Mr. DeZwirek's principal occupations during the past five years have been as Chairman of the Board of Digital Fusion Multimedia Corp. of Toronto Canada; Chairman of the Board and Vice President of CECO Filters, Inc., a Delaware corporation (since 1985); and President of Can-Med (since 1990). Mr. DeZwirek has also been involved in private investment activities for the past five years. Digital Fusion's common stock is traded over-the-counter on the NASDAQ Bulletin Board. CECO is discussed elsewhere in this document. See Item 1 - Business.

Jason Louis DeZwirek, the son of Phillip DeZwirek, became a director of the Company in February, 1994. He became Secretary of the Company on February 20, 1998, following the resignation of Josephine Grivas as Secretary. Mr. DeZwirek from October 1, 1997, has also

been a member of the Committee that was established to administer the Company's stock option plan. Mr. DeZwirek's principal occupation since 1993 has been as the President of Digital Fusion, a company that adapts books and movies to the CD Rom medium. From 1992 until 1993, Mr. DeZwirek was the Chief Financial Officer of Missing Treasurers Productions, a television production company.

Josephine Grivas has been a director of the Company since February, 1991. She was its Secretary from October, 1992 until she resigned as of February 2, 1998. Ms. Grivas has since October 1, 1997, also been a member of the Committee that was established to administer the Company's stock option plan. Since February 20, 1998, Ms. Grivas has been a member of the Audit Committee, which was created to evaluate transactions where the potential for a conflict of interest exists and such other matters that are properly referred to the Audit Committee by the Board of Directors. Ms. Grivas had been an administrative assistant for Phillip DeZwirek, Icarus Investment Corp. and other entities he controls since 1975. She retired from those positions in February 1998. Ms. Grivas also is the Secretary and Treasurer and a director of Can-Med.

Donald A. Wright became a director of the Company on February 20, 1998. Mr. Wright has also been a member of the Audit Committee since February 20, 1998. Mr. Wright has been a principal of and real estate broker with The Phillips Group in San Diego, California, a company which is a real estate developer and apartment building syndicator, since 1992. Since November 1996, Mr. Wright has also been a real estate broker with Prudential Dunn Realtors in Pacific Beach, California. From August 1995 until October 1996 he was the principal of and real estate broker with Barbour Real Estate Sales and Leasing in La Costa, California.

During the fiscal year ended December 31, 1998, the Board held no meetings. During and since the end of such period, action has been taken by unanimous written consent of the Board of Directors.

Section 16(a) Beneficial Ownership Reporting Compliance. Donald Wright, a director of the Company, failed to timely file (i) a Form 3 upon the acquisition of shares of stock of the Company and (ii) a Form 4 to report addition acquisitions of the Company's shares of stock. Mr. Wright acquired an aggregate of 11,000 shares of stock in a series of 11 transactions that should have been reported in a Form 3 and Form 4. Such transactions were reported in a Form 5. Except for Mr. Wright, the Company is not aware of any persons who beneficially own or owned more than 10 percent of the outstanding common stock of the Company or any officer, director or other person subject to the requirements of Section 16 of the Securities Exchange Act of 1934 who, during the period covered by this Annual Report on Form 10-KSB, failed to file, or failed to file on a timely basis, any reports or forms required to be filed under said Section 16 or the rules and regulations promulgated thereunder.

Item 10. Executive Compensation

Except for the compensation described below, neither the Company nor any of its subsidiaries paid, set aside or accrued any salary or other remuneration or bonus, or any amount pursuant to a profit-sharing, pension, retirement, deferred compensation or other similar plan, during its last fiscal year, to or for any of the Company's executive officers or directors.

Except for the options described below issued to Donald Wright, the directors of the Company received no consideration for serving in their capacity as directors of the Company during its last fiscal year. The Company has no annuity, pension or retirement plans.

Warrants

In consideration for Philip DeZwirek's valuable service to the Company as an employee, officer and director, the Company granted Mr. DeZwirek (i) warrants on January 14, 1998 to purchase up to 250,000 shares of the Company's common stock, which are exercisable at any time between June 14, 1998 and January 14, 2008 inclusive at a price of $2.75, the closing price of the Company's common stock on January 14, 1998, (ii) warrants on September 14, 1998 to purchase up to 250,000 shares of the Company's common stock, which are exercisable at any time between March 14, 1999 and September 14, 2008 inclusive at a price of $1.625, the closing price of the Company's common stock on September 14, 1998, and (iii) warrants on January 22, 1999 to purchase up to 500,000 shares of the Company's common stock, which are exercisable at any time between July 22, 1999 and January 22, 2009 inclusive at a price of $3.00, the closing price of the Company's common stock on January 22, 1999 (each such grant of warrants a "Warrant Grant"). All of such warrants are transferable and grant the holders thereof "piggyback registration rights", i.e. the right to participate in any registration of securities by the Company other than a registration statement in connection with a merger or pursuant to registration statements on Forms S-4 or S-8. Additionally, the holders of a majority of the shares underlying the warrants and the warrants for each Warrant Grant have the right on two occasions to have the Company prepare and file with the Securities and Exchange Commission a registration statement and such other documents as may be necessary for such holders to effect a public offering of the shares underlying the warrants previously issued or to be issued upon the effectiveness of such registration statement. The Company is however required to pay the expenses of only one of such registrations for each Warrant Grant. With respect to each Warrant Grant, the right to demand such registrations expires 10 years from the date of the Warrant Grant, or upon the happening of certain other conditions.

Options

In consideration for Donald Wright's valuable services as a director, the Company granted Mr. Wright options (the "Options") to purchase up to 10,000 shares of the Company's common stock on June 30, 1998. The Options are exercisable at any time between February 1, 1999 and June 30, 2008 inclusive at a price of $2.75. The Options are transferable, subject to federal and state securities laws.

Compensation

On October 1, 1997, the Board of Directors of the Company adopted the CECO Environmental Corp. 1997 Stock Option Plan (the "Plan"). The Plan was approved by the shareholders on September 10, 1998. The stock options are intended to qualify as incentive stock options and may be issued to officers and employees of the Company and its subsidiaries. The Plan must be administered by a committee of at least two non-employee directors; the committee currently consists of Jason DeZwirek and Josephine Grivas. One Million, Five Hundred Thousand shares of the Company's stock has been reserved for issuance pursuant to the Plan. Options to purchase stock may be granted at not less than 100% of the market price of the shares on the date of the grant, except that if the grantee of the options owns more than 10% of the voting power of stock of the Company or any of its subsidiaries, the option price per share may not be less than 110% of the market price on the date of the grant. As of March 18, 1999, 312,320 options under the Plan have been issued, none of which were issued to an officer or director of the Company.

On September 1, 1998, the Board of Directors of the Company adopted the CECO Environmental Corp. 1998 Employee Stock Purchase Plan (the "Stock Plan"). Employees, other than certain part-time employees, are eligible to participate in the Stock Plan, which provides employees the opportunity to purchase stock of the Company at a discounted price. The maximum number of shares of common stock of the Company that will be offered under the Stock Plan is 250,000. Such shares will be offered in nine separate consecutive offerings commencing October 1, 1998, with the final offering terminating on September 30, 2003. The purchase price per share will be the lesser of 85% of the market price of the stock on the last business day of the offering or 85% of the market price of the stock on the offering date. Payment of the stock under the Stock Plan is paid through employee payroll deductions. The Stock Plan is administered by the Company's board of directors, however, the board of directors may delegate its authority to a committee of the board or an officer of the Company. Adoption of the Stock Plan is subject to the approval of the shareholders of the Company by August 31, 1999. Any grants of stock and rights to purchase stock of the Company will be void and all amount contributed by employees will be refunded in the event shareholder approval is not obtained by August 31, 1999. No grants of stock have been issued as of March 15, 1999 under the Stock Plan.

The following table summarizes the total compensation of Phillip DeZwirek, the Chief Executive Officer of the Company, for 1998 and the two previous years. There were no other executive officers of the Company who received compensation in excess of $100,000 in 1998.

SUMMARY COMPENSATION TABLE FOR THE COMPANY:

Name/ Principal Position	Annual Compensation Year	Salary	Long Term Compensation Options (#)
Phillip DeZwirek	1998	$80,000	500,000(1)
President and	1997	$50,000	-
Chief Executive Officer	1996	$42,500	750,000(2)

The following tables set forth information with respect to Mr. DeZwirek concerning exercise of options on stock of the Company during the last fiscal year and unexercised options on stock of the Company held as of the end of the fiscal year.

OPTION/SAR GRANTS BY THE COMPANY
FOR THE YEAR ENDED DECEMBER 31, 1998:

Name	Number of Securities Underlying Options Granted (#)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price ($/SH)	Expiration Date
Phillip DeZwirek	250,000	50%	$2.75	Jan. 14, 2008
	250,000	50%	$1.625	Sept. 14, 2008

AGGREGATED OPTION/SAR ON THE COMPANY
EXERCISES FOR THE YEAR ENDED DECEMBER 31, 1998
AND OPTION/SAR VALUES ON THE COMPANY AS OF DECEMBER 31, 1998:

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options/SARs at 12/31/98 Exercisable	Number of Securities Underlying Unexercised Options/SARs at 12/31/98 Unexercisable	Value of Unexercised In-the-Money Options/SARs at 12/31/98 Exercisable	Value of Unexercised In-the-Money Options/SARs at 12/31/98 Unexercisable
Phillip DeZwirek	0	0	1,000,000	250,000	$1,000,000	$343,750

(1) Represents 250,000 Warrants issued on January 14, 1998 and 250,000 Warrants issued on September 14, 1998.

(2) Represents the Warrants issued to Phillip DeZwirek on November 7, 1996.

The following table summarizes the total compensation of the Chief Executive Officer of CECO Filters, Inc. for 1998 and the two previous years (the "Named Executive Officer"). There were no other executive officers of CECO Filters, Inc. who received compensation in excess of $100,000 for 1998.

SUMMARY COMPENSATION TABLE FOR CECO FILTERS, INC.:

Name/ Principal Position	Annual Compensation Year	Salary	Long Term Compensation Options (#)	All Other Compensation(1)
Steven I. Taub, Ph.D./ President and Chief Executive Officer	1998	$240,7402	-	$4,750.20
	1997	$226,300	210,5203	$4,750.20
	1996	$228,800	30,000	$4,750.20

AGGREGATED OPTION/SAR ON THE COMPANY EXERCISES FOR THE YEAR ENDED DECEMBER 31, 1998 AND OPTION/SAR VALUES ON THE COMPANY AS OF DECEMBER 31, 1998:

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options/SARs at 12/31/98 Exercisable	Number of Securities Underlying Unexercised Options/SARs at 12/31/98 Unexercisable	Value of Unexercised In-the-Money Options/SARs at 12/31/98 Exercisable	Value of Unexercised In-the-Money Options/SARs at 12/31/98 Unexercisable
Steven I. Taub, Ph.D.	0	0	42,104	168,416	$0	$0

Dr. Taub entered into an Employment Agreement dated September 30, 1997 with CECO. The Employment Agreement was effective September 30, 1997 and has a term through June 30, 2002. Either party may terminate the Employment Agreement for cause. Dr. Taub's base salary is set at $225,000 per year, but may be modified by the mutual agreement of CECO and Dr. Taub. In addition to his base salary, Dr. Taub is entitled to (i) a $2,000 IRA contribution by CECO, (ii) a car for business use, or in the alternative, an expense reimbursement for his personal car up to $600 per month, (iii) life, medical, dental and disability insurance, and (iv) up to 25 days of paid vacation annually. In addition, Dr. Taub will receive fees for service as a director of CECO equal to the highest fee paid to any other director of CECO or its affiliates.

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(1) Includes matching contributions by the Company to the Company's 401(k) Plan on behalf of Dr. Taub.

(2) $225,000 is allocated to base salary, $2,000 to IRA contribution, $7,200 to automobile allowance and $6,540 to insurance premiums, all of which items Dr. Taub pays for directly.

(3) All options granted are for shares of stock of the Company pursuant to the Company's Stock Option Plan and were granted in exchange for the cancellation of all options held by Dr. Taub for the purchase of 325,000 shares of CECO.

Under the terms of the Employment Agreement, upon Dr. Taub's death, the Company must redeem, at the request of Dr. Taub's estate, all of the stock owned by Dr. Taub. The price of such redeemed stock will be the lesser of $2,000,000 or its market value. Either CECO or the Company must maintain at least $2,000,000 of life insurance on the life of Dr. Taub to pay for such redemption.

Dr. Taub has agreed not to engage in any business competitive with CECO for a term of two years after termination of his employment.

The following table summarizes the total compensation of Andrew M. Halapin, President and Chief Operating Officer of Busch, for 1998. There were no other executive officers of Busch who received compensation in excess of $100,000 for 1998. Mr. Halapin did not receive any options or SAR grants from the Company or Busch in 1998.

SUMMARY COMPENSATION TABLE FOR NEW BUSCH CO., INC.:

Name/ Principal Position	Annual Compensation Year	Salary	Bonus	All Other Compensation(2)
Andrew M. Halapin	1998	$200,000	-	$200,000
President and Chief Operating Officer	1997	$100,000	$500,000(1)	$100,000

Busch entered into an Employment, Non-Compete and Confidentiality Agreement dated September 25, 1997 with Andrew M. Halapin, pursuant to which Mr. Halapin agreed to be Busch's President and chief operating officer until June 30, 2000. Mr. Halapin receives a $200,000 annual salary. Mr. Halapin is also entitled to a bonus depending upon whether Busch meets or exceeds certain target earnings. Mr. Halapin agrees to not compete with Busch and its affiliates (including CECO) for two years from the date of the Employment Agreement or one year from the date of termination of the Employment Agreement, whichever is later. As compensation for Mr. Halapin's agreement not to compete, he received $100,000 upon execution of the Employment Agreement and is entitled to additional $200,000 annual payments for four years, for a total payment of $900,000 for Mr. Halapin's agreement not to compete with Busch and its affiliates. Upon termination of the Employment Agreement, Busch is required to pay Mr. Halapin $450,000 before January 31, 2002 in consideration of Mr. Halapin's providing certain consulting services to CECO.

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(1) Represents a $500,000 signing bonus.

(2) Represents a $100,000 payment in 1997 and a $200,000 payment in 1998 for consideration of a non-compete agreement contained in Mr. Halapin's Employment Agreement.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(a) Security Ownership of Certain Beneficial Owners

The following table sets forth the name and address of each beneficial owner of more than five percent (5%) of the Company's common stock known to the Company, the number of shares of common stock of the Company beneficially owned as of March 15, 1999, and the percent of the class so owned by each such person.

Name and Address of Beneficial Owner	No. of Shares of Common Stock Beneficially Owned	% of Total CEC Common Shares Outstanding(1)
Icarus Investment Corp.(2) 505 University Avenue, Suite 1400 Toronto, Ontario M5G 1X3	1,334,360	15.9%
Phillip DeZwirek(2,3,4) 505 University Avenue, Suite 1400 Toronto, Ontario M5G 1P7	2,589,857	26.9%
IntroTech Investments, Inc.(5) 195 Hillsdale Avenue East Toronto, Ontario M5S 1T4	1,598,666	19.0%

(1) Based upon 8,388,816 shares of common stock of the Company outstanding as of March 15, 1999.

(2) Icarus Investment Corp. ("Icarus") is owned 50% by Phillip DeZwirek and 50% by Jason Louis DeZwirek. Ownership of the shares of common stock of CEC owned by Icarus Investment Corp. also are attributed to both Messrs. Phillip DeZwirek and Jason Louis DeZwirek. With respect to the shares owned by Icarus, Icarus has sole dispositive and voting power and Phillip DeZwirek and Jason Louis DeZwirek are deemed to have shared voting and shared dispositive power.

(3) Phillip DeZwirek is the Chief Executive Officer, Chief Financial Officer and Chairman of the Board of Directors of CEC.

(4) Includes (i) 750,000 shares of the Company's common stock that Phillip DeZwirek can purchase on or prior to November 7, 2006 from the Company at a price of $1.75 per share pursuant to Warrants granted to Mr. DeZwirek by the Company on November 7, 1996; (ii) 250,000 shares that may be purchased pursuant to Warrants granted January 14, 1998 at a price of $2.75 per share prior to January 14, 2008 and (iii) 250,000 shares of the Company's common stock that may be purchased pursuant to Warrants granted September 14, 1998 at a price of $1.625 per share prior to September 14, 2008. Excludes 500,000 shares that may be purchased pursuant to Warrants granted to Mr. DeZwirek by the Company January 22, 1999, which are not exercisable until July 22, 1999.

(5) Introtech Investments, Inc. ("IntroTech") is owned 100% by Jason Louis DeZwirek. Ownership of the shares of common stock of the Company owned by IntroTech also are attributed to Jason Louis DeZwirek. IntroTech and Jason Louis DeZwirek are each deemed to have sole dispositive and sole voting power with respect to such shares.

Jason Louis DeZwirek(2,5) 195 Hillsdale Avenue East Toronto, Ontario M5S 1T4	2,933,026	35.0%
Steven Taub(6) CECO Filters, Inc. 1027-29 Conshohocken road Conshohocken, PA 19428	645,656	7.6%
Brinker Pioneer, L.P. 259 Radnor-Chester Road Radnor, PA 19087	580,266	6.9%
Richard Paul Genovese(7)	700,000	7.7%
IRG Investor(8) Relations Group, Ltd. 1286 Homer Street, 4th fl. Vancouver, B.C. V6B 2Y5	500,000	5.6%

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(6) Includes 63,156 shares of the Company's common stock that Dr. Taub may purchase by the exercise of options.

(7) Represents 700,000 shares of the Company's common stock that Mr. Genovese may purchase by the exercise of warrants.

(8) Represents 500,000 shares of the Company's common stock that IRG Investor Relations Group Ltd. may purchase by the exercise of warrants.

(b) Security Ownership of Management

As of March 15, 1999, the present directors and executive officers of the Company are the beneficial owners of the numbers of shares of common stock of the Company set forth below:

Name of Beneficial Owner and Position Held	Number of Shares of Common Stock Beneficially Owned	% of Total CEC Common Shares Outstanding(1)
Phillip DeZwirek Chief Financial Officer, Chief Executive Officer, Chairman of the Board of Directors	2,589,85(2)	26.9%
Jason Louis DeZwirek Director, Secretary	2,933,026(3)	35.0%
Josephine Grivas Director	--	--
Donald Wright Director	21,000(4)	.25%
Steven Taub President of CECO	645,656(5)	7.6%
Officers and Directors as a group (5 persons)	4,855,179	50%

(1) See Note 1 to the foregoing table.
(2) See Notes 2, 3, and 4, to the foregoing table.
(3) See Notes 2 and 5 to the foregoing table.
(4) Includes 10,000 shares of the Company's common stock that may be purchased pursuant to Options granted June 30, 1998 at a price of $2.75 per share prior to June 30, 2008.
(5) See Note 6 to the foregoing table.

(c) Changes in Control

The Company is not aware of any current arrangement(s) that may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

Since January 1, 1997, the following transactions have occurred in which persons who, at the time of such transactions, were directors, officers or owners of more than 5% of the Company's common stock, had a direct or indirect material interest.

The Company and CECO have entered into a written management and consulting agreement pursuant to which the Company provides management and financial consulting services to CECO. The agreement has been effective since July 1, 1994. The Company advises CECO on corporate policies, strategic and financial planning, mergers and acquisitions, financing, long-term financial goals and growth plans and related matters. Pursuant to this agreement CECO paid the Company management and financial consulting fees of $20,000 per month ($240,000 total) for the 1997 fiscal year, and paid $20,000 per month through July 1998 and $35,000 per month through December 1998 ($315,000 total) for the 1998 fiscal year. The contract is now automatically renewable on an annual basis on each January 1, unless terminated by the Company. The contract requires $35,000 consulting fees per month, which are adjustable each January 1. The consulting agreement may also be terminated upon the sale of substantially all of the assets of CECO or the merger of CECO into another company, in which event the Company is entitled to receive a severance fee of $420,000.

On September 25, 1997, CECO borrowed $500,000 from the Company to help fund the purchase of the assets for Busch. The loan is a subordinated, unsecured loan. No principal may be repaid until the entire balance of a $1,000,000 loan from CoreStates Bank, N.A. is repaid in full. The Company, however, receives payments of interest. Interest accrues on the unpaid principal at the rate of 10% per annum.

Andrew Halapin, President of Busch, is the beneficial owner of the building in which Busch leases its principal office. The lease is a triple net lease, with annual rent in the amount of $133,308, which may be increased on August 1, 1999.

Item 13. Exhibits, Lists and Reports on Form 8-K

(a) Exhibits

2.1 Agreement and Plan of Reorganization dated August 13, 1997 between CECO, the Company and Steven I. Taub. (Incorporated by reference from Form 10-KSB dated December 31, 1997 of the Company)

3(i)	Articles of Incorporation (Incorporated by reference from Form 10-KSB dated December 31, 1993 of the Company)
3(ii)	Bylaws (Incorporated by reference from Form 10-KSB dated December 31, 1993 of the Company) and Amendment to Bylaws.
4.1	CECO Filters, Inc. Savings and Retirement Plan. (Incorporated by reference from CECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)
4.2	CECO Environmental Corp. 1997 Stock Option Plan. (Incorporated by reference from Form 10-KSB, exhibit 4.4, dated December 31, 1997 of the Company)
4.3	CECO Environmental Corp. 1998 Employee Stock Purchase Plan (Incorporated by reference from Form S-8, exhibit 4, dated September 17, 1998 of the Company).
10.1	Mortgage dated October 28, 1991 by CECO and the Montgomery County Industrial Development Corporation ("MCIDC") (Incorporated by reference from CECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)
10.2	Installment Sale Agreement dated October 28, 1991 between CECO and MCIDC (Incorporated by reference from CECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)
10.6	Lease dated as of March 10, 1992 between CECO and BTR North America, Inc. (Incorporated by reference from CECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)
10.7	Commercial Promissory Note dated February 25, 1993 between CECO and Corestates Bank, N.A. (Incorporated by reference from CECO's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1993)
10.8	Commercial-Industrial Mortgage dated February 25, 1993 between CECO and Corestates Bank, N.A. (Incorporated by reference from CECO's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1993)
10.9	Consulting Agreement dated as of January 1, 1994 and effective as of July 1, 1994 between the Company and CECO (Incorporated by reference to Form 10-QSB dated September 30, 1994 of the Company)

10.10 Warrant Agreement dated as of November 7, 1996 between the Company and Phillip DeZwirek. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1996)

10.11 Warrant Agreement dated as of January 14, 1998 between the Company and Phillip DeZwirek. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1998)

10.12 Asset Purchase Agreement among New Busch Co., Inc., Busch Co. and Andrew Halapin dated September 9, 1997. (Incorporated by reference from the Form 8-K filed by CECO on October 9, 1997 with respect to event of September 25, 1997)

10.13 Employment, Non-Compete and Confidentiality Agreement between New Busch Co., Inc. and Andrew M. Halapin dated September 25, 1997. (Incorporated by reference from the Form 8-K filed by CECO on October 9, 1997 with respect to event of September 25, 1997)

10.14 Employment Agreement and Addendum to Employment Agreement between CECO and Steven I. Taub dated September 30, 1997. (Incorporated by reference from the Company's Quarterly Report on Form 10-QSB for quarter ended September 30, 1997)

10.15 $1,000,000 Note of CECO payable to Corestates Bank, N.A. dated September 25, 1997. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1997)

10.16 $1,500,000 Demand Note of CECO payable to Corestates Bank, N.A. dated September 25, 1997. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1997)

10.17 Loan Agreement between CECO and Corestates Bank, N.A. dated September 24, 1997. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1997)

10.18 Lease between Busch Co. and Richard Roos dated January 10, 1980, Amendment to Lease dated August 1, 1988 between Busch Co. and Richard Roos, Amendment to Lease dated May 21, 1991 between Richard A. Roos and Busch Co. and Amendment to Lease dated June 1, 1991 between JDA, Inc. and Busch Co. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1997)

10.19 Assignment of Lease dated September 25, 1997 among Richard A. Roos, JDA, Inc., Busch Co. and New Busch Co., Inc.

10.20 Lease between Joseph V. Salvucci and Busch Co. dated October 17, 1994. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1997)

10.21 Warrant Agreement dated as of September 14, 1998 between the Company and Phillip DeZwirek.

10.22 Warrant Agreement dated as of January 22, 1999 between the Company and Phillip DeZwirek.

10.23 Warrant Agreement between the Company and IRG Investor Relations Group Ltd. and Warrant Certificates (Incorporated by reference from the Company's Form S-8 dated December 8, 1998)

10.24 Consulting Agreement between the Company and IRG Investor Relations Group Ltd. dated November 1, 1998 (Incorporated by reference from the Company's Form S-8 dated December 8, 1998)

10.25 Warrant Agreement between the Company and Richard Genovese dated November 2, 1998 and Warrant Certificates.

10.26 Option for the Purchase of Shares of Common Stock for Donald Wright dated June 30, 1998.

10.27 $5,000,000 Line of Credit Note of the Company, CECO, APC, Busch and USFM (the "Borrowers") dated March 16, 1999 payable to PNC Bank, National Association ("PNC").

10.28 $787,155.41 Mortgage Note of the Borrowers dated March 16, 1999 payable to PNC.

10.29 $625,000.06 Term Loan Note of the Borrowers dated March 16, 1999 payable to PNC.

10.30 Letter Agreement dated March 16, 1999 among PNC and the Borrowers.

10.31 Open-End Mortgage and Security Agreement dated March 16, 1999 by CECO in favor of PNC, with the joinder of MCIDC.

10.32 Guaranty of Suretyship Agreement of the Company dated March 16, 1999 for the benefit of PNC.

21 Subsidiaries of the Company.

27 Financial Data Schedule.

(b) Reports on Form 8-K

The Company did not file a report on Form 8-K during the fiscal quarter ended December 31, 1998.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CECO ENVIRONMENTAL CORP.

By: /s/ Phillip DeZwirek

Phillip DeZwirek,
Chief Executive Officer
Chief Financial Officer
Dated: March 26, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Principal Executive, Financial
and Accounting Officer

/s/ Phillip DeZwirek — March 26, 1999

Phillip DeZwirek, Chairman of the
Board and Director,
Principal Executive, Financial
and Accounting Officer

/s/ Jason Louis DeZwirek — March 26, 1999

Jason Louis DeZwirek, Director

/s/ Josephine Grivas — March 26, 1999

Josephine Grivas, Director

/s/ Donald Wright — March 26, 1999

Donald Wright, Director

Exhibit 3(ii)

ACTION BY UNANIMOUS WRITTEN CONSENT
OF THE DIRECTORS OF
CECO ENVIRONMENTAL CORP.

The undersigned, being all of the Directors of CECO ENVIRONMENTAL CORP., a New York corporation (the "Corporation"), pursuant to the provisions of Section 708 of the Business Corporation Law of the State of New York, do hereby consent, in lieu of meeting, to the adoption of the following resolutions:

RESOLVED, that effective February 22, 1998, the second sentence of Article II, Section 4, of the Bylaws of the Corporation be, and hereby is, amended in accordance with the amendment to the New York Business Corporation Law to read as follows:

"Such date shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action."

FURTHER RESOLVED, that effective February 22, 1998, the seventh sentence of the fourth paragraph of Article II, Section 5, entitled "Notice or Actual or Constructive Waiver of Notice," of the Bylaws of the Corporation be, and hereby is, amended in accordance with the amendment to the New York Business Corporation Law to read as follows:

"A copy of the notice of any meeting shall be given, personally or by first class mail, not less than ten days nor more than sixty days before the date of the meeting, unless the lapse of the prescribed period of time shall have been waived, to each shareholder at his record address or at such other address which he may have furnished by notice in writing to the Secretary of the corporation."

FURTHER RESOLVED, that the appropriate officers of the Corporation be, and hereby are, authorized and directed to execute any and all documents and to take any other actions which they deem necessary to effectuate the foregoing resolutions.

Dated: February 18, 1998

/s/Phillip DeZwirek
- ----------
Phillip DeZwirek

/Jason DeZwirek

Jason DeZwirek

/Josephine Grivas/
- ----------
Josephine Grivas

BEING ALL OF THE DIRECTORS OF CECO ENVIRONMENTAL CORP.

EXHIBIT 10.19

ASSIGNMENT OF LEASE

ASSIGNMENT made this 25th day of Septmeber, 1997 by and among RICHARD A. ROOS and JDA, INC., a Pennsylvania corporation (collectively "Landlord"), BUSCH CO., a Pennsylvania corporation ("Tenant") and NEW BUSCH CO., INC., a Delaware corporation ("New Busch").

BACKGROUND

Landlord and Tenant are parties to a lease dated January 10, 1980 as amended by Amendments to Lease dated August 1, 1988, May 21, 1991 and extended through July 31, 1999 by Addendum to Lease dated June 1, 1991 (the "Lease") covering the demised premises located in Sheller Township, Allegheny County, Pennsylvania as defined in the Lease (the "Premises"). Pursuant to the sale of certain of its assets to New Busch, Tenant desires to assign all of its rights and obligations under the Lease: to New Busch and New Busch desires to accept such assignment and Landlord has consented to such assignment.

NOW THEREFORE in consideration of the foregoing premises and intending to be legally bound hereby, Landlord, Tenant and New Busch hereby represent and agree as follows:

1. Representations of Landlord and Tenant. Landlord and Tenant hereby represent, with the intent that New Busch should rely on this representation in connection with this Assignment, the following:

(a) The Lease is in full force and effect and has not been amended or supplemented. The Lease represents the entire agreement between Landlord and Tenant with respect to the Premises.

(b) No "default" or "event of default" under the Iease has occurred or is continuing and no event which with notice or lapse of time or both would be a "default" or "event of default" under the Lease has occurred.

(c) All rent and additional rent under the Lease has been paid through September 30, 1997.

(d) The interest in and to the leasehold estate retained by Richard A. Roughs expires on July 31, 1999.

Landlord and Tenant agree that they shall be estopped from any future assertion of facts contrary to the foregoing representations.

2. Assignment.

(a) Tenant hereby assigns to New Busch all of the right, title and interest of Tenant in and to the Lease as of the Effective Date (as hereinafter defined).

(b) New Busch hereby assumes and agrees, as of the Effective Date, to make all payments and to keep all covenants and agreements of Tenant under the Lease with the same force and effect as if New Busch had executed the Lease originally as tenant therein.

(c) Landlord hereby consents to the assignment of the Lease contained herein. Furthermore, pursuant to Article 18 of the Lease, Tenant shall remain liable to Landlord under all terms and conditions of the Lease.

(d) Tenant hereby agrees to indemnify and hold New Busch harmless from and against any and all losses or damages (including without limitation, the cost of defending the same) relating to a default under the Lease or otherwise with respect to the Lease accruing prior to the Effective Date of this Assignment.

(e) New Busch hereby agrees to indemnify and hold Tenant harmless from and against any and all losses or damages (including without limitation, the cost of defending the same) relating to a default under the Lease or otherwise with respect to the Lease accruing from and after the Effective Date of this Assignment.

3. Amendments to Lease. Landlord and New Busch hereby agree that on the Effective Date, the Lease shall be amended and supplemented as follows (capitalized terms used in the following subparagraphs (a) through (d) but not defined herein, shall have the meanings given to them in the Lease):

(a) The term of the Lease shall be extended to July 31, 2002. The period from August 1, 1999 through July 31, 2002 is hereinafter referred to as the "Extension Tenn."

(b) Prior to August 1, 1999, Annual Net Basic Rental of $103,200 and additional rent in the amount of $2,509.00 per month shall be paid by Tenant as provided in the Lease. During the Extension Term, in lieu of the foregoing payments, Tenant shall pay Annual Net Basic Rental as set forth in subsection (c) below:

(c) Annual Net Basic Rental during the first year of the Extension Term (commencing August 1, 1999) shall be equal to the lesser of (a) $133,308, increased by the percentage increase in the CPI (as hereinafter defined) from June 1998 to June 1999 or (b) the Fair Market Rental Value of the Premises (as hereinafter defined). The Annual Net Basic Rental during the second and third years of the Extension Term shall be the Annual Net Basic Rental for the prior year increased by the percentage increase in the CPI. Notwithstanding the foregoing, the percentage increase in any given year shall not exceed four (4%) percent. Such Annual Net Basic

Rental shall be payable in monthly installments, each of which installment shall be an amount equal to one-twelfth (1/12th) of the applicable Annual Net Basic Rental, and shall be paid in advance on or before the tenth business day of each month during the Extension Term, without demand, to the Lessor at JDA, Inc., 940 Mt. Royal Boulevard, Pittsburgh, Pennsylvania 15223 or such other place as the Landlord may designate in writing from time to time.

(d) For the purpose of the foregoing:

(i) "Fair Market Rental Value of the Premises" shall be the annual rent agreed to by Landlord and Tenant or, if they do not reach agreement, the annual rent equal to the fair market rental value of the Premises, taking into consideration all of the other terms and conditions of the Lease, as determined by an MAI appraiser selected by Landlord and Tenant. In the event Landlord and Tenant cannot agree on an MAI appraiser, each shall select one MAI appraiser and that appraiser shall appoint a third MAI appraiser whose determination of Fair Market Rental Value shall control. The cost of any appraisal shall be divided equally between Landlord and Tenant. Landlord and Tenant shall negotiate in good faith, beginning no later than April 1, 1999 in order to determine annual rental value of the Premises. If they have not reached agreement on annual rent prior to May 1, 1999, they shall attempt to agree on an MAI appraiser by May 15, 1999. If they have not agreed on such appraiser by May 15, 1999, they shall each appoint one MAI appraiser by May 30, 1999. Such appraiser shall select the third MAI appraiser by June 15, 1999. The single MAI appraisers appointed by the MAI appraisers appointed by the MAI appraisers appointed by each of the parties shall have thirty (30) days to determine Fair Market Rental Value of the Premises.

(ii) "CPI" shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers in the Pittsburgh area published by the Bureau of Labor Statistics of the U.S. Department of Labor (1982-84 equals 100) (All Items). In the event that the CP1 ceases to use 1982-84 average of 100 as the basis of calculation, or if a substantial change is made in the terms or number of items contained in the CP1, then the CPL shall be adjusted to the figure that would have been arrived at had the change in the a manner of computing the CPI in effect on the date of this amendment to lease not been altered. In the event such CPI (or a successor or, substitute index) is not available, a reliable governmental or non-partisan publication evaluating the information thereto fore used in determining the CPI shall be used. In the event no CPI shall be published for the month in question, the CPI published on the date nearest thereto shall be used.

(iii) "Percentage Increase" shall be calculated as follows: first calculate the sum which is the difference between the CPI for June of the then current year and June of the immediately preceding year. Second, divide that difference by the CPI for June of the immediately preceding year. Third, multiply the quotient just derived by 100 to obtain the "percentage increase." (For an example of the calculation see Exhibit A") on such appraiser by May 15, 1999, they shall each appoint one MAI appraiser by May 30, 1999. Such appraiser shall select the third MAI appraiser by June 15, 1999. The single MAI appraiser appointed by the

parties or the single MAI appraiser appointed by the MAI appraisers appointed by each of the parties shall have thirty (30) days to determine Fair Market Rental Value of the Premises.

(ii) "CPI" shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers in the Pittsburgh area published by the Bureau of Labor Statistics of the U.S. Department of Labor (1982-84 equals 100) (All Items). In the event that the CP1 ceases to use 1982-84 average of 100 as the basis of calculation, or if a substantial change is made in the terms or number of items contained in the CPI, then the CPI shall be adjusted to the figure that would have been arrived at had the change in the a manner of computing the CPI in effect on the date of this amendment to lease not been altered. In the event such CPI (or a successor or, substitute index) is not available, a reliable governmental or non-partisan publication evaluating the information thereto fore used in determining the CPI shall be used. In the event no CPI shall be published for the month in question, the CPI published on the date nearest thereto shall be used.

(iii) "Percentage Increase" shall be calculated as follows: first calculate the sum which is the difference between the CPI for June of the then current year and June of the immediately preceding year. Second, divide that difference by the CPI for June of the immediately preceding year. Third, multiply the quotient just derived by 100 to obtain the "percentage increase." (For an example of the calculation see Exhibit "A").

4. Additional Covenants.

(a) Landlord agrees to execute such waiver of liens as may be requested from time to time by Tenant's bank or other financial institution.

(b) Landlord, Tenant and New Busch hereby represent and warrant to each other, that they have dealt with no broker in connection with this Assignment and there are no brokerage commissions or finder's fees payable in connection therewith. Each party hereby agrees to hold the other party harmless from and against any and all damage (including without limitation, the cost of defending the same) arising from any claim by a broker claiming to have dealt with such party in connection with this Assignment.

(c) This Assignment shall be binding and inure to the benefit of the parties hereto and their respective successors and assigns.

(d) This Assignment shall be effective beginning July 1, 1997 (the "Effective Date").

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

/Richard A. Roughs/

Richard A. Roughs

JDA, INC.

By: /Andrew M. Halapin/

Andrew M. Halapin
President

BUSCH CO.

By: /AndrewM.Halapin/

Andrew M. Halapin
President

NEW BUSCH CO., INC.

By: /Steven I. Taub

Steven I. Taub
Chairman

EXHIBIT 10.21

CECO ENVIRONMENTAL CORP.

AND

PHILLIP DeZWIREK

WARRANT AGREEMENT

Dated as of September 14, 1998

WARRANT AGREEMENT (the "Agreement") dated as of September 14, 1998 between CECO Environmental Corp., a New York corporation (the "Company"), and Phillip DeZwirek (hereinafter referred to as a "Holder" or "DeZwirek").

W I T N E S S E T H :

WHEREAS, DeZwirek is an employee, officer and director of the Company; and

WHEREAS, DeZwirek has, and continues to provide valuable services to the Company; and

WHEREAS, the Company desires to grant to DeZwirek, and DeZwirek desires to accept from the Company, warrant certificates giving DeZwirek the right to purchase shares of the Company's Common Stock.

NOW, THEREFORE, in consideration of the premises, the payment by DeZwirek to the Company of an aggregate of ten dollars ($10.00), the agreements herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant. DeZwirek is granted the right to purchase, from the Company, at any time from March 15, 1999, until 5:30 p.m., New York time, on September 14, 2008 (the "Expiration Date"), at which time the Warrants expire, up to an aggregate of 250,000 shares (subject to adjustment as provided in Section 8 hereof) of common stock, par value $.01 per share, of the Company ("Common Stock") at an initial exercise price (subject to adjustment as provided in Section 11 hereof) of $1.625 per share (the "Exercise Price").

2. Warrant Certificates. The warrant certificates (the "Warrant Certificates") delivered and to be delivered pursuant to this Agreement shall be in the form set forth in Exhibit A, attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions, and other variations as required or permitted by this Agreement.

3. Registration of Warrant. The Warrants shall be numbered and shall be registered on the books of the Company when issued.

4. Exercise of Warrant.

4.1 Method of Exercise. The Warrants initially are exercisable at the product of (i) the Exercise Price multiplied by (ii) the number of shares of Common Stock purchased (subject to adjustment as provided in Section 11 hereof), as set forth in Section 8 hereof payable by certified or official bank check in United States dollars. The product of the number of Warrants exercised at any one time multiplied by the Exercise Price shall be referred to as the "Purchase Price." Upon surrender of a Warrant Certificate with the annexed Form of Election to Purchase duly executed, together with payment of the Purchase Price for the shares of Common Stock purchased at the Company's principal offices located at 505 University Avenue, Suite 1400, Toronto, Ontario, Canada, the registered holder of a Warrant Certificate ("Holder" or "Holders") shall be entitled to receive a certificate or certificates for the shares of Common Stock so purchased. The purchase rights represented by each Warrant Certificate are exercisable at the option of the Holder thereof, in whole or in part (but not as to fractional shares of the Common Stock). In the case of the purchase of less than all the shares of Common Stock purchasable under any Warrant Certificate, the Company shall cancel said Warrant Certificate upon the surrender thereof and shall execute and

deliver a new Warrant Certificate of like tenor for the balance of the shares of Common Stock purchasable thereunder.

5. Issuance of Certificates. Upon the exercise of the Warrants, the issuance of certificates for shares of Common Stock shall be made forthwith (and in any event within five (5) business days thereafter) without charge to the Holder thereof including, without limitation, any tax which may be payable in respect of the issuance thereof, and such certificates shall (subject to the provisions of Sections 7 and 9 hereof) be issued in the name of, or in such names as may be directed by, the Holder thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificates in a name other than that of the Holder and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

The Warrant Certificates and the certificates representing the shares of Common Stock, or other securities, property or rights issued upon exercise of the Warrants shall be executed on behalf of the Company by the manual or facsimile signature of the then present President or any Vice President of the Company under its corporate seal reproduced thereon, attested to by the manual or facsimile signature of the then present Secretary or any Assistant Secretary of the Company. Warrant Certificates shall be dated the date of execution by the Company upon initial issuance, division, exchange, substitution or transfer.

6. Transfer of Warrant. The Warrants shall be transferable only on the books of the Company maintained at its principal office, where its principal office may then be located, upon delivery thereof duly endorsed by the Holder or by its duly authorized attorney or representative accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration transfer, the Company shall execute and deliver new Warrants to the person entitled thereto.

7. Restriction On Transfer of Warrants. The Holder of a Warrant Certificate, by its acceptance thereof, covenants and agrees that the Warrants are being acquired as an investment and not with a view to the distribution thereof.

8. Exercise Price and Number of Securities. Except as otherwise provided in Section 10 hereof, each of the Warrants are exercisable to purchase one share of Common Stock at an initial exercise price equal to the Exercise Price. The Exercise Price and the number of shares of Common Stock for which the Warrant may be exercised shall be the price and the number of shares of Common Stock which shall result from time to time from any and all adjustments in accordance with the provisions of Section 11 hereof.

9. Registration Rights.

9.1 Registration Under the Securities Act of 1933. Each Warrant Certificate and each certificate representing the shares of Common Stock, and any of the other securities issuable upon exercise of the Warrants and the securities underlying the securities issuable upon exercise of the Warrants (collectively, the "Warrant Shares") shall bear the following legend, unless (i) such

Warrants or Warrant Shares are distributed to the public or sold for distribution to the public pursuant to this Section 9 or otherwise pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "Act"), (ii) such Warrants or Warrant Shares are subject to a currently effective registration statement under the Act; or (iii) the Company has received an opinion of counsel, in form and substance reasonably satisfactory to counsel for the Company, that such legend is unnecessary for any such certificate:

> THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.
>
> THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THE CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

9.2 Piggyback Registration. If, at any time commencing September 1, 1999, and expiring on the Expiration Date, the Company proposes to register any of its securities, not registered on the date hereof, under the Act (other than in connection with a merger or pursuant to Form S-4 or Form S-8) it will give written notice by registered mail, at least thirty (30) days prior to the filing of each such registration statement, to the Holders of the Warrants and/or the Warrant Shares of its intention to do so. If any of the Holders of the Warrants and/or Warrant Shares notify

the Company within twenty (20) days after mailing of any such notice of its or their desire to include any such securities in such proposed registration statement, the Company shall afford such Holders of the Warrants and/or Warrant Shares the opportunity to have any such Warrant Shares registered under such registration statement. In the event that the managing underwriter for said offering advises the Company in writing that in the underwriter's opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without causing a diminution in the offering price or otherwise adversely affecting the offering, the Company will include in such registration (a) first, the securities the Company proposes to sell, (b) second, the securities held by the entities that made the demand for registration, (c) third, the Warrants and/or Warrant Shares requested to be included in such registration which in the opinion of such underwriter can be sold, pro rata among the Holders of Warrants and/or Warrant Shares on the basis of the number of Warrants and/or Warrant Shares requested to be registered by such Holders, and (d) fourth, other securities requested to be included in such registration.

Notwithstanding the provisions of this Section 9.2, the Company shall have the right at any time after it shall have given written notice pursuant to this Section 9.2 (irrespective of whether a written request for inclusion of any such securities shall have been made) to elect not to file any such proposed registration statement or to withdraw the same after the filing but prior to the effective date thereof.

9.3 Demand Registration.

(a) At any time commencing September 1, 1999 and expiring on the Expiration Date, the Holders of the Warrants and/or Warrant Shares representing a "Majority" (as

hereinafter defined) of the Warrants and/or Warrant Shares shall have the right on one occasion (which right is in addition to the registration rights under Section 9.2 hereof), exercisable by written notice to the Company, to have the Company prepare and file with the Securities and Exchange Commission (the "Commission"), a registration statement and such other documents, including a prospectus, as may be necessary in the opinion of both counsel for the Company and counsel for the Holders, in order to comply with the provisions of the Act, so as to permit a public offering and sale by such Holders and any other Holders of the Warrants and/or Warrant Shares who notify the Company within fifteen (15) days after the Company mails notice of such request pursuant to Section 9.3(b) hereof (collectively, the "Requesting Holders") of their respective Warrant Shares so as to allow the unrestricted sale of the Warrant Shares to the public from time to time until the earlier of the following: (i) the Expiration Date, or (ii) the date on which all of the Warrant Shares requested to be registered by the Requesting Holders have been sold (the "Registration Period").

(b) The Company covenants and agrees to give written notice of any registration request under this Section 9.3 by any Holder or Holders representing a Majority of the Warrants and/or Warrant Shares to all other registered Holders of the Warrants and the Warrant Shares within ten (10) days from the date of the receipt of any such registration request.

(c) In addition to the registration rights under Section 9.2 and subsection (a) of this Section 9.3, at any time commencing September 1, 1999 and expiring on the Expiration Date, the Holders of Warrants and/or Warrant Shares shall have the right on one occasion, exercisable by written request to the Company, to have the Company prepare and file with the Commission a registration statement so as to permit a public offering and sale by such Holders of

their respective Warrant Shares from time to time until the first to occur of the following: (i) the expiration of this Agreement, or (ii) all of the Warrant Shares requested to be registered by such Holders have been sold; provided, however, that the provisions of Section 9.4(b) hereof shall not apply to any such registration request and registration and all costs incident thereto shall be at the expense of the Holder or Holders making such request.

9.4 Covenants of the Company With Respect to Registration. In connection with any registration under Section 9.2 or 9.3 hereof, the Company covenants and agrees as follows:

(a) The Company shall use its best efforts to file a registration statement within ninety (90) days of receipt of any demand therefor, and to have any registration statements declared effective at the earliest possible time, and shall furnish each Holder desiring to sell Warrant Shares such number of prospectuses as shall reasonably be requested. The Company shall also file such applications and other documents as may be necessary to permit the sale of the Warrant Shares to the public during the Registration Period in those states to which the Company and the holders of the Warrants and/or Warrant Shares shall mutually agree.

(b) The Company shall pay all costs (excluding fees and expenses of Holder(s)' counsel and any underwriting or selling commissions), fees and expenses in connection with all registration statements filed pursuant to Sections 9.2 and 9.3(a) hereof including, without limitation, the Company's legal and accounting fees, printing expenses, blue sky fees and expenses. The Holder(s) will pay all costs, fees and expenses in connection with the registration statement filed pursuant to Section 9.3(c).

(c) The Company will take all necessary action which may be required in qualifying or registering the Warrant Shares included in a registration statement for offering and sale under the securities or blue sky laws of such states as reasonably are requested by the Holder(s), provided that the Company shall not be obligated to execute or file any general consent to service of process or to qualify as a foreign corporation to do business under the laws of any such jurisdiction.

(d) The Company shall indemnify the Holder(s) of the Warrant Shares to be sold pursuant to any registration statement and each person, if any, who controls such Holder(s) within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement.

(e) In order to provide for just and equitable contribution under the Act in any case in which (i) any Holder of the Warrant Shares or controlling person thereof makes a claim for indemnification but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that the express provisions of Section 9.4(d) hereof provide for indemnification in such case or (ii) contribution under the Act may be required on the part of any Holder of the Warrant Shares, or controlling person thereof, then the Company, any such Holder of the Warrant Shares, or

controlling person thereof shall contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (which shall, for all purposes of this Agreement, include, but not be limited to, all costs of defense and investigation and all attorneys fees), in either such case (after contribution from others) on the basis of relative fault as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or a Holder of Warrant Shares, or controlling person thereof on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and such Holders of such securities and such controlling persons agree that it would not be just and equitable if contribution pursuant to this Section 9.4(e) were determined by pro rata allocation or by any other method which does not take account of the equitable considerations referred to in this Section 9.4(e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this Section 9.4(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) The Holder(s) of the Warrant Shares to be sold pursuant to a registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against any loss, claim, damage or expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished in writing, by or on behalf of such Holders, or their successors or assigns, for specific inclusion in such registration statement.

(g) Nothing contained in this Agreement shall be construed as requiring the Holder(s) to exercise their Warrants prior to the initial filing of any registration statement or the effectiveness thereof.

(h) The Company shall not permit the inclusion of any securities other than the Warrant Shares to be included in any registration statement filed pursuant to Section 9.3 hereof, or permit any other registration statement (other than a registration statement on Form S-4 or S-8) to be or remain effective during a one hundred and eighty (180) day period following the effective date of a registration statement filed pursuant to Section 9.3 hereof, without the prior written consent of the Holder(s) of the Warrants and Warrant Shares representing a Majority of such securities or as otherwise required by the terms of any existing registration rights granted prior to the date of this Agreement by the Company to the holders of any of the Company's securities.

(i) The Company shall furnish to each Holder participating in the offering and to each underwriter, if any, a signed counterpart, addressed to such Holder or underwriter, of (i)

an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under the underwriting agreement), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a "cold comfort" letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities.

(j) The Company shall as soon as practicable after the effective date of the registration statement, and in any event within 15 months thereafter, make "generally available to its security holders" (within the meaning of Rule 158 under the Act) an earnings statement (which need not be audited) complying with Section 11(a) of the Act and covering a period of at least 12 consecutive months beginning after the effective date of the registration statement.

(k) The Company shall enter into an underwriting agreement with the managing underwriters selected for such underwriting by Holders holding a Majority of the Warrant Shares requested to be included in such underwriting. Such agreement shall be satisfactory in form and substance to the Company, each Holder and such managing underwriters, and shall contain such representations, warranties and covenants by the Company and such other terms as are

customarily contained in agreements of that type used by the managing underwriter. The Holder(s) shall be parties to any underwriting agreement relating to an underwritten sale of their Warrant Shares and may, at their option, require that any or all of the representations, warranties and covenants of the Company to or for the benefit of such underwriters shall also be made to and for the benefit of such Holder(s). Such Holder(s) shall not be required to make any representations or warranties to or agreements with the Company or the underwriters except as they may relate to such Holder(s) and their intended methods of distribution.

(l) For purposes of this Agreement, the term "Majority" in reference to the Warrants or Warrant Shares, shall mean in excess of fifty percent (50%) of the then outstanding Warrants or Warrant Shares that (i) are not held by the Company, or (ii) have not been resold to the public pursuant to a registration statement filed with the Commission under the Act or Rule 144 promulgated under the Act.

10. Obligations of Holders. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 9 hereof that each of the selling Holders shall:

(a) Furnish to the Company such information regarding themselves, the Warrant Shares held by them, the intended method of sale or other disposition of such securities, the identity of and compensation to be paid to any underwriters proposed to be employed in connection with such sale or other disposition, and such other information as may reasonably be required to effect the registration of their Warrant Shares.

(b) Notify the Company, at any time when a prospectus relating to the

Warrant Shares covered by a registration statement is required to be delivered under the Act, of the happening of any event with respect to such selling Holder as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

11. Adjustments to Exercise Price and Number of Securities. The Exercise Price in effect at any time and the number and kind of securities purchasable upon the exercise of the Warrants or the securities underlying the Warrants shall be subject to adjustment from time to time upon the happening of certain events as follows:

11.1 Dividend, Subdivision and Combination. In case the Company shall (i) declare a dividend or make a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) subdivide or reclassify its outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Exercise Price by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action. Such adjustment shall be made successively whenever any event listed above shall occur.

11.2 Adjustment in Number of Securities. Upon each adjustment of the Exercise

Price pursuant to the provisions of this Section 11, the number of Warrant Shares issuable upon the exercise at the adjusted Exercise Price of each Warrant shall be adjusted to the nearest number of whole shares of Common Stock determined by multiplying a number equal to the Exercise Price in effect immediately prior to such adjustment by the number of the applicable Warrant Shares issuable upon exercise of the Warrants immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

11.3 Definition of Common Stock. For the purpose of this Agreement, the term "Common Stock" shall mean (i) the class of stock designated as Common Stock in the Articles of Incorporation of the Company as of the date hereof, or (ii) any other class of stock resulting from successive changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value.

11.4 Merger or Consolidation. In case of any consolidation of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger which does not result in any reclassification or change of the outstanding Common Stock), the corporation formed by such consolidation or merger shall execute and deliver to each Holder a supplemental warrant agreement providing that the Holder of each Warrant then outstanding shall have the right thereafter (until the Expiration Date) to receive, upon exercise of such Warrant, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or merger to which the Holder would have been entitled if the Holder had exercised such Warrant immediately prior to such consolidation, merger, sale or transfer. Such supplemental warrant agreement shall provide for adjustments which shall be identical to the adjustments provided in this

Section 11. The above provision of this subsection shall similarly apply to successive consolidations or mergers.

11.5 No Adjustment of the Exercise Price in Certain Cases. No adjustment of the Exercise Price shall be made:

(a) Upon the issuance or sale of the Warrants or the Warrant Shares;

(b) Upon the issuance or sale of Common Stock (or any other security convertible, exercisable, or exchangeable into shares of Common Stock) upon the direct or indirect conversion, exercise, or exchange of any options, rights, warrants, or other securities or indebtedness of the Company outstanding as of the date of this Agreement or granted pursuant to any stock option plan of the Company in existence as of the date of this Agreement, pursuant to the terms thereof or issued pursuant to any stock purchase plan in existence as of the date of this Agreement, pursuant to the terms thereof; or

(c) If the amount of said adjustment shall be less than ten cents ($.10) per share, provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least ten cents ($.10) per share.

12. Exchange and Replacement of Warrant Certificates. Each Warrant Certificate is exchangeable, without expense, upon the surrender thereof by the registered Holder at the principal executive office of the Company for a new Warrant Certificate of like tenor and date representing in

the aggregate the Holder's right to purchase the same number of Warrant Shares in such denominations as shall be designated in such Warrant Certificate at the time of such surrender.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it and reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrant Certificate, if mutilated, the Company will make and deliver a new Warrant Certificate of like tenor, in lieu thereof.

13. Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock or other securities upon the exercise of the Warrants, nor shall it be required to issue scrip or pay cash in lieu of fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

14. Reservation and Listing of Securities. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of the Warrants, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof or the exercise or conversion of any other exercisable or convertible securities underlying the Warrants. Every transfer agent and warrant agent (collectively "Transfer Agent") for the Common Stock and other securities of the

Company issuable upon the exercise of the Warrants will be irrevocably authorized and directed at all times to reserve such number of authorized shares of Common Stock and other securities as shall be requisite for such purpose. The Company will keep a copy of this Agreement on file with every Transfer Agent for the Common Stock and other securities of the Company issuable upon the exercise of the Warrants. The Company will supply every such Transfer Agent with duly executed stock and other certificates, as appropriate, for such purpose. The Company covenants and agrees that, upon each exercise of the Warrants and payment of the Purchase Price, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as the Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock and other securities issuable upon the exercise of the Warrants and the securities underlying the securities issuable upon exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges or securities associations on which the Common Stock issued to the public in connection herewith may then be listed and/or quoted.

15. Notices to Warrant Holders. Nothing contained in this Agreement shall be construed as conferring upon the Holder(s) of the Warrants the right to vote or to consent or to receive notice as a stockholder in respect of any meetings of stockholders for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the following events shall occur:

(a) the Company shall take a record of the holders of its shares of

Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of current or retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company; or

(b) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor; or

(c) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business as an entirety shall be proposed; then in any one or more of said events, the Company shall give written notice to the registered holders of the Warrants of such event at least fifteen (15) days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, convertible or exchangeable securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of closing the transfer books, as the case may be. Failure to give such notice or any defect therein shall not affect the validity of any action taken in connection with the declaration or payment of any such dividend, or the issuance of any convertible or exchangeable securities, or subscription rights, options or warrants, or any proposed dissolution, liquidation, winding up or sale.

16. Notices. All notices, requests, consents and other communications hereunder shall

be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) if to the registered Holder of the Warrants, to the address of such Holder as shown on the books of the Company; or

(b) if to the Company, to the address set forth in Section 4 hereof or to such other address as the Company may designate by notice to the Holders.

17. Supplements; Amendments; Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought. The Company and DeZwirek may from time to time supplement or amend this Agreement without the approval of any Holders of Warrant Certificates (other than DeZwirek) in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any provisions herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company and DeZwirek may deem necessary or desirable and which the Company and DeZwirek deem shall not adversely affect the interests of the Holders of Warrant Certificates.

18. Successors. All of the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Holder(s) and their respective successors and assigns hereunder.

19. Survival of Representations and Warranties. All statements in any schedule, exhibit or certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated by this Agreement, shall be deemed to be representations and warranties hereunder. Notwithstanding any investigations made by or on behalf of the parties to this Agreement, all representations, warranties and agreements made by the parties to this Agreement or pursuant hereto shall survive.

20. Governing Law; Submission to Jurisdiction. This Agreement and each Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of said State without giving effect to the rules of said State governing the conflicts of laws.

21. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

22. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

23. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and DeZwirek and any other registered Holder(s) of the Warrant Certificates or Warrant Shares any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company and DeZwirek and any other Holder(s) of the Warrant Certificates or Warrant Shares.

24. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

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

CECO ENVIRONMENTAL CORP.

By:_____
Name:_____
Title:_____

/Phillip DeZwirek/

Phillip DeZwirek

EXHIBIT A

[FORM OF WARRANT CERTIFICATE]

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, SEPTEMBER 14, 2008

Warrant No.__

WARRANT CERTIFICATE

This Warrant Certificate certifies that _____, or registered assigns, is the registered holder of Warrants to purchase initially, at any time from March 15, 1999 until 5:30 p.m., New York time, on September 14, 2008 ("Expiration Date"), up to _____ shares, of fully-paid and non-assessable common stock, $.01 par value ("Common Stock") of CECO Environmental Corp., a New York corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $1.625 per share upon surrender of this Warrant Certificate and payment of the Exercise Price at the principal executive office of the Company, but subject to the conditions set forth herein. Payment of the Exercise Price shall be made by certified or official bank check in United States dollars payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter expire and shall be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue

a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal executive office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered of unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any Warrant holder to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated as of _____, 199__.

ATTEST:

_____
Secretary

CECO ENVIRONMENTAL CORP.

By: [SEAL]

Name:_____
Title:_____

[FORM OF ELECTION TO PURCHASE PURSUANT TO SECTION 4.1 OF THE WARRANT AGREEMENT]

The undersigned hereby irrevocably elects to exercise the right, represented by Warrant Certificate No. ___, to purchase _____ shares of Common Stock (as defined in the Warrant Agreement described below) and herewith tenders in payment for such securities a certified or official bank check payable in United States dollars to the order of CECO Environmental Corp., a New York corporation (the "Company") in the amount of $_____, all in accordance with the terms of Section 4.1 of the Warrant Agreement dated as of September 14, 1998 between the Company and Phillip DeZwirek. The undersigned requests that a certificate for such securities be registered in the name of _____, whose address is _____ and that such certificate be delivered to _____, whose address is _____, and if said number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant Certificate for the balance of the shares of Common Stock purchasable under the within Warrant Certificate be registered in the name of the undersigned warrantholder or his assignee as below indicated and delivered to the address stated below.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)

Address:_____
_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed:_____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

[FORM OF ASSIGNMENT]

(To be executed by the registered holder if such holder desires to transfer the Warrant Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto [NAME OF TRANSFEREE] Warrant Certificate No.___ , together with all right, title and interest therein, and does hereby irrevocably constitute and appoint_____ Attorney, to transfer the within Warrant Certificate on the books of the within-named Company, with full power of substitution.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)
Address:_____
_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed: _____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

WARRANT CERTIFICATE

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, SEPTEMBER 14, 2008

Warrant No. 3

WARRANT CERTIFICATE

This Warrant Certificate certifies that Phillip DeZwirek, or registered assigns, is the registered holder of Warrants to purchase initially, at any time from March 15, 1999, until 5:30 p.m., New York time, on September 14, 2008 ("Expiration Date"), up to 250,000 shares, of fully-paid and non-assessable common stock, $.01 par value ("Common Stock") of CECO Environmental Corp., a New York corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $1.625 per share upon surrender of this Warrant Certificate and payment of the Exercise Price at the principal executive office of the Company, but subject to the conditions set forth herein. Payment of the Exercise Price shall be made by certified or official bank check in United States dollars payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter expire and shall be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to

certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal executive office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered of unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any Warrant holder to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated as of September 14, 1998.

CECO ENVIRONMENTAL CORP.

By: /Jason DeZwirek/ [SEAL]

Name: /Jason DeZwirek/

Title: /Secretary/

EXHIBIT 10.22

CECO ENVIRONMENTAL CORP.

AND

PHILLIP DeZWIREK

WARRANT AGREEMENT

Dated as of January 22, 1999

WARRANT AGREEMENT (the "Agreement") dated as of January 22, 1999 between CECO Environmental Corp., a New York corporation (the "Company"), and Phillip DeZwirek (hereinafter referred to as a "Holder" or "DeZwirek").

W I T N E S S E T H :

WHEREAS, DeZwirek is an employee, officer and director of the Company; and

WHEREAS, DeZwirek has, and continues to provide valuable services to the Company; and

WHEREAS, the Company desires to grant to DeZwirek, and DeZwirek desires to accept from the Company, warrant certificates giving DeZwirek the right to purchase shares of the Company's Common Stock.

NOW, THEREFORE, in consideration of the premises, the payment by DeZwirek to the Company of an aggregate of ten dollars ($10.00), the agreements herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant. DeZwirek is granted the right to purchase, from the Company, at any time from July 22, 1999, until 5:30 p.m., New York time, on January 22, 2009 (the "Expiration Date"), at which time the Warrants expire, up to an aggregate of 500,000 shares (subject to adjustment as provided in Section 8 hereof) of common stock, par value $.01 per share, of the Company ("Common Stock") at an initial exercise price (subject to adjustment as provided in Section 11 hereof) of $3.00 per share (the "Exercise Price").

2. Warrant Certificates. The warrant certificates (the "Warrant Certificates") delivered and to be delivered pursuant to this Agreement shall be in the form set forth in Exhibit A, attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions, and other variations as required or permitted by this Agreement.

3. Registration of Warrant. The Warrants shall be numbered and shall be registered on the books of the Company when issued.

4. Exercise of Warrant.

4.1 Method of Exercise. The Warrants initially are exercisable at the product of (i) the Exercise Price multiplied by (ii) the number of shares of Common Stock purchased (subject to adjustment as provided in Section 11 hereof), as set forth in Section 8 hereof payable by certified or official bank check in United States dollars. The product of the number of Warrants exercised at any one time multiplied by the Exercise Price shall be referred to as the "Purchase Price." Upon surrender of a Warrant Certificate with the annexed Form of Election to Purchase duly executed, together with payment of the Purchase Price for the shares of Common Stock purchased at the Company's principal offices located at 505 University Avenue, Suite 1400, Toronto, Ontario, Canada, the registered holder of a Warrant Certificate ("Holder" or "Holders") shall be entitled to receive a certificate or certificates for the shares of Common Stock so purchased. The purchase rights represented by each Warrant Certificate are exercisable at the option of the Holder thereof, in whole or in part (but not as to fractional shares of the Common Stock). In the case of the purchase of less than all the shares of Common Stock purchasable under any Warrant Certificate, the Company shall cancel said Warrant Certificate upon the surrender thereof and shall execute and deliver a new Warrant Certificate of like tenor for the balance of the shares of Common Stock purchasable thereunder.

5. Issuance of Certificates. Upon the exercise of the Warrants, the issuance of certificates for shares of Common Stock shall be made forthwith (and in any event within five (5) business days thereafter) without charge to the Holder thereof including, without limitation, any tax which may be payable in respect of the issuance thereof, and such certificates shall (subject to the provisions of Sections 7 and 9 hereof) be issued in the name of, or in such names as may be directed by, the Holder thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificates in a name other than that of the Holder and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

The Warrant Certificates and the certificates representing the shares of Common Stock, or other securities, property or rights issued upon exercise of the Warrants shall be executed on behalf of the Company by the manual or facsimile signature of the then present President or any Vice President of the Company under its corporate seal reproduced thereon, attested to by the manual or facsimile signature of the then present Secretary or any Assistant Secretary of the Company. Warrant Certificates shall be dated the date of execution by the Company upon initial issuance, division, exchange, substitution or transfer.

6. Transfer of Warrant. The Warrants shall be transferable only on the books of the Company maintained at its principal office, where its principal office may then be located, upon delivery thereof duly endorsed by the Holder or by its duly authorized attorney or representative accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration transfer, the Company shall execute and deliver new Warrants to the person entitled thereto.

7. Restriction On Transfer of Warrants. The Holder of a Warrant Certificate, by its acceptance thereof, covenants and agrees that the Warrants are being acquired as an investment and not with a view to the distribution thereof.

8. Exercise Price and Number of Securities. Except as otherwise provided in Section 10 hereof, each of the Warrants are exercisable to purchase one share of Common Stock at an initial exercise price equal to the Exercise Price. The Exercise Price and the number of shares of Common Stock for which the Warrant may be exercised shall be the price and the number of shares of Common Stock which shall result from time to time from any and all adjustments in accordance with the provisions of Section 11 hereof.

9. Registration Rights.

9.1 Registration Under the Securities Act of 1933. Each Warrant Certificate and each certificate representing the shares of Common Stock, and any of the other securities issuable upon exercise of the Warrants and the securities underlying the securities issuable upon exercise of the Warrants (collectively, the "Warrant Shares") shall bear the following legend, unless (i) such Warrants or Warrant Shares are distributed to the public or sold for distribution to the public pursuant to this Section 9 or otherwise pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "Act"), (ii) such Warrants or Warrant Shares are subject to a currently effective registration statement under the Act; or (iii) the Company has received an opinion of counsel, in form and substance reasonably satisfactory to counsel for the Company, that such legend is unnecessary for any such certificate:

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THE CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

9.2 Piggyback Registration. If, at any time commencing September 1, 1999, and expiring on the Expiration Date, the Company proposes to register any of its securities, not registered on the date hereof, under the Act (other than in connection with a merger or pursuant to Form S-4 or Form S-8) it will give written notice by registered mail, at least thirty (30) days prior to the filing of each such registration statement, to the Holders of the Warrants and/or the Warrant Shares of its intention to do so. If any of the Holders of the Warrants and/or Warrant Shares notify the Company within twenty (20) days after mailing of any such notice of its or their desire to include any such securities in such proposed registration statement, the Company shall afford such

Holders of the Warrants and/or Warrant Shares the opportunity to have any such Warrant Shares registered under such registration statement. In the event that the managing underwriter for said offering advises the Company in writing that in the underwriter's opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without causing a diminution in the offering price or otherwise adversely affecting the offering, the Company will include in such registration (a) first, the securities the Company proposes to sell, (b) second, the securities held by the entities that made the demand for registration, (c) third, the Warrants and/or Warrant Shares requested to be included in such registration which in the opinion of such underwriter can be sold, pro rata among the Holders of Warrants and/or Warrant Shares on the basis of the number of Warrants and/or Warrant Shares requested to be registered by such Holders, and (d) fourth, other securities requested to be included in such registration.

Notwithstanding the provisions of this Section 9.2, the Company shall have the right at any time after it shall have given written notice pursuant to this Section 9.2 (irrespective of whether a written request for inclusion of any such securities shall have been made) to elect not to file any such proposed registration statement or to withdraw the same after the filing but prior to the effective date thereof.

9.3 Demand Registration.

(a) At any time commencing January 22, 1999 and expiring on the Expiration Date, the Holders of the Warrants and/or Warrant Shares representing a "Majority" (as hereinafter defined) of the Warrants and/or Warrant Shares shall have the right on one occasion (which right is in addition to the registration rights under Section 9.2 hereof), exercisable by written notice to the Company, to have the Company prepare and file with the Securities and Exchange

Commission (the "Commission"), a registration statement and such other documents, including a prospectus, as may be necessary in the opinion of both counsel for the Company and counsel for the Holders, in order to comply with the provisions of the Act, so as to permit a public offering and sale by such Holders and any other Holders of the Warrants and/or Warrant Shares who notify the Company within fifteen (15) days after the Company mails notice of such request pursuant to Section 9.3(b) hereof (collectively, the "Requesting Holders") of their respective Warrant Shares so as to allow the unrestricted sale of the Warrant Shares to the public from time to time until the earlier of the following: (i) the Expiration Date, or (ii) the date on which all of the Warrant Shares requested to be registered by the Requesting Holders have been sold (the "Registration Period").

(b) The Company covenants and agrees to give written notice of any registration request under this Section 9.3 by any Holder or Holders representing a Majority of the Warrants and/or Warrant Shares to all other registered Holders of the Warrants and the Warrant Shares within ten (10) days from the date of the receipt of any such registration request.

(c) In addition to the registration rights under Section 9.2 and subsection (a) of this Section 9.3, at any time commencing January 22, 1999 and expiring on the Expiration Date, the Holders of Warrants and/or Warrant Shares shall have the right on one occasion, exercisable by written request to the Company, to have the Company prepare and file with the Commission a registration statement so as to permit a public offering and sale by such Holders of their respective Warrant Shares from time to time until the first to occur of the following: (i) the expiration of this Agreement, or (ii) all of the Warrant Shares requested to be registered by such Holders have been sold; provided, however, that the provisions of Section 9.4(b) hereof shall not apply to any such registration request and registration and all costs incident thereto shall be at the expense of the Holder or Holders making such request.

9.4 Covenants of the Company With Respect to Registration. In connection with any registration under Section 9.2 or 9.3 hereof, the Company covenants and agrees as follows:

(a) The Company shall use its best efforts to file a registration statement within ninety (90) days of receipt of any demand therefor, and to have any registration statements declared effective at the earliest possible time, and shall furnish each Holder desiring to sell Warrant Shares such number of prospectuses as shall reasonably be requested. The Company shall also file such applications and other documents as may be necessary to permit the sale of the Warrant Shares to the public during the Registration Period in those states to which the Company and the holders of the Warrants and/or Warrant Shares shall mutually agree.

(b) The Company shall pay all costs (excluding fees and expenses of Holder(s)' counsel and any underwriting or selling commissions), fees and expenses in connection with all registration statements filed pursuant to Sections 9.2 and 9.3(a) hereof including, without limitation, the Company's legal and accounting fees, printing expenses, blue sky fees and expenses. The Holder(s) will pay all costs, fees and expenses in connection with the registration statement filed pursuant to Section 9.3(c).

(c) The Company will take all necessary action which may be required in qualifying or registering the Warrant Shares included in a registration statement for offering and sale under the securities or blue sky laws of such states as reasonably are requested by the Holder(s), provided that the Company shall not be obligated to execute or file any general consent to service of process or to qualify as a foreign corporation to do business under the laws of any such jurisdiction.

(d) The Company shall indemnify the Holder(s) of the Warrant Shares to be sold pursuant to any registration statement and each person, if any, who controls such Holder(s) within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement.

(e) In order to provide for just and equitable contribution under the Act in any case in which (i) any Holder of the Warrant Shares or controlling person thereof makes a claim for indemnification but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that the express provisions of Section 9.4(d) hereof provide for indemnification in such case or (ii) contribution under the Act may be required on the part of any Holder of the Warrant Shares, or controlling person thereof, then the Company, any such Holder of the Warrant Shares, or controlling person thereof shall contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (which shall, for all purposes of this Agreement, include, but not be limited to, all costs of defense and investigation and all attorneys fees), in either such case (after contribution from others) on the basis of relative fault as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether

the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or a Holder of Warrant Shares, or controlling person thereof on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and such Holders of such securities and such controlling persons agree that it would not be just and equitable if contribution pursuant to this Section 9.4(e) were determined by pro rata allocation or by any other method which does not take account of the equitable considerations referred to in this Section 9.4(e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this Section 9.4(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) The Holder(s) of the Warrant Shares to be sold pursuant to a registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against any loss, claim, damage or expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished in writing, by or on behalf of such Holders, or their successors or assigns, for specific inclusion in such registration statement.

(g) Nothing contained in this Agreement shall be construed as requiring the Holder(s) to exercise their Warrants prior to the initial filing of any registration statement or the effectiveness thereof.

(h) The Company shall not permit the inclusion of any securities other than the Warrant Shares to be included in any registration statement filed pursuant to Section 9.3 hereof, or permit any other registration statement (other than a registration statement on Form S-4 or S-8) to be or remain effective during a one hundred and eighty (180) day period following the effective date of a registration statement filed pursuant to Section 9.3 hereof, without the prior written consent of the Holder(s) of the Warrants and Warrant Shares representing a Majority of such securities or as otherwise required by the terms of any existing registration rights granted prior to the date of this Agreement by the Company to the holders of any of the Company's securities.

(i) The Company shall furnish to each Holder participating in the offering and to each underwriter, if any, a signed counterpart, addressed to such Holder or underwriter, of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under the underwriting agreement), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a "cold comfort" letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities.

(j) The Company shall as soon as practicable after the effective date of the registration statement, and in any event within 15 months thereafter, make "generally available to its security holders" (within the meaning of Rule 158 under the Act) an earnings statement (which need not be audited) complying with Section 11(a) of the Act and covering a period of at least 12 consecutive months beginning after the effective date of the registration statement.

(k) The Company shall enter into an underwriting agreement with the managing underwriters selected for such underwriting by Holders holding a Majority of the Warrant Shares requested to be included in such underwriting. Such agreement shall be satisfactory in form and substance to the Company, each Holder and such managing underwriters, and shall contain such representations, warranties and covenants by the Company and such other terms as are customarily contained in agreements of that type used by the managing underwriter. The Holder(s) shall be parties to any underwriting agreement relating to an underwritten sale of their Warrant Shares and may, at their option, require that any or all of the representations, warranties and covenants of the Company to or for the benefit of such underwriters shall also be made to and for the benefit of such Holder(s). Such Holder(s) shall not be required to make any representations or warranties to or agreements with the Company or the underwriters except as they may relate to such Holder(s) and their intended methods of distribution.

(l) For purposes of this Agreement, the term "Majority" in reference to the Warrants or Warrant Shares, shall mean in excess of fifty percent (50%) of the then outstanding Warrants or Warrant Shares that (i) are not held by the Company, or (ii) have not been resold to the public pursuant to a registration statement filed with the Commission under the Act or Rule 144 promulgated under the Act.

10. Obligations of Holders. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 9 hereof that each of the selling Holders shall:

(a) Furnish to the Company such information regarding themselves, the Warrant Shares held by them, the intended method of sale or other disposition of such securities, the identity of and compensation to be paid to any underwriters proposed to be employed in connection with such sale or other disposition, and such other information as may reasonably be required to effect the registration of their Warrant Shares.

(b) Notify the Company, at any time when a prospectus relating to the Warrant Shares covered by a registration statement is required to be delivered under the Act, of the happening of any event with respect to such selling Holder as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

11. Adjustments to Exercise Price and Number of Securities. The Exercise Price in effect at any time and the number and kind of securities purchasable upon the exercise of the Warrants or the securities underlying the Warrants shall be subject to adjustment from time to time upon the happening of certain events as follows:

11.1 Dividend, Subdivision and Combination. In case the Company shall (i) declare a dividend or make a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) subdivide or reclassify its outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Exercise Price by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action. Such adjustment shall be made successively whenever any event listed above shall occur.

11.2 Adjustment in Number of Securities. Upon each adjustment of the Exercise Price pursuant to the provisions of this Section 11, the number of Warrant Shares issuable upon the exercise at the adjusted Exercise Price of each Warrant shall be adjusted to the nearest number of whole shares of Common Stock determined by multiplying a number equal to the Exercise Price in effect immediately prior to such adjustment by the number of the applicable Warrant Shares issuable upon exercise of the Warrants immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

11.3 Definition of Common Stock. For the purpose of this Agreement, the term "Common Stock" shall mean (i) the class of stock designated as Common Stock in the Articles of Incorporation of the Company as of the date hereof, or (ii) any other class of stock resulting from successive changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value.

11.4 Merger or Consolidation. In case of any consolidation of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger which does not result in any reclassification or change of the outstanding Common Stock), the corporation formed by such consolidation or merger shall execute and deliver to each Holder a supplemental warrant agreement providing that the Holder of each Warrant then outstanding shall have the right thereafter (until the Expiration Date) to receive, upon exercise of such Warrant, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or merger to which the Holder would have been entitled if the Holder had exercised such Warrant immediately prior to such consolidation, merger, sale or transfer. Such supplemental warrant agreement shall provide for adjustments which shall be identical to the adjustments provided in this Section 11. The above provision of this subsection shall similarly apply to successive consolidations or mergers.

11.5 No Adjustment of the Exercise Price in Certain Cases. No adjustment of the Exercise Price shall be made:

(a) Upon the issuance or sale of the Warrants or the Warrant Shares;

(b) Upon the issuance or sale of Common Stock (or any other security convertible, exercisable, or exchangeable into shares of Common Stock) upon the direct or indirect conversion, exercise, or exchange of any options, rights, warrants, or other securities or indebtedness of the Company outstanding as of the date of this Agreement or granted pursuant to any stock option plan of the Company in existence as of the date of this Agreement, pursuant to the terms thereof or issued pursuant to any stock purchase plan in existence as of the date of this Agreement, pursuant to the terms thereof; or

(c) If the amount of said adjustment shall be less than ten cents ($.10) per share, provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least ten cents ($.10) per share.

12. Exchange and Replacement of Warrant Certificates. Each Warrant Certificate is exchangeable, without expense, upon the surrender thereof by the registered Holder at the principal executive office of the Company for a new Warrant Certificate of like tenor and date representing in the aggregate the Holder's right to purchase the same number of Warrant Shares in such denominations as shall be designated in such Warrant Certificate at the time of such surrender.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it and reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrant Certificate, if mutilated, the Company will make and deliver a new Warrant Certificate of like tenor, in lieu thereof.

13. Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock or other securities upon the exercise of the Warrants, nor shall it be required to issue scrip or pay cash in lieu of fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

14. Reservation and Listing of Securities. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of the Warrants, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof or the exercise or conversion of any other exercisable or convertible securities underlying the Warrants. Every transfer agent and warrant agent (collectively "Transfer Agent") for the Common Stock and other securities of the Company issuable upon the exercise of the Warrants will be irrevocably authorized and directed at all times to reserve such number of authorized shares of Common Stock and other securities as shall be requisite for such purpose. The Company will keep a copy of this Agreement on file with every Transfer Agent for the Common Stock and other securities of the Company issuable upon the exercise of the Warrants. The Company will supply every such Transfer Agent with duly executed stock and other certificates, as appropriate, for such purpose. The Company covenants and agrees that, upon each exercise of the Warrants and payment of the Purchase Price, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as the Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock and other securities issuable upon the exercise of the Warrants and the securities underlying the securities issuable upon exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges or securities associations on which the Common Stock issued to the public in connection herewith may then be listed and/or quoted.

15. Notices to Warrant Holders. Nothing contained in this Agreement shall be construed as conferring upon the Holder(s) of the Warrants the right to vote or to consent or to receive notice as a stockholder in respect of any meetings of stockholders for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the following events shall occur:

(a) the Company shall take a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of current or retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company; or

(b) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor; or

(c) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business as an entirety shall be proposed; then in any one or more of said events, the Company shall give written notice to the registered holders of the Warrants of such event at least fifteen (15) days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, convertible or exchangeable securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of closing the transfer books, as the case may be. Failure to give such notice or any defect therein shall not affect the validity of any action taken in connection with the declaration or payment of any such dividend, or the issuance of any convertible or exchangeable securities, or subscription rights, options or warrants, or any proposed dissolution, liquidation, winding up or sale.

16. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) if to the registered Holder of the Warrants, to the address of such Holder as shown on the books of the Company; or

(b) if to the Company, to the address set forth in Section 4 hereof or to such other address as the Company may designate by notice to the Holders.

17. Supplements; Amendments; Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought. The Company and DeZwirek may from time to time supplement or amend this Agreement without the approval of any Holders of Warrant Certificates (other than DeZwirek) in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any provisions herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company and DeZwirek may deem necessary or desirable and which the Company and DeZwirek deem shall not adversely affect the interests of the Holders of Warrant Certificates.

18. Successors. All of the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Holder(s) and their respective successors and assigns hereunder.

19. Survival of Representations and Warranties. All statements in any schedule, exhibit or certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated by this Agreement, shall be deemed to be representations and warranties hereunder. Notwithstanding any investigations made by or on behalf of the parties to this Agreement, all representations, warranties and agreements made by the parties to this Agreement or pursuant hereto shall survive.

20. Governing Law; Submission to Jurisdiction. This Agreement and each Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of said State without giving effect to the rules of said State governing the conflicts of laws.

21. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

22. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

23. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and DeZwirek and any other registered Holder(s) of the Warrant Certificates or Warrant Shares any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company and DeZwirek and any other Holder(s) of the Warrant Certificates or Warrant Shares.

24. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

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

CECO ENVIRONMENTAL CORP.

By:_____
Name:_____
Title:_____

Phillip DeZwirek

EXHIBIT A

[FORM OF WARRANT CERTIFICATE]

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, JANUARY 22, 2009

Warrant No._____

WARRANT CERTIFICATE

This Warrant Certificate certifies that _____, or registered assigns, is the registered holder of Warrants to purchase initially, at any time from July 22, 1999 until 5:30 p.m., New York time, on January 22, 2009 ("Expiration Date"), up to_____ shares, of fully-paid and non-assessable common stock, $.01 par value ("Common Stock") of CECO Environmental Corp., a New York corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $3.00 per share upon surrender of this Warrant Certificate and payment of the Exercise Price at the principal executive office of the Company, but subject to the conditions set forth herein. Payment of the Exercise Price shall be made by certified or official bank check in United States dollars payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter expire and shall be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal executive office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered of unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any Warrant holder to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated as of _____, 199__.

ATTEST:

_____
Secretary

CECO ENVIRONMENTAL CORP.

By:_____ [SEAL]

Name:_____
Title:_____

[FORM OF ELECTION TO PURCHASE PURSUANT TO SECTION 4.1 OF THE WARRANT AGREEMENT]

The undersigned hereby irrevocably elects to exercise the right, represented by Warrant Certificate No.___, to purchase _____ shares of Common Stock (as defined in the Warrant Agreement described below) and herewith tenders in payment for such securities a certified or official bank check payable in United States dollars to the order of CECO Environmental Corp., a New York corporation (the "Company") in the amount of $_____, all in accordance with the terms of Section 4.1 of the Warrant Agreement dated as of January 22, 1999 between the Company and Phillip DeZwirek. The undersigned requests that a certificate for such securities be registered in the name of _____ , whose address is _____ , and that such certificate be delivered to _____ , whose address is _____ , and if said number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant Certificate for the balance of the shares of Common Stock purchasable under the within Warrant Certificate be registered in the name of the undersigned warrantholder or his assignee as below indicated and delivered to the address stated below.

Dated:

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)

Address: _____

_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed:_____

(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

[FORM OF ASSIGNMENT]

(To be executed by the registered holder if such holder desires to transfer the Warrant Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto [NAME OF TRANSFEREE] Warrant Certificate No._____ , together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Warrant Certificate on the books of the within-named Company, with full power of substitution.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)
Address: _____

_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed:_____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

WARRANT CERTIFICATE

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, JANUARY 22, 2009

Warrant No. 4

WARRANT CERTIFICATE

This Warrant Certificate certifies that Phillip DeZwirek, or registered assigns, is the registered holder of Warrants to purchase initially, at any time from July 22, 1999 until 5:30 p.m., New York time, on January 22, 2009 ("Expiration Date"), up to 500,000 shares, of fully-paid and non-assessable common stock, $.01 par value ("Common Stock") of CECO Environmental Corp., a New York corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $3.00 per share upon surrender of this Warrant Certificate and payment of the Exercise Price at the principal executive office of the Company, but subject to the conditions set forth herein. Payment of the Exercise Price shall be made by certified or official bank check in United States dollars payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter expire and shall be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal executive office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered of unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any Warrant holder to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated as of January 22, 1999.

CECO ENVIRONMENTAL CORP.

By:_____ [SEAL]
Name:_____
Title:_____

EXHIBIT 10.25

CECO ENVIRONMENTAL CORP.

AND

RICHARD PAUL GENOVESE

WARRANT AGREEMENT

Dated as of November 2, 1998

WARRANT AGREEMENT (the "Agreement") dated as of November 2, 1998 between CECO Environmental Corp., a New York corporation (the "Company"), and RICHARD PAUL GENOVESE (hereinafter referred to as a "Holder" or "Genovese").

W I T N E S S E T H :

WHEREAS, Genovese introduced the Company to IRG Investor Relations Group Ltd. ("IRG");

WHEREAS, IRG provides public relations services to public companies; and

WHEREAS, Genovese facilitated an agreement pursuant to which IRG will provide public relations services to the Company and the Company will engage IRG to provide such services;

WHEREAS, the Company desires to grant to Genovese, and Genovese desires to accept from the Company, warrant certificates giving Genovese the right to purchase shares of the Company's Common Stock.

NOW, THEREFORE, in consideration of the premises contained herein, the payment by IRG to the Company of an aggregate of ten dollars ($10.00), the agreements herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant. Genovese is granted the right to purchase, from the Company, at any time from November 2, 1998, until 5:30 p.m., New York time, on November 2, 2000 (the "Expiration Date"), at which time the Warrants expire, up to an aggregate of 450,000 shares (subject to adjustment as provided in Section 11 hereof) of common stock, par value $.01 per share, of the

Company ("Common Stock") at an initial exercise price (subject to adjustment as provided in Section 11 hereof) of $2.00 per share and up to an aggregate of 250,000 shares (subject to adjustment as provided in Section 11 hereof) of common stock, par value $.01 per share, of the Company ("Common Stock") at an initial exercise price (subject to adjustment as provided in Section 11 hereof) of $3.00 per share (both the $2.00 per share exercise price and the $3.00 per share exercise price shall be referred to herein as the "Exercise Price").

2. Warrant Certificates. The warrant certificates (the "Warrant Certificates") delivered and to be delivered pursuant to this Agreement shall be in the form set forth in Exhibits A, attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions, and other variations as required or permitted by this Agreement.

3. Registration of Warrant. The Warrants shall be numbered and shall be registered on the books of the Company when issued.

4. Exercise of Warrant.

4.1 Method of Exercise. The Warrants initially are exercisable at the product of (i) the Exercise Price multiplied by (ii) the number of shares of Common Stock purchased (subject to adjustment as provided in Section 11 hereof), as set forth in Section 8 hereof payable by certified or official bank check in United States dollars. The product of the number of Warrants exercised at any one time multiplied by the Exercise Price shall be referred to as the "Purchase Price." Upon surrender of a Warrant Certificate with the annexed Form of Election to Purchase duly executed, together with payment of the Purchase Price for the shares of Common Stock purchased at the

Company's principal offices located at 505 University Avenue, Suite 1400, Toronto, Ontario, Canada, the registered holder of a Warrant Certificate ("Holder" or "Holders") shall be entitled to receive a certificate or certificates for the shares of Common Stock so purchased. The purchase rights represented by each Warrant Certificate are exercisable at the option of the Holder thereof, in whole or in part (but not as to fractional shares of the Common Stock). In the case of the purchase of less than all the shares of Common Stock purchasable under any Warrant Certificate, the Company shall cancel said Warrant Certificate upon the surrender thereof and shall execute and deliver a new Warrant Certificate of like tenor for the balance of the shares of Common Stock purchasable thereunder.

5. Issuance of Certificates. Upon the exercise of the Warrants, the issuance of certificates for shares of Common Stock shall be made forthwith (and in any event within five (5) business days thereafter) without charge to the Holder thereof including, without limitation, any tax which may be payable in respect of the issuance thereof, and such certificates shall (subject to the provisions of Sections 7 and 9 hereof) be issued in the name of, or in such names as may be directed by, the Holder thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificates in a name other than that of the Holder and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

The Warrant Certificates and the certificates representing the shares of Common Stock, or other securities, property or rights issued upon exercise of the Warrants shall be executed on behalf of the Company by the manual or facsimile signature of the then present President or any Vice President of the Company under its corporate seal reproduced thereon, attested to by the manual or facsimile signature of the then present Secretary or any Assistant Secretary of the Company. Warrant Certificates shall be dated the date of execution by the Company upon initial issuance, division, exchange, substitution or transfer.

6. Transfer of Warrant. The Warrants shall be transferable only on the books of the Company maintained at its principal office, where its principal office may then be located, upon delivery thereof duly endorsed by the Holder or by its duly authorized attorney or representative accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration transfer, the Company shall execute and deliver new Warrants to the person entitled thereto.

7. Restriction On Transfer of Warrants. The Holder of a Warrant Certificate, by its acceptance thereof, covenants and agrees that the Warrants are being acquired as an investment and not with a view to the distribution thereof.

8. Exercise Price and Number of Securities. Except as otherwise provided in Section 10 hereof, each of the Warrants are exercisable to purchase one share of Common Stock at an initial exercise price equal to the Exercise Price. The Exercise Price and the number of shares of Common Stock for which the Warrant may be exercised shall be the price and the number of shares

of Common Stock which shall result from time to time from any and all adjustments in accordance with the provisions of Section 11 hereof.

9. Registration Rights.

9.1 Registration Under the Securities Act of 1933. Each Warrant Certificate and each certificate representing the shares of Common Stock, and any of the other securities issuable upon exercise of the Warrants and the securities underlying the securities issuable upon exercise of the Warrants (collectively, the "Warrant Shares") shall bear the following legend, unless (i) such Warrants or Warrant Shares are distributed to the public or sold for distribution to the public pursuant to this Section 9 or otherwise pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "Act"), (ii) such Warrants or Warrant Shares are subject to a currently effective registration statement under the Act; or (iii) the Company has received an opinion of counsel, in form and substance reasonably satisfactory to counsel for the Company, that such legend is unnecessary for any such certificate:

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THE CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

9.2 Piggyback Registration. If, at any time commencing November 2, 1998, and expiring on the Expiration Date, the Company proposes to register any of its securities, not registered on the date hereof, under the Act (other than in connection with a merger or pursuant to Form S-4 or Form S-8) it will give written notice by registered mail, at least thirty (30) days prior to the filing of each such registration statement, to the Holders of the Warrants and/or the Warrant Shares of its intention to do so. If any of the Holders of the Warrants and/or Warrant Shares notify the Company within twenty (20) days after mailing of any such notice of its or their desire to include any such securities in such proposed registration statement, the Company shall afford such Holders of the Warrants and/or Warrant Shares the opportunity to have any such Warrant Shares registered under such registration statement. In the event that the managing underwriter, if any, for said offering advises the Company in writing that in the underwriter's opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without causing a diminution in the offering price or otherwise adversely affecting the offering, the Company will include in such registration (a) first, the securities the Company proposes to sell, (b) second, the securities held by the entities that made the demand for registration, (c) third, the Warrants and/or Warrant Shares requested to be included in such registration which in the opinion of such underwriter can be sold, pro rata among the Holders of Warrants and/or Warrant Shares on the basis of the number of Warrants and/or Warrant Shares requested to be registered by such Holders, and (d) fourth, other securities requested to be included in such registration.

Notwithstanding the provisions of this Section 9.2, the Company shall have the right at any time after it shall have given written notice pursuant to this Section 9.2 (irrespective of whether a written request for inclusion of any such securities shall have been made) to elect not to file any such proposed registration statement or to withdraw the same after the filing but prior to the effective date thereof.

9.3 Demand Registration.

(a) At any time commencing November 2, 1998 and expiring on the Expiration Date, the Holders of the Warrants and/or Warrant Shares representing a "Majority" (as hereinafter defined) of the Warrants and/or Warrant Shares shall have the right on four occasions (which right is in addition to the registration rights under Section 9.2 hereof), exercisable by written notice to the Company, to have the Company prepare and file with the Securities and Exchange Commission (the "Commission"), a registration statement and such other documents, including a prospectus, as may be necessary in the opinion of both counsel for the Company and counsel for the Holders, in order to comply with the provisions of the Act, so as to permit the public sale by such Holders and any other Holders of the Warrants and/or Warrant Shares who notify the Company within fifteen (15) days after the Company mails notice of such request pursuant to Section 9.3(b) hereof (collectively, the "Requesting Holders") of their respective Warrant Shares so as to allow the unrestricted sale of the Warrant Shares to the public from time to time until the earlier of the following: (i) the Expiration Date, (ii) the date on which all of the Warrant Shares requested to be registered by the Requesting Holders have been sold (the "Registration Period") or (iii) the date on which such Warrant Shares can be sold without registration pursuant to Rule 144 under the Act or an equivalent exemption.

(b) The Company covenants and agrees to give written notice of any registration request under this Section 9.3 by any Holder or Holders representing a Majority of the Warrants and/or Warrant Shares to all other registered Holders of the Warrants and the Warrant Shares within ten (10) days from the date of the receipt of any such registration request.

9.4 Covenants of the Company With Respect to Registration. In connection with any registration under Section 9.2 or 9.3 hereof, the Company covenants and agrees as follows:

(a) The Company shall use its best efforts to file a registration statement within ninety (90) days of receipt of any demand therefor, and to have any registration statements declared effective at the earliest possible time, and shall furnish each Holder desiring to sell Warrant Shares such number of prospectuses as shall reasonably be requested. The Company shall also file such applications and other documents as may be necessary to permit the sale of the Warrant Shares to the public during the Registration Period in those states to which the Company and the holders of the Warrants and/or Warrant Shares shall mutually agree.

(b) The Company shall pay all costs (excluding fees and expenses of Holder(s)' counsel and any underwriting or selling commissions), fees and expenses in connection with all registration statements filed pursuant to Sections 9.2 and 9.3(a) hereof including, without limitation, the Company's legal and accounting fees, printing expenses, blue sky fees and expenses. The Holder(s) will pay all costs, fees and expenses in connection with the registration statement filed pursuant to Section 9.3(c).

(c) The Company will take all necessary action which may be required in qualifying or registering the Warrant Shares included in a registration statement for offering and sale under the securities or blue sky laws of such states as reasonably are requested by the Holder(s), provided that the Company shall not be obligated to execute or file any general consent to service of process or to qualify as a foreign corporation to do business under the laws of any such jurisdiction.

(d) The Company shall indemnify the Holder(s) of the Warrant Shares to be sold pursuant to any registration statement and each person, if any, who controls such Holder(s) within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement.

(e) In order to provide for just and equitable contribution under the Act in any case in which (i) any Holder of the Warrant Shares or controlling person thereof makes a claim for indemnification but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that the express provisions of Section 9.4(d) hereof provide for indemnification in such case or (ii)

contribution under the Act may be required on the part of any Holder of the Warrant Shares, or controlling person thereof, then the Company, any such Holder of the Warrant Shares, or controlling person thereof shall contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (which shall, for all purposes of this Agreement, include, but not be limited to, all costs of defense and investigation and all attorneys fees), in either such case (after contribution from others) on the basis of relative fault as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or a Holder of Warrant Shares, or controlling person thereof on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and such Holders of such securities and such controlling persons agree that it would not be just and equitable if contribution pursuant to this Section 9.4(e) were determined by pro rata allocation or by any other method which does not take account of the equitable considerations referred to in this Section 9.4(e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this Section 9.4(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) The Holder(s) of the Warrant Shares to be sold pursuant to a registration

statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against any loss, claim, damage or expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished in writing, by or on behalf of such Holders, or their successors or assigns, for specific inclusion in such registration statement.

(g) Nothing contained in this Agreement shall be construed as requiring the Holder(s) to exercise their Warrants prior to the initial filing of any registration statement or the effectiveness thereof.

(h) The Company shall furnish to each Holder participating in the offering and to each underwriter, if any, a signed counterpart, addressed to such Holder or underwriter, of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under the underwriting agreement), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a "cold comfort" letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are

customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities.

(i) The Company shall as soon as practicable after the effective date of the registration statement, and in any event within 15 months thereafter, make "generally available to its security holders" (within the meaning of Rule 158 under the Act) an earnings statement (which need not be audited) complying with Section 11(a) of the Act and covering a period of at least 12 consecutive months beginning after the effective date of the registration statement.

(j) The Company shall enter into an underwriting agreement with the managing underwriters selected for such underwriting by Holders holding a Majority of the Warrant Shares requested to be included in such underwriting. Such agreement shall be satisfactory in form and substance to the Company, each Holder and such managing underwriters, and shall contain such representations, warranties and covenants by the Company and such other terms as are customarily contained in agreements of that type used by the managing underwriter. The Holder(s) shall be parties to any underwriting agreement relating to an underwritten sale of their Warrant Shares and may, at their option, require that any or all of the representations, warranties and covenants of the Company to or for the benefit of such underwriters shall also be made to and for the benefit of such Holder(s). Such Holder(s) shall not be required to make any representations or warranties to or agreements with the Company or the underwriters except as they may relate to such Holder(s) and their intended methods of distribution.

(k) For purposes of this Agreement, the term "Majority" in reference to the Warrants or Warrant Shares, shall mean in excess of fifty percent (50%) of the then outstanding Warrants or Warrant Shares that (i) are not held by the Company, or (ii) have not been resold to the public pursuant to a registration statement filed with the Commission under the Act or Rule 144 promulgated under the Act, or similar exemption.

10. Obligations of Holders. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 9 hereof that each of the selling Holders shall:

(a) Furnish to the Company such information regarding themselves, the Warrant Shares held by them, the intended method of sale or other disposition of such securities, the identity of and compensation to be paid to any underwriters proposed to be employed in connection with such sale or other disposition, and such other information as may reasonably be required to effect the registration of their Warrant Shares.

(b) Notify the Company, at any time when a prospectus relating to the Warrant Shares covered by a registration statement is required to be delivered under the Act, of the happening of any event with respect to such selling Holder as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

11. Adjustments to Exercise Price and Number of Securities. The Exercise Price in effect at any time and the number and kind of securities purchasable upon the exercise of the

Warrants or the securities underlying the Warrants shall be subject to adjustment from time to time upon the happening of certain events as follows:

11.1 Dividend, Subdivision and Combination. In case the Company shall (i) declare a dividend or make a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) subdivide or reclassify its outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Exercise Price by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action. Such adjustment shall be made successively whenever any event listed above shall occur.

11.2 Adjustment in Number of Securities. Upon each adjustment of the Exercise Price pursuant to the provisions of this Section 11, the number of Warrant Shares issuable upon the exercise at the adjusted Exercise Price of each Warrant shall be adjusted to the nearest number of whole shares of Common Stock determined by multiplying a number equal to the Exercise Price in effect immediately prior to such adjustment by the number of the applicable Warrant Shares issuable upon exercise of the Warrants immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

11.3 Definition of Common Stock. For the purpose of this Agreement, the term "Common Stock" shall mean (i) the class of stock designated as Common Stock in the Articles of Incorporation of the Company as of the date hereof, or (ii) any other class of stock resulting from successive changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value.

11.4 Merger or Consolidation. In case of any consolidation of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger which does not result in any reclassification or change of the outstanding Common Stock), the corporation formed by such consolidation or merger shall execute and deliver to each Holder a supplemental warrant agreement providing that the Holder of each Warrant then outstanding shall have the right thereafter (until the Expiration Date) to receive, upon exercise of such Warrant, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or merger to which the Holder would have been entitled if the Holder had exercised such Warrant immediately prior to such consolidation, merger, sale or transfer. Such supplemental warrant agreement shall provide for adjustments which shall be identical to the adjustments provided in this Section 11. The above provision of this subsection shall similarly apply to successive consolidations or mergers.

11.5 No Adjustment of the Exercise Price in Certain Cases. No adjustment of the Exercise Price shall be made:

(a) Upon the issuance or sale of the Warrants or the Warrant Shares;

(b) Upon the issuance or sale of Common Stock (or any other security convertible, exercisable, or exchangeable into shares of Common Stock) upon the direct or indirect conversion, exercise, or exchange of any options, rights, warrants, or other securities or indebtedness of the Company outstanding as of the date of this Agreement or granted pursuant to any stock option plan of the Company in existence as of the date of this Agreement, pursuant to the terms thereof or issued pursuant to any stock purchase plan in existence as of the date of this Agreement, pursuant to the terms thereof; or

(c) If the amount of said adjustment shall be less than ten cents ($.10) per share, provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least ten cents ($.10) per share.

12. Exchange and Replacement of Warrant Certificates. Each Warrant Certificate is exchangeable, without expense, upon the surrender thereof by the registered Holder at the principal executive office of the Company for a new Warrant Certificate of like tenor and date representing in the aggregate the Holder's right to purchase the same number of Warrant Shares in such denominations as shall be designated in such Warrant Certificate at the time of such surrender.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it and reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrant

Certificate, if mutilated, the Company will make and deliver a new Warrant Certificate of like tenor, in lieu thereof.

13. Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock or other securities upon the exercise of the Warrants, nor shall it be required to issue scrip or pay cash in lieu of fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

14. Reservation and Listing of Securities. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of the Warrants, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof or the exercise or conversion of any other exercisable or convertible securities underlying the Warrants. Every transfer agent and warrant agent (collectively "Transfer Agent") for the Common Stock and other securities of the Company issuable upon the exercise of the Warrants will be irrevocably authorized and directed at all times to reserve such number of authorized shares of Common Stock and other securities as shall be requisite for such purpose. The Company will keep a copy of this Agreement on file with every Transfer Agent for the Common Stock and other securities of the Company issuable upon the exercise of the Warrants. The Company will supply every such Transfer Agent with duly executed stock and other certificates, as appropriate, for such purpose. The Company covenants and agrees that, upon each exercise of the Warrants and payment of the Purchase Price, all shares of Common

Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as the Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock and other securities issuable upon the exercise of the Warrants and the securities underlying the securities issuable upon exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges or securities associations on which the Common Stock issued to the public in connection herewith may then be listed and/or quoted.

15. Notices to Warrant Holders. Nothing contained in this Agreement shall be construed as conferring upon the Holder(s) of the Warrants the right to vote or to consent or to receive notice as a stockholder in respect of any meetings of stockholders for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the following events shall occur:

(a) the Company shall take a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of current or retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company; or

(b) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for

shares of capital stock of the Company, or any option, right or warrant to subscribe therefor; or

(c) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business as an entirety shall be proposed; then in any one or more of said events, the Company shall give written notice to the registered holders of the Warrants of such event at least fifteen (15) days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, convertible or exchangeable securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of closing the transfer books, as the case may be. Failure to give such notice or any defect therein shall not affect the validity of any action taken in connection with the declaration or payment of any such dividend, or the issuance of any convertible or exchangeable securities, or subscription rights, options or warrants, or any proposed dissolution, liquidation, winding up or sale.

16. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) if to the registered Holder of the Warrants, to the address of such Holder as shown on the books of the Company; or

(b) if to the Company, to the address set forth in Section 4 hereof or to such other address as the Company may designate by notice to the Holders.

17. Supplements; Amendments; Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought. The Company and Genovese may from time to time supplement or amend this Agreement without the approval of any Holders of Warrant Certificates (other than Genovese) in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any provisions herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company and Genovese may deem necessary or desirable and which the Company and Genovese deem shall not adversely affect the interests of the Holders of Warrant Certificates.

18. Successors. All of the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Holder(s) and their respective successors and assigns hereunder.

19. Survival of Representations and Warranties. All statements in any schedule, exhibit or certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated by this Agreement, shall be deemed to be representations and warranties hereunder. Notwithstanding any investigations made by or on behalf of the parties to this Agreement, all representations, warranties and agreements made by the parties to this Agreement or pursuant hereto shall survive.

20. Governing Law; Submission to Jurisdiction. This Agreement and each Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of said State without giving effect to the rules of said State governing the conflicts of laws.

21. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

22. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

23. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and Genovese and any other registered Holder(s) of the Warrant Certificates or Warrant Shares any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company and Genovese and any other Holder(s) of the Warrant Certificates or Warrant Shares.

24. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

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

CECO ENVIRONMENTAL CORP.

By: /Phillip DeZwirek/

Name: Phillip DeZwirek

Title: President

/Richard Paul Genovese/

Richard Paul Genovese

EXHIBIT A

[FORM OF WARRANT CERTIFICATE]

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, NOVEMBER 2, 2000

Warrant No.__

WARRANT CERTIFICATE

This Warrant Certificate certifies that _____ , or registered assigns, is the registered holder of Warrants to purchase initially, at any time from November 2, 1998 until 5:30 p.m., New York time, on November 2, 2000 ("Expiration Date"), up to _____ shares, of fully-paid and non-assessable common stock, $.01 par value ("Common Stock") of CECO Environmental Corp., a New York corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $2.00 per share upon surrender of this Warrant Certificate and payment of the Exercise Price at the principal executive office of the Company, but subject to the conditions set forth herein. Payment of the Exercise Price shall be made by certified or official bank check in United States dollars payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter expire and shall be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal executive office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered of unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any Warrant holder to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated as of _____, 199__.

ATTEST:

_____
Secretary

CECO ENVIRONMENTAL CORP.

By: [SEAL]

Name:_____
Title:_____

[FORM OF ELECTION TO PURCHASE PURSUANT TO SECTION 4.1 OF THE WARRANT AGREEMENT]

The undersigned hereby irrevocably elects to exercise the right,

represented by Warrant Certificate No. _____, to purchase _____ shares of Common Stock (as defined in the Warrant Agreement described below) and herewith tenders in payment for such securities a certified or official bank check payable in United States dollars to the order of CECO Environmental Corp., a New York corporation (the "Company") in the amount of $_____, all in accordance with the terms of Section 4.1 of the Warrant Agreement dated as of November 2, 1998 between the Company and Richard Paul Genovese. The undersigned requests that a certificate for such securities be registered in the name of _____, whose address is _____ and that such certificate be delivered to_____ , whose address is_____ , and if said number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant Certificate for the balance of the shares of Common Stock purchasable under the within Warrant Certificate be registered in the name of the undersigned warrantholder or his assignee as below indicated and delivered to the address stated below.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)

Address:_____
_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed:_____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

[FORM OF ASSIGNMENT]

(To be executed by the registered holder if such holder desires to transfer the Warrant Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto [NAME OF TRANSFEREE] Warrant Certificate No. ___, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Warrant Certificate on the books of the within-named Company, with full power of substitution.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)
Address:_____
_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed: _____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

EXHIBIT B

[FORM OF WARRANT CERTIFICATE]

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, NOVEMBER 2, 2000

Warrant No.

WARRANT CERTIFICATE

This Warrant Certificate certifies that _____, or registered assigns, is the registered holder of Warrants to purchase initially, at any time from November 2, 1998 until 5:30 p.m., New York time, on November 2, 2000 ("Expiration Date"), up to _____ shares, of fully-paid and non-assessable common stock, $.01 par value ("Common Stock") of CECO Environmental Corp., a New York corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $3.00 per share upon surrender of this Warrant Certificate and payment of the Exercise Price at the principal executive office of the Company, but subject to the conditions set forth herein. Payment of the Exercise Price shall be made by certified or official bank check in United States dollars payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter expire and shall be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal executive office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered of unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any Warrant holder to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated as of _____, 199__.

ATTEST:

_____
Secretary

CECO ENVIRONMENTAL CORP.

By: [SEAL]

Name:_____
Title:_____

[FORM OF ELECTION TO PURCHASE PURSUANT TO SECTION 4.1 OF THE WARRANT AGREEMENT]

The undersigned hereby irrevocably elects to exercise the right, represented by Warrant Certificate No. _____, to purchase _____ shares of Common Stock (as defined in the Warrant Agreement described below) and herewith tenders in payment for such securities a certified or official bank check payable in United States dollars to the order of CECO Environmental Corp., a New York corporation (the "Company") in the amount of $_____, all in accordance with the terms of Section 4.1 of the Warrant Agreement dated as of November 2, 1998 between the Company and Richard Paul Genovese. The undersigned requests that a certificate for such securities be registered in the name of_____ , whose address is _____ and that such certificate be delivered to _____, whose address is _____, and if said number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant Certificate for the balance of the shares of Common Stock purchasable under the within Warrant Certificate be registered in the name of the undersigned warrantholder or his assignee as below indicated and delivered to the address stated below.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)

Address:_____
_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed:_____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

[FORM OF ASSIGNMENT]

(To be executed by the registered holder if such holder desires to transfer the Warrant Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto [NAME OF TRANSFEREE] Warrant Certificate No. __, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Warrant Certificate on the books of the within-named Company, with full power of substitution.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)
Address:_____
_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed: _____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

WARRANT CERTIFICATE

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, NOVEMBER 2, 2000

Warrant No. RPG - 1

WARRANT CERTIFICATE

This Warrant Certificate certifies that Richard Genovese, or registered assigns, is the registered holder of Warrants to purchase initially, at any time from November 2, 1998, until 5:30 p.m., New York time, on November 2, 2000 ("Expiration Date"), up to 450,000 shares, of fully-paid and non-assessable common stock, $.01 par value ("Common Stock") of CECO Environmental Corp., a New York corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $2.00 per share upon surrender of this Warrant Certificate and payment of the Exercise Price at the principal executive office of the Company, but subject to the conditions set forth herein. Payment of the Exercise Price shall be made by certified or official bank check in United States dollars payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter expire and shall be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or

type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal executive office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered of unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any Warrant holder to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated as of November 2, 1998.

CECO ENVIRONMENTAL CORP.

By: /Phillip DeZwirek/ [SEAL]

Name: /Phillip DeZwirek/

Title: /President/

ELECTION TO PURCHASE PURSUANT TO SECTION 4.1 OF THE WARRANT AGREEMENT

The undersigned hereby irrevocably elects to exercise the right, represented by Warrant Certificate No. _____, to purchase _____ shares of Common Stock (as defined in the Warrant Agreement described below) and herewith tenders in payment for such securities a certified or official bank check payable in United States dollars to the order of CECO Environmental Corp., a New York corporation (the "Company") in the amount of $_____, all in accordance with the terms of Section 4.1 of the Warrant Agreement dated as of November 2, 1998 between the Company and Richard Paul Genovese. The undersigned requests that a certificate for such securities be registered in the name of_____, whose address is _____ and that such certificate be delivered to _____, whose address is _____, and if said number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant Certificate for the balance of the shares of Common Stock purchasable under the within Warrant Certificate be registered in the name of the undersigned warrantholder or his assignee as below indicated and delivered to the address stated below.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)
Address:_____
_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed: _____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)
Dated:

ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Warrant Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____ _____ Warrant Certificate No. _____, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Warrant Certificate on the books of the within-named Company, with full power of substitution.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)
Address:_____
_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed: _____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

WARRANT CERTIFICATE

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS OR OTHER SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, NOVEMBER 2, 2000

Warrant No. RPG - 2

WARRANT CERTIFICATE

This Warrant Certificate certifies that Richard Genovese, or registered assigns, is the registered holder of Warrants to purchase initially, at any time from November 2, 1998, until 5:30 p.m., New York time, on November 2, 2000 ("Expiration Date"), up to 250,000 shares, of fully-paid and non-assessable common stock, $.01 par value ("Common Stock") of CECO Environmental Corp., a New York corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $3.00 per share upon surrender of this Warrant Certificate and payment of the Exercise Price at the principal executive office of the Company, but subject to the conditions set forth herein. Payment of the Exercise Price shall be made by certified or official bank check in United States dollars payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter expire and shall be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or

type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal executive office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered of unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any Warrant holder to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated as of November 2, 1998.

CECO ENVIRONMENTAL CORP.

By: /Phillip DeZwirek/ [SEAL]

Name: /Phillip DeZwirek/

Title: /President/

ELECTION TO PURCHASE PURSUANT TO SECTION 4.1 OF THE WARRANT AGREEMENT

The undersigned hereby irrevocably elects to exercise the right, represented by Warrant Certificate No. _____, to purchase _____ shares of Common Stock (as defined in the Warrant Agreement described below) and herewith tenders in payment for such securities a certified or official bank check payable in United States dollars to the order of CECO Environmental Corp., a New York corporation (the "Company") in the amount of $_____, all in accordance with the terms of Section 4.1 of the Warrant Agreement dated as of November 2, 1998 between the Company and Richard Paul Genovese. The undersigned requests that a certificate for such securities be registered in the name of _____, whose address is _____ and that such certificate be delivered to _____, whose address is _____, and if said number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant Certificate for the balance of the shares of Common Stock purchasable under the within Warrant Certificate be registered in the name of the undersigned warrantholder or his assignee as below indicated and delivered to the address stated below.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)
Address:_____
_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed: _____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Warrant Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____ _____ Warrant Certificate No. _____, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Warrant Certificate on the books of the within-named Company, with full power of substitution.

Dated:_____

Signature:_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant Certificate.)
Address:_____
_____

_____
(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed: _____
(Signature must be guaranteed by a bank, savings and loan association, stockbroker, or credit union with membership in an approved signature guaranty Medallion Program pursuant to Securities Exchange Act Rule 17Ad-15.)

Exhibit 10.26

Option for the Purchase of Shares of Common Stock

10,000 Shares

FOR VALUE RECEIVED, CECO Environmental Corp. (the "Company"), hereby certifies that Donald Wright, or a permitted assign thereof, is entitled to purchase from the Company, at any time or from time to time commencing February 1, 1999, and prior to 5:00 P.M., P.S.T., on June 30, 2008, Ten Thousand (10,000) fully paid and nonassessable shares of the common stock, of the Company for a purchase price of $2.75 per share. (Hereinafter, (i) said common stock, together with any other equity securities which may be issued by the Company with respect thereto or in substitution therefor, is referred to as the "Common Stock," (ii) the shares of the Common Stock purchasable hereunder or under any other Option or (as hereinafter defined) are referred to as the "Option Shares," (iii) the price payable hereunder for each of the Option Shares is referred to as the "Option Exercise Price," (iv) this Option, and all options hereafter issued in exchange or substitution for this Option or such other options are referred to as the "Options" and (v) the holder of this Option is referred to as the "Holder" and the holder of this Option and all other Options are referred to as the "Holders"). The Option Exercise Price is subject to adjustment as hereinafter provided:

1. Exercise of Option.

a) Exercise for Cash

This Option may be exercised, in whole at any time or in part from time to time, commencing February 1, 1999, and prior to 5:00 P.M., P.S.T., on June 30, 2008, by the Holder by the surrender of this Option (with the subscription form at the end hereof duly executed) at the address set forth in Subsection 8(a) hereof, together with proper payment of the Per Share Option Price times the number of shares of Common Stock to be received. Payment for Option Shares shall be made by certified or official bank check payable to the order of the Company or if applicable, without cash pursuant to a cashless net exercise. If this Option is exercised in part, this Option must be exercised for a number of whole shares of the Common Stock, and the Holder is entitled to receive a new Option Covering the Option Shares which have not been exercised. Upon such surrender of this Option the Company will (a) issue a certificate or certificates in the name of the Holder for the largest number of whole shares of the Common Stock to which the Holder shall be entitled and, if this Option is exercised in whole, in lieu of any fractional share of the Common Stock to which the Holder shall be entitled, pay to the Holder cash in an amount equal to the fair value of such fractional share (determined in such reasonable manner as the Board of Directors of the Company shall determine), and (b) deliver the other securities and properties receivable upon the exercise of this Option, or the proportionate part thereof if this Option is exercised in part, pursuant to the provisions of this Option.

b) Cashless Exercise

In lieu of exercising this Option in the manner set forth in paragraph l(a) above, this Option may be exercised, in whole or in part, by surrender of the Option without payment of any other consideration, commission or remuneration, by execution of the cashless exercise subscription form (at the end hereof, duly executed). The number of shares to be issued in exchange for the Option will be computed by subtracting the Option Exercise Price from either (i) the closing bid price of the Common Stock on the date of receipt of the cashless exercise subscription form, or (ii) the most recent negotiated value used in connection with any sale of the Company's securities or in connection with any business combination involving the Company, and multiplying that amount by the number of shares represented by the Option, and dividing by the closing bid price as of the same date.

2. Reservation of Option Shares, Listing.

The Company agrees that, prior to the expiration of this Option, the Company will at all times have authorized and in reserve, and will keep available, solely for issuance or delivery upon the exercise of this Option, the shares of the Common Stock and other securities and properties as from time to time shall be receivable upon the exercise of this Option, free and clear of all restrictions on sale or transfer (except for applicable state or federal securities law restrictions) and free and clear of all pre-emptive rights.

3. Protection Against Dilution.

a) If, at any time or from time to time after the date of this Option, the Company shall issue or distribute (for no consideration) to the holders of shares of Common Stock evidences of its indebtedness, any other securities of the Company or any cash, property or other assets (excluding a subdivision, combination or reclassification, or dividend or distribution payable in shares of Common Stock, referred to in Subsection 3(b), and also excluding cash dividends or cash distributions paid out of net profits legally available therefor if the full amount thereof, together with the value of other dividends and distributions made substantially concurrently therewith or pursuant to a plan which includes payment thereof, is equivalent to not more than 5% of the Company's net worth) (any such nonexcluded event being herein called a "Special Dividend"), the Option Exercise Price shall be adjusted by multiplying the Option Exercise Price then in effect by a fraction, the numerator of which shall be the then current market price of the Common Stock (defined as the average for the thirty consecutive business days immediately prior to the record date of the daily closing price of the Common Stock as reported by the principal exchange or market on which the Common Stock is listed) less the fair market value (as determined by the Company's Board of Directors) of the evidences of indebtedness, securities or property, or other assets issued or distributed in such Special Dividend applicable to one share of Common Stock and the denominator of which shall be such then current market price per share of Common Stock. An adjustment made pursuant to this Subsection 3(a) shall become effective immediately after the record date of any such Special Dividend.

b) In case the Company shall hereafter (i) pay a dividend or make a distribution on its capital stock in shares of Common Stock, (ii) subdivide its outstanding shares of Common Stock into a greater number of shares, (iii) combine its outstanding shares of Common Stock into a smaller number of shares or (iv) issue by reclassification of its Common Stock any shares of capital stock of the Company, the Option Exercise Price shall be adjusted so that the Holder of any Option upon the exercise hereof shall be entitled to receive the number of shares of Common Stock or other capital stock of the Company which he would have owned immediately prior thereto. An adjustment made pursuant to this Subsection 3(b) shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification. If, as a result of an adjustment made pursuant to this Subsection 3(b), the Holder of any Option thereafter surrendered for exercise shall become entitled to receive shares of two or more classes of capital stock or shares of Common Stock and other capital stock of the Company, the Board of Directors (whose determination shall be conclusive and shall be described in a written notice to the Holder of any Option promptly after such adjustment) shall reasonably determine the allocation of the adjusted Option Exercise Price between or among shares of such classes or capital stock or shares of Common Stock and other capital stock.

c) In case of any capital reorganization or reclassification, or any consolidation or merger to which the Company is a party other than a merger or consolidation in which the Company is the continuing corporation, or in case of any sale or conveyance to another entity of the property of the Company as an entirety or substantially as an entirety, or in the case of any statutory exchange of securities with another corporation (including any exchange effected in connection with a merger of a third corporation into the Company), the Holder of this Option shall have the right thereafter to convert such Option into the kind and amount of securities, cash or other property which he would have owned or have been entitled to receive immediately after such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance had this Option been converted immediately prior to the effective date of such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance and in any such case, if necessary, appropriate adjustment shall be made in the application of the provisions set forth in this Section 3 with respect to the rights and interests thereafter of the Holder of this Option to the end that the provisions set forth in this Section 3 shall thereafter correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares of stock or other securities or be, in relation to any shares of stock or other securities or property thereafter deliverable on the conversion of this Option. The above provisions of this Subsection 3(c) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, statutory exchanges, sales or conveyances. The issuer of any shares of stock or other securities or property thereafter deliverable on the conversion of this Option shall be responsible for all of the agreements and obligations of the Company hereunder. Notice of any such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance and of said provisions so proposed to be made, shall be mailed to the Holders of the Options not less than 10 days prior to such event. A sale of all or substantially all of the assets of the Company for a consideration consisting primarily of securities shall be deemed a consolidation or merger for the foregoing purposes.

d) No adjustment in the Option Exercise Price shall be required unless such adjustment would require an increase or decrease of at least $0.05 per share of Common Stock; provided, however, that any adjustments which by reason of this Subsection 3(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; provided further, however, that adjustments shall be required and made in accordance with the provisions of this Section 3 (other than this Subsection 3(d)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the Holder of this Option or Common Stock issuable upon exercise hereof. All calculations under this Section 3 shall be made to the nearest cent. Anything in this Section 3 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Option Exercise Price, in addition to those required by this Section 3, as it in its discretion shall deem to be advisable in order that any stock dividend, subdivision of shares or distribution of rights to purchase stock or securities convertible or exchangeable for stock hereafter made by the Company to its shareholders shall not be taxable.

e) Whenever the Option Exercise Price is adjusted as provided in this Section 3 and upon any modification of the rights of a Holder of Options in accordance with this Section 3, the Company shall promptly obtain, at its expense, a certificate of a firm of independent public accountants of recognized standing selected by the Board of Directors (who may be the regular auditors of the Company) setting forth the Option Exercise Price and the number of Option Shares after such adjustment or the effect of such modification, a brief statement of the facts requiring such adjustment or modification and the manner of computing the same and cause copies of such certificate to be mailed to the Holders of the Options.

f) If the Board of Directors of the Company shall declare any dividend or other distribution with respect to the Common Stock, other than a cash distribution out of earned surplus, the Company shall mail notice thereof to the Holders of the Options not less than 10 days prior to the record date fixed for determining shareholders entitled to participate in such dividend or other distribution.

4. Fully Paid Stock, Taxes.

The Company agrees that the shares of the Common Stock represented by each and every certificate for Option Shares delivered on the exercise of this Option shall, at the time of such delivery, be validly issued and outstanding, fully paid and nonassessable, and not subject to pre-emptive rights, and the Company will take all such actions as may be necessary to assure that the par value or stated value, if any, per share of the Common Stock is at all times equal to or less than the then Option Exercise Price. The Company further covenants and agrees that it will pay, when due and payable, any and all Federal and state stamp, original issue or similar taxes which may be payable in respect of the issue of any Option Share or certificate therefor.

5. Transferability.

Subject to compliance with federal and applicable state securities laws and the provisions of Section 13, the Holder of any Option may, prior to exercise or expiration thereof, surrender such Option at the principal office of the Company for transfer or exchange. Within a reasonable time after notice to the Company from a registered Holder of its intention to make such exchange and without expense (other than transfer taxes, if any) to such registered Holder, the Company shall issue in exchange therefor another Option or Options, in such denominations as requested by the registered Holder, for the same aggregate number of Option Shares so surrendered and containing the same provisions and subject to the same terms and conditions as the Option(s) so surrendered. The Company may treat the registered Holder of this Option as he or it appears on the Company's books at any time as the Holder for all purposes. The Company shall permit any Holder of a Option or his duly authorized attorney, upon written request during ordinary business hours, to inspect and copy or make extracts from its books showing the registered holders of Options. All options issued upon the transfer or assignment of this Option will be dated the same date as this Option, and all rights of the Holder thereof shall be identical to those of the Holder.

6. Loss, etc., of Option.

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Option, and of indemnity reasonably satisfactory to the Company, if lost, stolen or destroyed, and upon surrender and cancellation of this Option, if mutilated, the Company shall execute and deliver to the Holder a new Option of like date, tenor and denomination.

7. Option Holder Not Shareholders.

Except as otherwise provided herein, this Option does not confer upon the Holder any right to vote or to consent to or receive notice as a shareholder of the Company, as such, in respect of any matters whatsoever, or any other rights or liabilities as a shareholder, prior to the exercise hereof.

8. Communication.

No notice or other communication under this Option shall be effective unless, but any notice or other communication shall be effective and shall be deemed to have been given if, the same is in writing and (i) is personally delivered, (ii) five days after such written material is mailed by first-class mail, postage prepaid, or (iii) one day after such written material is sent by a nationally recognized overnight courier, addressed to:

a) the Company at 505 University Avenue, Suite 1400, Toronto, Ontario M5G 1X3, Canada, Attn: Phillip DeZwirek or such other address as the Company has designated in writing to the Holder; or

b) the Holder at 4538 Cass Street, San Diego, CA 92109 or such other address as the Holder has designated in writing to the Company.

9. Headings.

The headings of this Option have been inserted as a matter of convenience and shall not affect the construction hereof.

10. Withholding.

The Holder acknowledges that, upon any exercise of this Option, the Company shall have the right to require the Holder to pay to the Company an amount equal to the amount the Company is required to withhold as a result of such exercise for federal and state income tax purposes.

11. Applicable Law.

This Option shall be governed by and construed in accordance with the law of the State of Illinois without giving effect to the principles of conflicts of law thereof.

12. Securities Law Compliance.

The exercise of all or any parts of this Option shall only be effective at such time as counsel to the Company shall have determined that the issuance and delivery of Common Stock pursuant to such exercise will not violate any state or federal securities or other laws. Holder may be required by the Company, as a condition of the effectiveness of any exercise of this Option, to agree in writing that all Common Stock to be acquired pursuant to such exercise shall be held, until such time that such Common Stock is registered or exempt from registration and freely tradable under applicable state and federal securities laws, for Holder's own account without a view to any further distribution thereof, that the certificates for such shares shall bear an appropriate legend to that effect and that such shares will be not transferred or disposed of except in compliance with applicable state and federal securities laws.

13. Nontransferability.

Except as otherwise agreed to by the Company, during the lifetime of Holder, this Option shall be exercisable only by Holder or by the Holder's guardian or other legal representative, and shall not be assignable or transferable by Holder, in whole or in part, other than by will or by the laws of descent and distribution.

14. Scope of Agreement.

This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Holder and any successor or successors of Holder permitted by Section 13 above.

IN WITNESS WHEREOF, CECO Environmental Corp. has caused this Option to be signed by its Chairman, as of this 30th day of June, 1998.

CECO ENVIRONMENTAL CORP.

By: Phillip DeZwirek

Name: Phillip DeZwirek
Title: Chairman

SUBSCRIPTION

The undersigned, _____, pursuant to the provisions of the foregoing Option, hereby agrees to subscribe for and purchase shares of the Common Stock of CECO Environmental Corp. covered by said Option, and makes payment therefor in a manner specified in the Option in full at the price per share provided by said Option.

Dated: Signature:

Address:

ASSIGNMENT

FOR VALUE RECEIVED_____ hereby sells, assigns and transfers unto _____ the foregoing Option and all rights evidenced thereby, and does irrevocably constitute and appoint _____, attorney, to transfer said Option on the books of _____.

Dated: Signature:

Address:

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED _____hereby assigns and transfers unto _____ the right to purchase _____ shares of the Common Stock of CECO Environmental Corp. by the foregoing Option, and a proportionate part of said Option and the rights evidenced hereby, and does irrevocably constitute and appoint attorney, to transfer that part of said Option on the books of ----------.

Dated: Signature:

Address:

CASHLESS EXERCISE SUBSCRIPTION

The undersigned _____ pursuant to the provisions of the foregoing Option, hereby agrees to subscribe to that number of shares of Common Stock of CECO Environmental Corp. as are issuable in accordance with the formula set forth in paragraph l(b) of the Option, and makes payment therefore in full by surrender and delivery of this Option.

Dated: Signature:

Address:

EXHIBIT 10.27

LINE OF CREDIT NOTE

$5,000,000 March 16, 1999

FOR VALUE RECEIVED, CECO FILTERS, INC., AIR PURATOR CORPORATION, NEW BUSCH CO., INC. and U.S. FACILITIES MANAGEMENT COMPANY, INC., (collectively, the "Borrowers"), with an address at c/o CECO FILTERS, INC.,1029 Conshohocken Road, Conshohocken, PA 19428, jointly and severally, promise to pay to the order of PNC BANK, NATIONAL ASSOCIATION (the "Bank"), in lawful money of the United States of America in immediately available funds at its offices located at 1600 Market Street, Philadelphia, Pennsylvania 19103, or at such other location as the Bank may designate from time to time, the principal sum of FIVE MILLION DOLLARS ($5,000,000) (the "Facility") or such lesser amount as may be advanced to or for the benefit of the Borrowers hereunder prior to the Expiration Date (as hereinafter defined), together with interest accruing on the outstanding principal balance from the date hereof, as provided below:

1. Advance Procedures. The Borrowers may borrow, repay and reborrow hereunder until the Expiration Date (as such term is defined in the Letter Agreement hereinafter referred to), subject to the terms and conditions of this Note and the Loan Documents (as defined herein). In no event shall the aggregate unpaid principal amount of advances under this Note exceed the face amount of this Note. A request for advance made by telephone must be promptly confirmed in writing by such method as the Bank may reasonably require. The Borrowers authorize the Bank to accept telephonic requests for advances, and the Bank shall be entitled to rely upon the authority of any person providing such instructions. The Borrowers hereby indemnify and hold the Bank harmless from and against any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) which may arise or be created by the acceptance of such telephone requests or making such advances, provided, however, that the foregoing indemnity agreement shall not apply to damages, losses, liabilities, costs and expenses solely attributable to the Bank's gross negligence or willful misconduct. The Bank will enter on its books and records, which entry when made will be presumed correct absent manifest error, the date and amount of each advance, as well as the date and amount of each payment made by the Borrowers.

2. Rate of Interest. Each advance outstanding under this Note will bear interest at a rate per annum selected by the Borrowers from the interest rate options set forth below (each, an "Option"), it being understood that the Borrowers may select different Options to apply simultaneously to different advances and may select up to four (4) different interest periods to apply simultaneously to different advances bearing interest under the Euro-Rate Option as set forth below. There are no required interest periods for advances bearing interest under the Prime Rate Option.

(a) Prime Rate Option. A rate of interest per annum (computed on the basis of a year of 360 days and the actual number of days elapsed) (i) at all times prior to the USFM Date (as defined below) equal to the rate of interest publicly announced by the Bank as its prime rate (the "Prime Rate") and (ii) at all times from and after the USFM Date through the Expiration Date, the Prime Rate minus one quarter of one percent (1/4 %). If and when the Prime Rate changes, the rate of interest on advances bearing interest under the Prime Rate Option will change automatically without notice to the Borrowers, effective on the date of any such change. For purposes of this Note, the USFM Date is the last day of the second of two consecutive fiscal quarters of U.S. Facilities Management Company, Inc. ("USFM") during both of which USFM has had net income determined in accordance with generally accepted accounting principles equal to or greater than zero (0).

(b) Euro-Rate Option. A rate of interest per annum (computed on the basis of a year of 360 days and the actual number of days elapsed) equal to the sum of the Euro-Rate plus (i) at all times prior to the USFM Date two hundred fifty (250) basis points (2.5%) and (ii) at all times from and after the USFM Date through the Expiration Date two hundred twenty five (225) basis points (2.25%), for the Euro-Rate Interest Period selected by the Borrowers. For the purpose hereof, the following terms shall have the following meanings:

"Business Day" shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in Philadelphia, Pennsylvania.

"Euro-Rate" shall mean, with respect to any advance to which the Euro-Rate Option applies for any Euro-Rate Interest Period, the interest rate per annum determined by the Bank by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1% per annum) (i) the rate of interest determined by the Bank in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the average of the London interbank offered rates of interest per annum for dollars set forth on Telerate display page 3750 or such other display page on the Telerate System as may replace such page to evidence the average of rates quoted by banks designated by the British Bankers' Association (or appropriate successor or, if the British Bankers' Association or its successor ceases to provide such quotes, a comparable replacement determined by the Bank), two (2) Business Days prior to the first day of such Euro-Rate Interest Period for an amount comparable to such advance and having a borrowing date and a maturity comparable to such Euro-Rate Interest Period by (ii) a number equal to 1.00 minus the Euro-Rate Reserve Percentage. The Euro-Rate may also be expressed by the following formula:

$$\text{Euro-Rate} = \frac{\text{Telerate page 3750 as quoted by British Bankers' Association or appropriate successor}}{\text{1.00 - Euro-Rate Reserve Percentage}}$$

"Euro-Rate Interest Period" shall mean the period of one, two or three months selected by the Borrowers commencing on the date of disbursement of an advance and each successive period selected by the Borrowers thereafter; provided, that if a Euro-Rate Interest Period would end on a day which is not a Business Day, it shall end on the next succeeding Business Day, unless such day falls in the succeeding calendar month in which case the Euro-Rate Interest Period shall end on the next preceding Business Day. In no event shall any Euro-Rate Interest Period end on a day after the Expiration Date.

"Euro-Rate Reserve Percentage" shall mean the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities").

The Euro-Rate shall be adjusted with respect to any advance to which the Euro-Rate Option applies that is outstanding on the effective date of any change in the Euro-Rate Reserve Percentage as of such effective date. The Bank shall give prompt notice to the Borrowers of the Euro-Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error. If the Bank determines (which determination shall be final and conclusive) that, by reason of circumstances affecting the interbank eurodollar market generally, deposits in dollars (in the applicable amounts) are not being offered to banks in the interbank eurodollar market for the selected term, or adequate means do not exist for ascertaining the Euro-Rate, then the Bank shall give notice thereof to the Borrowers. Thereafter, until the Bank notifies the Borrowers that the circumstances giving rise to such suspension no longer exist, (a) the availability of the Euro-Rate Option shall be suspended, and (b) the interest rate for all advances then bearing interest under the Euro-Rate Option shall be converted at the expiration of the then current Euro-Rate Interest Period(s) to the Prime Rate Option.

In addition, if, after the date of this Note, the Bank shall determine (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Bank to make or maintain or fund loans under the Euro-Rate Option, the Bank shall notify the Borrowers. Upon receipt of such notice, until the Bank notifies the Borrowers that the circumstances giving rise to such determination no longer apply, (a) the availability of the Euro-Rate Option shall be suspended, and (b) the interest rate on all advances then bearing interest under the Euro-Rate Option shall be converted to the Prime Rate Option either (i) on the last day of the then current Euro-Rate Interest Period(s) if the Bank may lawfully continue to maintain advances under the Euro-Rate Option to such day, or (ii) immediately if the Bank may not lawfully continue to maintain advances under the Euro-Rate Option.

3. Payment Terms. (a) Interest on the Line of Credit Loans shall be due and payable in the case of a Line of Credit Loan bearing interest under the Prime Rate Option, monthly commencing on April 1, 1999 and continuing on the first day of each month thereafter, and in the case of a Line of Credit Loan bearing interest under the Euro-Rate Option, on the last day of the applicable Euro-Rate Interest Period.

(b) On the Expiration Date, all outstanding principal and accrued but unpaid interest shall be due and payable in full.

(c) If any payment under this Note shall become due on a Saturday, Sunday or public holiday under the laws of the State where the Bank's office indicated above is located, such payment shall be made on the next succeeding business day and such extension of time shall be included in computing interest in connection with such payment. The Borrowers hereby authorize the Bank to charge Ceco Filters, Inc.'s deposit account at the Bank for any payment when due hereunder. Payments received will be applied to charges, fees and expenses (including attorneys' fees), accrued interest and principal in any order the Bank may choose, in its sole discretion.

4. Late Payments; Default Rate. If the Borrowers fail to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Note within five calendar days of the date due and payable, the Borrowers also shall pay to the Bank a late charge equal to three percent (3%) of the amount of such payment. Such five day period shall not be construed in any way to extend the due date of any such payment. The late charge is imposed for the purpose of defraying the Bank's expenses incident to the handling of delinquent payments and is in addition to, and not in lieu of, the exercise by the Bank of any rights and remedies hereunder, under the other Loan Documents or under applicable laws, and any fees and expenses of any agents or attorneys which the Bank may employ. Upon maturity, whether by acceleration, demand or otherwise, and at the option of the Bank upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, this Note shall bear interest at a rate per annum (based on a year of 360 days and actual days elapsed) which shall be two percentage points (2%) in excess of the interest rate in effect from time to time under this Note but not more than the maximum rate allowed by law (the "Default Rate"). The Default Rate shall continue to apply whether or not judgment shall be entered on this Note.

5. Prepayment. The indebtedness evidenced by this Note may be prepaid in whole or in part at any time without penalty. Notwithstanding anything contained herein to the contrary, upon any prepayment (other than a prepayment which is the result of the expiration of the Refinancing Extension) by or on behalf of the Borrowers (whether voluntary, on default or otherwise) of indebtedness hereunder which bears interest under the Euro-Rate Option, the Bank may require, if it so elects, the Borrowers to pay the Bank as compensation for the cost of being prepared to advance fixed rate funds hereunder an amount equal to the Cost of Prepayment. "Cost of Prepayment" means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15(519) "Selected Interest Rates". For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate.

6. Additional Costs. In the event that any change in law, regulation, treaty or directive or in the interpretation or application thereof or compliance by the Bank with any request or directive made subsequent to the date hereof (whether or not having the force of law) from any central bank or other governmental authority, agency or instrumentality:

(a) shall subject the Bank to any tax of any kind whatsoever with respect to this Note, or any advances made by the Bank hereunder, or change the basis of taxation of payments to the Bank or principal interest or any other amount payable hereunder (except for any taxes imposed on or measured by the overall income of the Bank);

(b) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances by, or other credit extended by, or any other acquisition of funds by, any office of the Bank which are not otherwise included in the determination of the interest rate hereunder;

(c) affects the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and the Bank determines the amount of capital required is increased by or based upon the existence of the credit facility evidenced by this Note or any advance hereunder, as determined by the Bank in its reasonable discretion; or

(d) shall impose on the Bank any other condition;

and the result of any of the foregoing is to increase the cost to the Bank of making, renewing or maintaining any advance hereunder or to reduce any amount receivable hereunder then, in any such case, the Borrowers shall promptly pay the Bank, within five (5) days of its demand, any additional amounts necessary to compensate the Bank for such additional costs or reduced amount receivable as determined by the Bank. If the Bank becomes entitled to claim any additional amounts pursuant hereto, it shall promptly notify the Borrowers of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by the Bank to the Borrowers shall be conclusive in the absence of manifest error.

7. Other Loan Documents. This Note is issued in connection with a certain letter agreement dated March 16, 1999 (the "Letter Agreement") and the other documents referred to therein, the terms of which are incorporated herein by reference (collectively, the "Loan Documents"), and is secured by the property described in the Loan Documents (if any) and by such other collateral as previously may have been or may in the future be granted to the Bank to secure this Note.

8. Events of Default. The occurrence of any of the following events will be deemed to be an "Event of Default" under this Note: (i) the nonpayment of any principal, interest or other indebtedness under this Note when due; (ii) the occurrence of any event of default or default and the lapse of any notice or cure period under any Loan Document or any other debt, liability or obligation to the Bank of any Obligor; (iii) the filing by or against any Obligor of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against any Obligor, such proceeding is not dismissed or stayed within sixty (60) days of the commencement thereof, provided that the Bank shall not be obligated to advance additional funds during such period); (iv) any assignment by any Obligor for the benefit of creditors, or any levy, garnishment, attachment or similar proceeding is instituted against any property of any Obligor held by or deposited with the Bank and such proceeding is not dismissed within thirty (30) days of the commencement thereof, provided that the Bank shall not be obligated to advance additional funds during such period; (v) a default with respect to any other indebtedness of any Obligor for borrowed money, if the effect of such default is to cause the acceleration of such debt; (vi) the commencement of any foreclosure or forfeiture proceeding, execution or attachment against any collateral securing the obligations of any Obligor to the Bank and such proceeding is not dismissed within thirty (30) days of the commencement thereof, provided that the Bank shall not be obligated to advance additional funds during such period; (vii) the entry of a final judgment in excess of $25,000 against any Obligor for the payment of money and the failure of such Obligor to discharge the judgment within thirty (30) days of the entry thereof, unless the same has been appealed and a stay of the enforcement thereof has been obtained; (viii) any material adverse change in the business, assets, operations, financial condition or results of operations of any Obligor of which the Bank has given the Borrowers' Representative one hundred twenty (120) days notice; (ix) the Borrowers cease doing business as a going concern; (x) the revocation or attempted revocation, in whole or in part, of any guarantee by any Guarantor; (xi) the death or legal incompetency of any individual Obligor or, if any Obligor is a partnership, the death or legal incompetency of any individual general partner; (xii) any representation or warranty made by any Obligor to the Bank in any Loan Document, or any other documents now or in the future securing the obligations of any Obligor to the Bank, proves to have been false, erroneous or misleading in any material respect when made; (xiii) the failure of any Obligor to observe or perform any covenant or other agreement with the Bank contained in any Loan Document or any other documents now or in the future securing the obligations of any Obligor to the Bank and the lapse of any applicable notice and cure period in connection therewith; or (xiv) any change of control of any Obligor shall occur (as used herein, the term "change of control" means either any change in ownership of any class of stock or capital stock generally of any Obligor which would result in a change or transfer of power to control the election of a majority of the board of directors or in other indicia of majority voting control to persons or entities other than the Obligors). As used herein, the term "Obligor" means any Borrowers and any Guarantor, and the term "Guarantor" means any guarantor of the obligations of the Borrowers to the Bank existing on the date of this Note or arising in the future.

Upon the occurrence of an Event of Default: (a) the Bank shall be under no further obligation to make advances hereunder; (b) if an Event of Default specified in clause (iii) or (iv) above shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder shall be immediately due and payable without demand or notice of any kind; (c) if any other Event of Default shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder, at the option of the Bank and without demand or notice of any kind, may be accelerated and become immediately due and payable; (d) at the option of the Bank, this Note will bear interest at the Default Rate from the date of the occurrence of the Event of Default; and (e) the Bank may exercise from time to time any of the rights and remedies available to the Bank under the Loan Documents or under applicable law.

9. Power to Confess Judgment. The Borrowers hereby empower any attorney of any court of record, after the occurrence of any Event of Default hereunder, to appear for the Borrowers and, with or without complaint filed, confess judgment, or a series of judgments, against the Borrowers in favor of the Bank or any holder hereof for the entire principal balance of this Note, all accrued interest and all other amounts due hereunder, together with costs of suit and an attorney's commission of the greater of three percent (3%) of such principal and interest or $5,000 added as a reasonable attorney's fee, and for doing so, this Note or a copy verified by affidavit shall be a sufficient warrant. The Borrowers hereby forever waive and release all procedural errors in said proceedings and all rights of appeal and all relief from any and all appraisement, stay or exemption laws of any state now in force or hereafter enacted. Interest on any such judgment shall accrue at the Default Rate.

No single exercise of the foregoing power to confess judgment, or a series of judgments, shall be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void, but the power shall continue undiminished and it may be exercised from time to time as often as the Bank shall elect until such time as the Bank shall have received payment in full of the debt, interest and costs.

10. Right of Setoff. In addition to all liens upon and rights of setoff against the money, securities or other property of the Borrowers given to the Bank by law, the Bank shall have, with respect to the Borrowers' obligations to the Bank under this Note and to the extent permitted by law, a contractual possessory security interest in and a contractual right of setoff against, and the Borrowers hereby assign, convey, deliver, pledge and transfer to the Bank all of the Borrowers' right, title and interest in and to, all deposits, moneys, securities and other property of the Borrowers now or hereafter in the possession of or on deposit with, or in transit to, the Bank whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or otherwise, excluding, however, all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon or notice to the Borrowers. Every such right of setoff shall be deemed to have been exercised immediately upon the occurrence of an Event of Default hereunder without any action of the Bank, although the Bank may enter such setoff on its books and records at a later time.

11. Miscellaneous. No delay or omission of the Bank to exercise any right or power arising hereunder shall impair any such right or power or be considered to be a waiver of any such right or power, nor shall the Bank's action or inaction impair any such right or power. The Borrowers agree to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Bank in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Bank's counsel. If any provision of this Note is found to be invalid by a court, all the other provisions of this Note will remain in full force and effect. The Borrowers and all other makers and indorsers of this Note hereby forever waive presentment, protest, notice of dishonor and notice of non-payment. The Borrowers also waive all defenses based on suretyship or impairment of collateral. If this Note is executed by more than one Borrowers, the obligations of such persons or entities hereunder will be joint and several. This Note shall bind the Borrowers and their successors and assigns, and the benefits hereof shall inure to the benefit of the Bank and its successors and assigns.

This Note has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated above is located. THIS NOTE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE BANK AND THE BORROWERS DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE BANK'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES. The Borrowers hereby irrevocably consent to the exclusive jurisdiction of any state or federal court for the county or judicial district where the Bank's office indicated above is located, and consent that all service of process be sent by nationally recognized overnight courier service directed to the Borrowers at the Borrowers' address set forth herein and service so made will be deemed to be completed on the business day after deposit with such courier; provided that nothing contained in this Note will prevent the Bank from bringing any action, enforcing any award or judgment or exercising any rights against the Borrowers individually, against any security or against any property of the Borrowers within any other county, state or other foreign or domestic jurisdiction. The Borrowers acknowledge and agree that the venue provided above is the most convenient forum for both the Bank and the Borrowers. The Borrowers waive any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

12. WAIVER OF JURY TRIAL. THE BORROWERS IRREVOCABLY WAIVE ANY ALL RIGHTS THE BORROWERS MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWERS ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

The Borrowers acknowledge that they have read and understood all the provisions of this Note, including the confession of judgment and waiver of jury trial, and have been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof as a document under seal, as of the date first written above, with the intent to be legally bound hereby.

CECO FILTERS, INC.

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

AIR PURATOR CORPORATION

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

NEW BUSCH CO., INC.

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

U.S. FACILITIES MANAGEMENT COMPANY, INC.

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

EXHIBIT 10.28

MORTGAGE NOTE

$787,155.41 March 16, 1999

FOR VALUE RECEIVED, CECO FILTERS, INC. AIR PURATOR CORPORATION, NEW BUSCH CO., INC. and U.S. FACILITIES MANAGEMENT COMPANY, INC. (collectively, the "Borrowers"), with an address at c/o CECO Filters, Inc., 1029 Conshohocken Road, Conshohocken, PA 19428, jointly and severally, promise to pay to the order of PNC BANK, NATIONAL ASSOCIATION (the "Bank"), in lawful money of the United States of America in immediately available funds at its offices located at 1600 Market Street, Philadelphia, PA 19103, or at such other location as the Bank may designate from time to time, the principal sum of Seven Hundred Eighty-Seven Thousand One Hundred Fifty-Five and 41/100 Dollars ($787,155.41) (the "Mortgage Loan"), together with interest accruing on the outstanding principal balance from the date hereof, as provided below:

1. Rate of Interest. Amounts outstanding under this Note will bear interest as follows:

(a) A rate per annum (the "Floating Rate") which is equal to the Prime Rate plus (i) at all times prior to the USFM Date (as defined below), one quarter of one percent (1/4%) and (ii) at all times from and after the USFM Date to March 1, 2006, zero (0); provided that the Borrowers shall have the one time option to convert from the Floating Rate and fix the interest at a rate (the "Fixed Rate") offered by the Bank as its cost of funds rate for the then remaining term of the Facility plus (i) at all times prior to the USFM Date, two and one-half percent (2 1/2%) and (ii) at all times from and after the USFM Date to March 1, 2006, two and one-quarter percent (2 1/4%).

(b) Interest will be calculated on the basis of a year of 360 days and the actual number of days elapsed. As used herein, "Prime Rate" shall mean the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers. If and when the Prime Rate changes, the rate of interest under this Note will change automatically without notice to the Borrowers, effective on the date of any such change. For purposes of this Note, the "USFM Date" is the last day of the second of two consecutive fiscal quarters of U.S. Facilities Management Company, Inc. ("USFM") during both of which USFM has had net income determined in accordance with generally accepted accounting principles equal to or greater than zero (0).

2. Payment Terms.

(a) Interest. Interest on the Mortgage Loan shall be due and payable monthly commencing on April 1, 1999 and continuing on the first day of each month thereafter until March 1, 2006.

(b) Principal. Principal shall be payable in consecutive equal monthly installments in the amount of $8,032.20 each, which shall be due and payable on the first day of each month commencing April 1, 1999. The outstanding balance of principal and accrued interest shall be due and payable on March 1, 2006, subject to the provisions of Section 11 of the Letter Agreement.

(c) General Provisions. If any payment under this Note shall become due on a Saturday, Sunday or public holiday under the laws of the State where the Bank's office indicated above is located, such payment shall be made on the next succeeding business day and such extension of time shall be included in computing interest in connection with such payment. The Borrowers hereby authorize the Bank to charge CECO Filters, Inc.'s deposit account at the Bank for any payment when due hereunder. Payments received will be applied to charges, fees and expenses (including attorneys' fees), accrued interest and principal in any order the Bank may choose, in its sole discretion.

3. Late Payments; Default Rate. If the Borrowers fail to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Note within five business days of the date due and payable, the Borrowers also shall pay to the Bank a late charge equal to three percent (3%) of the amount of such payment. Such five day period shall not be construed in any way to extend the due date of any such payment. The late charge is imposed for the purpose of defraying the Bank's expenses incident to the handling of delinquent payments and is in addition to, and not in lieu of, the exercise by the Bank of any rights and remedies hereunder, under the other Loan Documents or under applicable laws, and any fees and expenses of any agents or attorneys which the Bank may employ. Upon maturity, whether by acceleration, demand or otherwise, and at the option of the Bank upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, this Note shall bear interest at a rate per annum (based on a year of 360 days and actual days elapsed) which shall be two percent (2%) in excess of the interest rate in effect from time to time under this Note but not more than the maximum rate allowed by law (the "Default Rate"). The Default Rate shall continue to apply whether or not judgment shall be entered on this Note.

4. Prepayment. If this Note bears interest at the Floating Rate, the indebtedness may be prepaid in whole or in part at any time without penalty. If this Note bears interest at a Fixed Rate, the indebtedness may be prepaid in whole or in part at any time, however, notwithstanding anything contained herein to the contrary, upon such prepayment (other than a prepayment which is the result of the Refinancing Extension) by or on behalf of the Borrowers (whether voluntary, on default or otherwise) of indebtedness hereunder which bears interest at a fixed rate, the Bank may require, if it so elects, the Borrowers to pay the Bank as compensation for the cost of being prepared to advance fixed rate funds hereunder an amount equal to the Cost of Prepayment. "Cost of Prepayment" means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15(519) "Selected Interest Rates". For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate and the term "applicable interest period" shall mean the number of months or a fraction thereof remaining in the term of the loan through the maturity date of this Note. The Cost of Prepayment shall also apply to any payments made after acceleration of the maturity of this Note.

5. Other Loan Documents. This Note is issued in connection with a certain letter agreement dated March 16, 1999 (the "Letter Agreement") and the other documents referred to therein, the terms of which are incorporated herein by reference (collectively, the "Loan Documents"), and is secured by the property described in the Loan Documents (if any) and by such other collateral as previously may have been or may in the future be granted to the Bank to secure this Note.

6. Events of Default. The occurrence of any of the following events will be deemed to be an "Event of Default" under this Note: (i) the nonpayment of any principal, interest or other indebtedness under this Note when due; (ii) the occurrence of any event of default or default and the lapse of any notice or cure period under any Loan Document or any other debt, liability or obligation to the Bank of any Obligor; (iii) the filing by or against any Obligor of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against any Obligor, such proceeding is not dismissed or stayed within sixty (60) days of the commencement thereof, provided that the Bank shall not be obligated to advance additional funds during such period); (iv) any assignment by any Obligor for the benefit of creditors, or any levy, garnishment, attachment or similar proceeding is instituted against any property of any Obligor held by or deposited with the Bank and such proceeding is not dismissed within thirty (30) days of the commencement thereof; (v) a default with respect to any other indebtedness of any Obligor for borrowed money, if the effect of such default is to cause the acceleration of such debt; (vi) the commencement of any foreclosure or forfeiture proceeding, execution or attachment against any collateral securing the obligations of any Obligor to the Bank and such proceeding is not dismissed or stayed within thirty (30) days of the commencement thereof; (vii) the entry of a final judgment in excess of $25,000 against any Obligor and the failure of such Obligor to discharge the judgment within thirty (30) days of the entry thereof, unless the same has been appealed and a stay of the enforcement thereof has been obtained; (viii) any material adverse change in the business, assets, operations, financial condition or results of operations of any Obligor of which the Bank has given the Borrowers' Representative one hundred twenty (120) days notice; (ix) the Borrowers cease doing business as a going concern; (x) any representation or warranty made by any Obligor to the Bank in any Loan Document, or any other documents now or in the future securing the obligations of any Obligor to the Bank, proves to be false, erroneous or misleading in any material respect when made; (xi) the failure of any Obligor to observe or perform any covenant or other agreement with the Bank contained in any Loan Document or any other documents now or in the future securing the obligations of any Obligor to the Bank and the lapse of any applicable notice and cure period in connection therewith; or (xii) any change of control of any Obligor shall occur (as used herein, the term "change of control" means either any change in ownership of any class of stock or capital stock generally of any Obligor which would result in a change or transfer of power to control the election of a majority of the board of directors or in other indicia of majority voting control to persons or entities other than the Obligors). As used herein, the term "Obligor" means any Borrower and any Guarantor, and the term "Guarantor" means any guarantor of the obligations of the Borrowers to the Bank existing on the date of this Note or arising in the future.

Upon the occurrence of an Event of Default: (a) the Bank shall be under no further obligation to make advances hereunder; (b) if an Event of Default specified in clause (iii) or (iv) above shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder shall be immediately due and payable without demand or notice of any kind; (c) if any other Event of Default shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder, at the option of the Bank and without demand, may be accelerated and become immediately due and payable; (d) at the option of the Bank, this Note will bear interest at the Default Rate from the date of the occurrence of the Event of Default; and (e) the Bank may exercise from time to time any of the rights and remedies available to the Bank under the Loan Documents or under applicable law.

7. Power to Confess Judgment. The Borrowers hereby empower any attorney of any court of record, after the occurrence of any Event of Default hereunder, to appear for the Borrowers and, with or without complaint filed, confess judgment, or a series of judgments, against the Borrowers in favor of the Bank or any holder hereof for the entire principal balance of this Note, all accrued interest and all other amounts due hereunder, together with costs of suit and an attorney's commission of the greater of 3% of such principal and interest or $5,000 added as a reasonable attorney's fee, and for doing so, this Note or a copy verified by affidavit shall be a sufficient warrant. The Borrowers hereby forever waive and release all procedural errors in said proceedings and all rights of appeal and all relief from any and all appraisement, stay or exemption laws of any state now in force or hereafter enacted. Interest on any such judgment shall accrue at the Default Rate.

No single exercise of the foregoing power to confess judgment, or a series of judgments, shall be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void, but the power shall continue undiminished and it may be exercised from time to time as often as the Bank shall elect until such time as the Bank shall have received payment in full of the debt, interest and costs.

8. Right of Setoff. In addition to all liens upon and rights of setoff against the money, securities or other property of each Borrower given to the Bank by law, the Bank shall have, with respect to such Borrower's obligations to the Bank under this Note and to the extent permitted by law, a contractual possessory security interest in and a contractual right of setoff against, and each Borrower hereby assigns, conveys, delivers, pledges and transfers to the Bank all of such Borrower's right, title and interest in and to, all deposits, moneys, securities and other property of such Borrower now or hereafter in the possession of or on deposit with, or in transit to, the Bank whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or otherwise, excluding, however, all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon any Borrower. Every such right of setoff shall be deemed to have been exercised immediately upon the occurrence of an Event of Default hereunder without any action of the Bank, although the Bank may enter such setoff on its books and records at a later time.

9. Miscellaneous. No delay or omission of the Bank to exercise any right or power arising hereunder shall impair any such right or power or be considered to be a waiver of any such right or power, nor shall the Bank's action or inaction impair any such right or power. Each Borrower agrees to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Bank in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Bank's counsel. If any provision of this Note is found to be invalid by a court, all the other provisions of this Note will remain in full force and effect. Each Borrower and all other makers and indorsers of this Note hereby forever waive presentment, protest, notice of dishonor and notice of non-payment. Each Borrower also waives all defenses based on suretyship or impairment of collateral. If this Note is executed by more than one Borrower, the obligations of such persons or entities hereunder will be joint and several. This Note shall bind each Borrower and its successors and assigns, and the benefits hereof shall inure to the benefit of the Bank and its successors and assigns.

This Note has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated above is located. THIS NOTE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE BANK AND THE BORROWER DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE BANK'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES. Each Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court for the county or judicial district where the Bank's office indicated above is located, and consents that all service of process be sent by nationally recognized overnight courier service directed to the Borrowers at the address set forth herein and service so made will be deemed to be completed on the business day after deposit with such courier; provided that nothing contained in this Note will prevent the Bank from bringing any action, enforcing any award or judgment or exercising any rights against each Borrower individually, against any security or against any property of such Borrower within any other county, state or other foreign or domestic jurisdiction. Each Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and such Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

10. WAIVER OF JURY TRIAL. EACH BORROWER IRREVOCABLY WAIVES ANY ALL RIGHTS SUCH BORROWER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. EACH BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

Each Borrower acknowledges that it has read and understood all the provisions of this Note, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof as a document under seal, as of the date first written above, with the intent to be legally bound hereby.

CECO FILTERS, INC.

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

AIR PURATOR CORPORATION

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

NEW BUSCH CO., INC.

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

U.S. FACILITIES MANAGEMENT COMPANY, INC.

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

EXHIBIT 10.29

TERM LOAN NOTE

$625,000.06 March 16, 1999

FOR VALUE RECEIVED, CECO FILTERS, INC. AIR PURATOR CORPORATION, NEW BUSCH CO., INC. and U.S. FACILITIES MANAGEMENT COMPANY, INC. (collectively, the "Borrowers"), with an address at c/o CECO Filters, Inc., 1029 Conshohocken Road, Conshohocken, PA 19428, jointly and severally, promise to pay to the order of PNC BANK, NATIONAL ASSOCIATION (the "Bank"), in lawful money of the United States of America in immediately available funds at its offices located at 1600 Market Street, Philadelphia, PA 19103, or at such other location as the Bank may designate from time to time, the principal sum of SIX HUNDRED TWENTY FIVE THOUSAND AND 06/100 DOLLARS ($625,000.06) (the "Term Loan"), together with interest accruing on the outstanding principal balance from the date hereof, as provided below:

1. Rate of Interest. Amounts outstanding under this Note will bear interest as follows:

(a) A rate per annum (the "Floating Rate") which is equal to the Prime Rate plus (i) at all times prior to the USFM Date (as defined below), one half of one percent (1/2%) and (ii) at all times from and after the USFM Date to September 1, 2001, one quarter of one percent (1/4%); provided that the Borrowers shall have the one time option to convert from the Floating Rate and fix the interest at a rate (the "Fixed Rate") offered by the Bank as its cost of funds rate for the then remaining term of the Facility plus (i) at all times prior to the USFM Date, two and three quarters percent (2 3/4%) and (ii) at all times from and after the USFM Date to September 1, 2001, two and one-half percent (2 1/2%).

(b) Interest will be calculated on the basis of a year of 360 days and the actual number of days elapsed. As used herein, "Prime Rate" shall mean the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers. If and when the Prime Rate changes, the rate of interest under this Note will change automatically without notice to the Borrowers, effective on the date of any such change. For purposes of this Note, the "USFM Date" is the last day of the second of two consecutive fiscal quarters of U.S. Facilities Management Company, Inc. ("USFM") during both of which USFM has had net income determined in accordance with generally accepted accounting principles equal to or greater than zero (0).

2. Payment Terms.

(a) Interest. Interest on the Term Loan shall be due and payable monthly commencing on April 1, 1999 and continuing on the first day of each month thereafter until September 1, 2001.

(b) Principal. Principal shall be payable in consecutive equal monthly installments each in the amount of $20,833 which shall be due and payable on the first day of each month commencing April 1, 1999. The outstanding balance of principal and accrued interest shall be due and payable on September 1, 2001, subject to the provisions of Section 11 of the Letter Agreement.

(c) General Provisions. If any payment under this Note shall become due on a Saturday, Sunday or public holiday under the laws of the State where the Bank's office indicated above is located, such payment shall be made on the next succeeding business day and such extension of time shall be included in computing interest in connection with such payment. The Borrowers hereby authorize the Bank to charge CECO Filters, Inc.'s deposit account at the Bank for any payment when due hereunder. Payments received will be applied to charges, fees and expenses (including attorneys' fees), accrued interest and principal in any order the Bank may choose, in its sole discretion.

3. Late Payments; Default Rate. If the Borrowers fail to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Note within five business days of the date due and payable, the Borrowers also shall pay to the Bank a late charge equal to three percent (3%) of the amount of such payment. Such five day period shall not be construed in any way to extend the due date of any such payment. The late charge is imposed for the purpose of defraying the Bank's expenses incident to the handling of delinquent payments and is in addition to, and not in lieu of, the exercise by the Bank of any rights and remedies hereunder, under the other Loan Documents or under applicable laws, and any fees and expenses of any agents or attorneys which the Bank may employ. Upon maturity, whether by acceleration, demand or otherwise, and at the option of the Bank upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, this Note shall bear interest at a rate per annum (based on a year of 360 days and actual days elapsed) which shall be two percent (2%) in excess of the interest rate in effect from time to time under this Note but not more than the maximum rate allowed by law (the "Default Rate"). The Default Rate shall continue to apply whether or not judgment shall be entered on this Note.

4. Prepayment. If this Note bears interest at the Floating Rate, the indebtedness may be prepaid in whole or in part at any time without penalty. If this Note bears interest at a Fixed Rate, the indebtedness may be prepaid in whole or in part at any time provided however, notwithstanding anything contained herein to the contrary, upon such prepayment (other than a prepayment which is the result of the expiration of the Refinancing Extension) by or on behalf of the Borrowers (whether voluntary, on default or otherwise) of indebtedness hereunder which bears interest at a fixed rate, the Bank may require, if it so elects, the Borrowers to pay the Bank as compensation for the cost of being prepared to advance fixed rate funds hereunder an amount equal to the Cost of Prepayment. "Cost of Prepayment" means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15(519) "Selected Interest Rates". For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate and the term "applicable interest period" shall mean the number of months or a fraction thereof remaining in the term of the loan through the maturity date of this Note. The Cost of Prepayment shall also apply to any payments made after acceleration of the maturity of this Note.

5. Other Loan Documents. This Note is issued in connection with a certain letter agreement dated March 16, 1999 (the "Letter Agreement") and the other documents referred to therein, the terms of which are incorporated herein by reference (collectively, the "Loan Documents"), and is secured by the property described in the Loan Documents (if any) and by such other collateral as previously may have been or may in the future be granted to the Bank to secure this Note.

6. Events of Default. The occurrence of any of the following events will be deemed to be an "Event of Default" under this Note: (i) the nonpayment of any principal, interest or other indebtedness under this Note when due; (ii) the occurrence of any event of default or default and the lapse of any notice or cure period under any Loan Document or any other debt, liability or obligation to the Bank of any Obligor; (iii) the filing by or against any Obligor of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against any Obligor, such proceeding is not dismissed or stayed within sixty (60) days of the commencement thereof, provided that the Bank shall not be obligated to advance additional funds during such period); (iv) any assignment by any Obligor for the benefit of creditors, or any levy, garnishment, attachment or similar proceeding is instituted against any property of any Obligor held by or deposited with the Bank and such proceeding is not dismissed within thirty (30) days of the commencement thereof; (v) a default with respect to any other indebtedness of any Obligor for borrowed money, if the effect of such default is to cause the acceleration of such debt; (vi) the commencement of any foreclosure or forfeiture proceeding, execution or attachment against any collateral securing the obligations of any Obligor to the Bank and such proceeding is not dismissed or stayed within thirty (30) days of the commencement thereof; (vii) the entry of a final judgment in excess of $25,000 against any Obligor and the failure of such Obligor to discharge

the judgment within thirty (30) days of the entry thereof, unless the same has been appealed and a stay of the enforcement thereof has been obtained; (viii) any material adverse change in the business, assets, operations, financial condition or results of operations of any Obligor of which the Bank has given the Borrowers' Representative one hundred twenty (120) days notice; (ix) the Borrowers cease doing business as a going concern; (x) any representation or warranty made by any Obligor to the Bank in any Loan Document, or any other documents now or in the future securing the obligations of any Obligor to the Bank, proves to be false, erroneous or misleading in any material respect when made; (xi) the failure of any Obligor to observe or perform any covenant or other agreement with the Bank contained in any Loan Document or any other documents now or in the future securing the obligations of any Obligor to the Bank and the lapse of any applicable notice and cure period in connection therewith; or (xii) any change of control of any Obligor shall occur (as used herein, the term "change of control" means either any change in ownership of any class of stock or capital stock generally of any Obligor which would result in a change or transfer of power to control the election of a majority of the board of directors or in other indicia of majority voting control to persons or entities other than the Obligors). As used herein, the term "Obligor" means any Borrower and any Guarantor, and the term "Guarantor" means any guarantor of the obligations of the Borrowers to the Bank existing on the date of this Note or arising in the future.

Upon the occurrence of an Event of Default: (a) the Bank shall be under no further obligation to make advances hereunder; (b) if an Event of Default specified in clause (iii) or (iv) above shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder shall be immediately due and payable without demand or notice of any kind; (c) if any other Event of Default shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder, at the option of the Bank and without demand, may be accelerated and become immediately due and payable; (d) at the option of the Bank, this Note will bear interest at the Default Rate from the date of the occurrence of the Event of Default; and (e) the Bank may exercise from time to time any of the rights and remedies available to the Bank under the Loan Documents or under applicable law.

7. Power to Confess Judgment. The Borrowers hereby empower any attorney of any court of record, after the occurrence of any Event of Default hereunder, to appear for the Borrowers and, with or without complaint filed, confess judgment, or a series of judgments, against the Borrowers in favor of the Bank or any holder hereof for the entire principal balance of this Note, all accrued interest and all other amounts due hereunder, together with costs of suit and an attorney's commission of the greater of 3% of such principal and interest or $5,000 added as a reasonable attorney's fee, and for doing so, this Note or a copy verified by affidavit shall be a sufficient warrant. The Borrowers hereby forever waive and release all procedural errors in said proceedings and all rights of appeal and all relief from any and all appraisement, stay or exemption laws of any state now in force or hereafter enacted. Interest on any such judgment shall accrue at the Default Rate.

No single exercise of the foregoing power to confess judgment, or a series of judgments, shall be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void, but the power shall continue undiminished and it may be exercised from time to time as often as the Bank shall elect until such time as the Bank shall have received payment in full of the debt, interest and costs.

8. Right of Setoff. In addition to all liens upon and rights of setoff against the money, securities or other property of each Borrower given to the Bank by law, the Bank shall have, with respect to such Borrower's obligations to the Bank under this Note and to the extent permitted by law, a contractual possessory security interest in and a contractual right of setoff against, and each Borrower hereby assigns, conveys, delivers, pledges and transfers to the Bank all of such Borrower's right, title and interest in and to, all deposits, moneys, securities and other property of such Borrower now or hereafter in the possession of or on deposit with, or in transit to, the Bank whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or otherwise, excluding, however, all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon any Borrower. Every such right of setoff shall be deemed to have been exercised immediately upon the occurrence of an Event of Default hereunder without any action of the Bank, although the Bank may enter such setoff on its books and records at a later time.

9. Miscellaneous. No delay or omission of the Bank to exercise any right or power arising hereunder shall impair any such right or power or be considered to be a waiver of any such right or power, nor shall the Bank's action or inaction impair any such right or power. Each Borrower agrees to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Bank in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Bank's counsel. If any provision of this Note is found to be invalid by a court, all the other provisions of this Note will remain in full force and effect. Each Borrower and all other makers and indorsers of this Note hereby forever waive presentment, protest, notice of dishonor and notice of non-payment. Each Borrower also waives all defenses based on suretyship or impairment of collateral. If this Note is executed by more than one Borrower, the obligations of such persons or entities hereunder will be joint and several. This Note shall bind each Borrower and its successors and assigns, and the benefits hereof shall inure to the benefit of the Bank and its successors and assigns.

This Note has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated above is located. THIS NOTE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE BANK AND THE BORROWER DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE BANK'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES. Each Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court for the county or judicial district where the Bank's office indicated above is located, and consents that all service of process be sent by nationally recognized overnight courier service directed to the Borrowers at the address set forth herein and service so made will be deemed to be completed on the business day after deposit with such courier; provided that nothing contained in this Note will prevent the Bank from bringing any action, enforcing any award or judgment or exercising any rights against each Borrower individually, against any security or against any property of such Borrower within any other county, state or other foreign or domestic jurisdiction. Each Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and such Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

10. WAIVER OF JURY TRIAL. EACH BORROWER IRREVOCABLY WAIVES ANY ALL RIGHTS SUCH BORROWER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. EACH BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

Each Borrower acknowledges that it has read and understood all the provisions of this Note, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof as a document under seal, as of the date first written above, with the intent to be legally bound hereby.

CECO FILTERS, INC.

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

AIR PURATOR CORPORATION

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

NEW BUSCH CO., INC.

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

U.S. FACILITIES MANAGEMENT COMPANY, INC.

By: /Steven Taub/

Print Name: /Steven Taub/
Title: /President/

EXHIBIT 10.30

March 16, 1999

CECO Filters, Inc.
Air Purator Corporation
New Busch Co., Inc.
U.S. Facilities Management Company, Inc.
1029 Conshohocken Road
Conshohocken, PA 19428
Attention: Mr. Steven Taub

Re: $5,000,000 Secured Committed Line of Credit
$625,000.06 Secured Term Loan
$787,155.41 First Mortgage Loan
$2,000,000 Senior Committed Acquisition Line of Credit

Dear Mr. Taub:

We are pleased to inform you that PNC Bank, National Association (the "Bank") has approved your requests for a secured committed line of credit, a term loan, a first mortgage loan and a senior committed acquisition line of credit to CECO Filters, Inc. ("CECO Filters"), Air Purator Corporation, New Busch Co., Inc. and U.S. Facilities Management Company, Inc. (collectively, the "Borrowers"). We look forward to this opportunity to help you meet the financing needs of your business. As your primary bank, we want to supply all your banking needs.

All the details regarding your loans are outlined in the following sections of this letter. If these terms are satisfactory, please follow the instructions for proceeding with your loans provided at the end of this letter.

1. Secured Committed Line of Credit and Use of Proceeds. The first credit facility covered by this letter is a secured committed line of credit under which the Borrowers' Representative (as hereinafter defined) may request and the Bank, subject to the terms and conditions of this letter, will make advances to the Borrowers from time to time until the Expiration Date, in an amount in the aggregate at any time outstanding not to exceed $5,000,000 (the "Line of Credit"). The "Expiration Date" shall mean March 16, 2000, or such other later date as may be designated by the Bank by written notice to the Borrowers' Representative (including, if applicable, the Refinancing Extension (as hereafter defined)). If on or prior to the then current Expiration Date, and in the absence of an Event of Default under the Line of Credit Note (as hereinafter defined), the Bank has determined that it will not renew the Line of Credit and extend such Expiration Date or if the Bank proposes changes to the material terms and conditions of the Line of Credit as a condition to such renewal and extension and the Borrowers do not agree to such changes, the Bank will nonetheless extend the Expiration Date for the lesser of (i) the period of time necessary for the Borrowers to consummate replacement financing for the Loans and (ii) one hundred twenty (120) days from such Expiration Date (such additional period being referred to as the "Refinancing Extension")

Advances under the Line of Credit will be used to refinance the existing $2,000,000 CoreStates Bank Demand Line of Credit and for general corporate and working capital purposes of the Borrowers.

a. Advance Procedures. In order to request an advance under the Line of Credit, the Borrowers' Representative shall hand deliver or telecopy (or notify by telephone and promptly confirm by hand delivery or telecopy) to the Bank the information requested by the form of Borrowing Request attached as Exhibit A hereto (i) not later than 2:00 p.m., Philadelphia time, on the day of the proposed borrowing, in the case of Line of Credit Loans bearing interest under the Prime Rate Option and (ii) not later than 11:00 a.m. three business days before a proposed borrowing in the case of Line of Credit Loans bearing interest under the Euro-Rate Option. Such notice shall be irrevocable and shall specify (a) the principal amount of the borrowing being requested (minimum borrowing increments of $50,000; (b) whether the borrowing then being requested is to bear interest under the Euro-Rate Option or the Prime Rate Option; (c) the date of such borrowing (which shall be a business day); and (d) if such borrowing is to bear interest under the Euro-Rate Option, the interest period with respect thereto, which shall be one, two or three months. If no election as to the type of borrowing is specified in any such notice, then the requested borrowing shall bear interest under the Prime Rate Option. If no interest period with respect to any borrowing bearing interest under the Euro-Rate Option is specified in any such notice, then the Borrowers shall be deemed to have selected an interest period of one month's duration.

b. Interest Rate. Each Line of Credit Loan shall bear interest as set forth in the Line of Credit Note (as defined below), the terms of which are incorporated into this letter by reference.

c. Repayment. Subject to the terms and conditions of this letter, and provided there is no Event of Default (as defined in the Line of Credit Note), the Borrowers may borrow, repay and reborrow under the Line of Credit amounts not to exceed $5,000,000 until the Expiration Date, on which date the outstanding principal balance and any accrued but unpaid interest shall be due and payable. Interest will be due and payable as set forth in the Line of Credit Note.

d. Line of Credit Note. The obligation of the Borrowers to repay loans under the Line of Credit shall be evidenced by a Line of Credit Note (the "Line of Credit Note") in form and content satisfactory to the Bank.

2. Term Loan and Use of Proceeds. The second credit facility covered by this letter is a term loan in the amount of $625,000.06 (the "Term Loan"). The proceeds of the Term Loan will be advanced at the time of closing and shall be used to refinance CECO Filters' existing term loan from CoreStates Bank.

a. Interest Rate. Amounts outstanding under the Term Loan will bear interest at one of the rate alternatives provided in the Term Note (as defined below), the terms of which are incorporated into this letter by reference.

b. Repayment. The principal amount of the Term Loan shall be paid in consecutive monthly installments of $20,833 commencing on April 1, 1999 with a final payment of all outstanding principal and accrued interest on September 1, 2001. Interest shall be paid in arrears at the same time as the principal installments.

c. Term Note. The obligation of the Borrowers to repay the Term Loan shall be evidenced by a Term Note (the "Term Note") in form and content satisfactory to the Bank.

3. Mortgage Loan and Use of Proceeds. The third credit facility covered by this letter is a mortgage loan in the amount of $787,155.41 (the "Mortgage Loan"). The proceeds of the Mortgage Loan will be advanced at the time of closing and shall be used to refinance CECO Filters' existing mortgage loan from CoreStates Bank.

a. Interest Rate. Amounts outstanding under the Mortgage Loan will bear interest at one of the rate alternatives provided in the Mortgage Note (as defined below), the terms of which are incorporated into this letter by reference.

b. Repayment. The principal amount of the Mortgage Loan shall be paid in eighty-three consecutive monthly installments in the amount of $8,032.20 each, commencing on April 1, 1999 and continuing on the first day of each month thereafter and a balloon payment of all outstanding principal and interest on March 1, 2006. Interest shall be paid in arrears at the same time as the principal installments.

c. Mortgage Note. The obligation of the Borrowers to repay the Mortgage Loan shall be evidenced by a Mortgage Note (the "Mortgage Note") in form and content satisfactory to the Bank.

4. Acquisition Line of Credit and Use of Proceeds. The fourth credit facility covered by this letter is an acquisition line of credit in the amount of $2,000,000 (the "Acquisition Line of Credit"). The Borrowers shall have the option to finance the cost of certain acquisitions by separate term loans (each, an "Acquisition Loan"), subject to the terms and conditions hereof. Acquisition Loans shall be made at such times on or before March 16, 2000 (the "Acquisition Line Expiration Date") and in such amounts as the Borrowers' Representative may request in writing from time to time, provided, the aggregate initial principal amount of all Acquisition Loans shall not exceed $2,000,000. The Acquisition Loans, together with the loans under the Line of Credit, the Term Loan, and the Mortgage Loan are hereafter called the "Loans").

a. Interest Rate. (i) Each Acquisition Loan shall bear interest at a rate per annum (the "Floating Rate") which is equal to the Prime Rate plus (x) at all times prior to the USFM Date (as defined below), one-half of one percent (1/2%) and (y) at all times from and after the USFM Date through the maturity date of such Acquisition Loan, one quarter of one percent (1/4%); provided that the Borrowers shall have the one time option to convert from the Floating Rate and fix the interest at a rate (the "Fixed Rate") offered by the Bank as its cost of funds rate for the then remaining term of the Acquisition Loan plus (i) at all times prior to the USFM Date, two and three quarters percent (2 3/4%), (ii) at all times from and after the USFM Date through the

maturity date of such Acquisition Loan, two and one-half percent (2 1/2%), and (iii) interest will be calculated on the basis of a year of 360 days and the actual number of days elapsed. As used herein, "Prime Rate" shall mean the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers. If and when the Prime Rate changes, the rate of interest under each Acquisition Note will change automatically without notice to the Borrowers' Representative, effective on the date of any such change. For purposes of each Acquisition Note, the "USFM Date" is the last day of the second of two consecutive fiscal quarters of U.S. Facilities Management Company, Inc. ("USFM") during both of which USFM has had net income determined in accordance with generally accepted accounting principles equal to or greater than zero (0).

b. Repayment. The principal amount of each Acquisition Loan shall be payable in equal consecutive quarterly installments during the term thereof and the principal of and accrued interest on each Acquisition Loan shall be due and payable three (3) years from the date when such Acquisition Loan was made. Interest shall be due and payable monthly as set forth in the corresponding Acquisition Note.

c. Acquisition Note. The obligation of the Borrowers to repay each Acquisition Loan shall be evidenced by a separate promissory note (the "Acquisition Note" and, together with the Line of Credit Note, the Term Note, the Mortgage Note, the "Notes") in form and content satisfactory to the Bank.

d. Additional Conditions Precedent to the Bank's Obligation to Advance Under the Acquisition Line of Credit. The Bank's obligation to make any advance under the Acquisition Line of Credit is subject to the further condition that as of the date of each Acquisition Loan, the Bank shall have received the following:

(i) a Compliance Certificate showing that, after giving effect to such Acquisition Loan and the acquisition to be financed from the proceeds thereof, the Borrowers are in compliance with the covenants set forth herein;

(ii) a certificate of an officer of the Borrowers stating that (a) the target company of such acquisition is a company domiciled in the United States and its business is complimentary to that of the Borrowers and (b) such acquisition is not the result of a contested or "hostile" takeover;

(iii) a fully executed Amendment to the Security Agreement (as defined below) or any additional security document(s) necessary in the Bank's sole discretion to give the Bank a first priority security interest in all of the assets or stock of the target company of such acquisition;

(iv) copies of any and all additional debt (subordinated, seller, lease, pari-passu debt) instruments to be executed or assumed in connection with such acquisition, the amount and terms of which shall be acceptable to the Bank;

(v) copies of any and all documents to be executed or assumed in connection with the acquisition which reflect any contingent or potential liabilities, the terms of which shall be acceptable to the Bank; and

(vi) evidence that at the time of making the Acquisition Loan there remains at least $500,000 available under the Acquisition Line of Credit.

5. Security. The Borrowers must cause the following to be executed and delivered to the Bank in form and content satisfactory to the Bank as security for the Line of Credit, the Term Loan, the Mortgage Loan and the Acquisition Loans:

a. a guaranty and suretyship agreement, under which CECO Environmental, Inc., a New York corporation (the "Guarantor") will unconditionally guarantee the due and punctual payment of all indebtedness owed to the Bank by the Borrowers;

b. a security agreement (the "Security Agreement") granting the Bank a first priority perfected lien on the Borrowers' existing and future accounts, inventory, equipment, general intangibles, chattel paper, documents and instruments and other personal property;

c. a mortgage granting the Bank a first priority perfected lien on real property located at 1029 Conshohocken Road, Conshohocken, PA (the "Premises") up to the principal amount of $787,155.41, subject to the existing second mortgage securing financing from the Pennsylvania Industrial Development Authority (the "PIDA Mortgage");

d. a mortgage granting the Bank a third lien on the Premises securing the remaining amount of the Loans;

e. insurance on all of the real and personal property of the Borrowers, in such amounts and with such coverages as are reasonably acceptable to the Bank, containing standard mortgagee and/or lender loss payable endorsements in favor of the Bank; and

f. an assignment to the Bank of a life insurance policy in the initial face amount of $5,000,000 insuring the life of Steven Taub, subject to the terms and conditions set forth in that certain side letter between the Bank and CECO Filters dated the date hereof.

6. Covenants. Unless compliance is waived in writing by the Bank or until termination of the Line of Credit, Term Loan, Mortgage Loan and the Acquisition Line of Credit and payment in full of the Loans:

a. The Borrowers will promptly submit to the Bank such information relating to the Borrowers' affairs as the Bank may reasonably request.

b. The Borrowers will not make or permit any material change in the nature of its business as carried on as of the date of this letter or in its senior management or decrease the equity ownership by Guarantor.

c. The Borrowers will comply with the financial and other covenants included in Exhibit B hereto.

7. Representations and Warranties. To induce the Bank to extend the Line of Credit, the Term Loan, the Mortgage Loan, and the Acquisition Line of Credit or the making of any advance to the Borrowers under the Line of Credit or the Acquisition Line of Credit, the Borrowers represent and warrant as follows:

a. The Borrowers' latest financial statements provided to the Bank are true, complete and accurate in all material respects and fairly present the financial condition, assets and liabilities, whether accrued, absolute, contingent or otherwise and the results of the Borrowers' operations for the period specified therein. The Borrowers' financial statements have been prepared in accordance with generally accepted accounting principles consistently applied from period to period subject in the case of interim statements to normal year-end adjustments. Since the date of the latest financial statements provided to the Bank, the Borrowers have not suffered any damage, destruction or loss which has materially adversely affected their business, assets, operations, financial condition or results of operations.

b. There are no actions, suits, proceedings or governmental investigations pending or, to the knowledge of the Borrowers, threatened against the Borrowers which could result in a material adverse change in their business, assets, operations, financial condition or results of operations and there is no basis known to the Borrowers or their officers, directors or shareholders for any such action, suit, proceedings or investigation.

c. The Borrowers have filed all returns and reports that are required to be filed by them in connection with any federal, state or local tax, duty or charge levied, assessed or imposed upon the Borrowers or their property, including unemployment, social security and similar taxes and all of such taxes have been either paid or adequate reserve or other provision has been made therefor.

d. Each of the Borrowers is duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization and has the power and authority to own and operate its assets and to conduct its business as now or proposed to be carried on, and is duly qualified, licensed and in good standing to do business in all jurisdictions where its ownership of property or the nature of its business requires such qualification or licensing.

e. The Borrowers have full power and authority to enter into the transactions provided for in this letter and has been duly authorized to do so by all necessary and appropriate action and when executed and delivered by the Borrowers, this letter and the other loan documents executed and delivered pursuant hereto will constitute the legal, valid and binding obligations of the Borrowers, enforceable in accordance with their terms.

f. There does not exist any default or violation by any of the Borrowers of or under any of the terms, conditions or obligations of: (i) its organizational documents; (ii) any material indenture, mortgage, deed of trust, franchise, permit, contract, agreement, or other instrument to which it is a party or by which it is bound; or (iii) any law, regulation, ruling, order, injunction, decree, condition or other requirement applicable to or imposed upon such Borrower by any law or by any governmental authority, court or agency.

8. Costs. The Borrowers shall reimburse the Bank for the Bank's expenses (including the reasonable fees and expenses of the Bank's outside and in-house counsel) in documenting and closing this transaction and the related transactions executed concurrently herewith and in connection with any amendments, modifications, renewals or enforcement actions relating to the Loans.

9. Fees.

a. Line of Credit Fee. Beginning on April 1, 1999 and on each July 1, October 1, January 1 and April 1 thereafter and on the Expiration Date, the Borrowers shall pay a commitment fee to the Bank, in arrears, at the rate of one quarter of one percent (.25%) per annum on the average daily balance of the Line of Credit which is undisbursed during the preceding quarter or portion thereof. The commitment fee shall be computed on the basis of a year of 360 days and paid on the actual number of days elapsed.

b. Acquisition Line of Credit Fee. Beginning on April 1, 1999 and on each July 1, October 1, January 1 and April 1 thereafter and on the Acquisition Line Expiration Date, the Borrowers shall pay a commitment fee to the Bank, in arrears, at the rate of one quarter of one percent (.25%) per annum on the average daily balance of the Acquisition Line of Credit which is undisbursed during the preceding quarter or portion thereof. The commitment fee shall be computed on the basis of a year of 360 days and paid on the actual number of days elapsed.

c. Acquisition Loan Fee. On the date of the making of each Acquisition Loan, the Borrowers will pay to the Bank a fee equal to one percent (1%) of the amount of such Acquisition Loan.

10. Depository. The Borrowers will establish and maintain at the Bank the Borrowers' primary depository accounts.

11. Acceleration of Term Loan and Mortgage Loan. Notwithstanding any other provision hereof or in the Notes, in the event the Line of Credit is terminated by the Borrower, the Term Loan and the Mortgage Loan and the Acquisition Loans shall, at Bank's discretion, also become due and payable at the time of such termination. If on or prior to the current Expiration Date, and in the absence of an Event of Default under any of the Notes, the Bank has determined that it will not renew the Line of Credit and extend such Expiration Date or if Bank proposes changes to the material terms and conditions of the Line of Credit as a condition to such renewal and extension and the Borrowers do not agree to such changes, the Term Loan, the Mortgage Loan and the Acquisition Loans shall all become due and payable at the expiration of the Refinancing Extension.

12. Borrowers' Representative. Each of the Borrowers hereby appoints CECO Filters as its non-exclusive representative for providing notices and reports to and otherwise communicating with the Bank under this Agreement or the other loan documents, including without limitation making requests for Loans hereunder, and providing information on behalf of any one or more of the Borrowers and for receiving communications and notices from the Bank. (In such capacity, CECO Filters is herein referred to as the "Borrowers' Representative"). The Bank shall be entitled to rely exclusively on the Borrowers' Representative's authority so to act in each instance without inquiry or investigation, and each of the Borrowers hereby agrees to indemnify and hold harmless the Bank for any losses, costs, delays, errors, claims, penalties or charges arising from or out of the Borrowers' Representative's actions pursuant to this Section 12 and the Bank's reliance thereon and hereon, provided, however, that the foregoing indemnity agreement shall not apply to losses, costs, delays, errors, claims, penalties or charges solely attributable to the Bank's gross negligence or willful misconduct. Notice from the Borrowers' Representative shall be deemed to be notice from all Borrowers and notice to the Borrowers' Representative shall be deemed to be notice to all Borrowers.

13. Additional Provisions. Before the first advance under the Line of Credit, the Term Loan, the Mortgage Loan or the Acquisition Line of Credit, the Borrowers agree to sign and deliver to the Bank the Notes, audited financial statements of the Borrowers for the fiscal year ended December 31, 1998, which are satisfactory to the Bank and contain no material changes from the draft financial statements for such fiscal year previously provided to the Bank by the Borrowers, a Subordination Agreement dated the date hereof between CECO Filters, Inc. and CECO Environmental, Inc. and other required documents and such other instruments and documents as the Bank may reasonably request, such as certified resolutions, incumbency certificates or other evidence of authority. The Bank will not be obligated to make any advance under the Line of Credit or the Acquisition Line of Credit if any Event of Default (as defined in the Notes) or event which with the passage of time, provision of notice or both would constitute an Event of Default under the Notes shall have occurred and be continuing.

Each of the Borrowers hereby irrevocably and unconditionally: A. submits for itself and its property in any legal action or proceeding relating to this letter or the Notes, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the Commonwealth of Pennsylvania, the courts of the United States of America for the Eastern District of Pennsylvania, and appellate courts from any thereof; B. consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; C. agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Borrower at its address set forth on the first page hereof or at such other address of which the Bank shall have been notified in writing by the Borrowers' Representative; and D. agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

This letter is governed by the laws of the Commonwealth of Pennsylvania. No modification or waiver of any of the terms of this letter will be valid and binding unless agreed to in writing by the Bank. When accepted, this letter and the other documents described herein will constitute the entire agreement between the Bank and the Borrowers concerning the Line of Credit, the Term Loan, the Mortgage Loan and the Acquisition Line of Credit, and shall replace all prior understandings, statements, negotiations and written materials relating to the Line of Credit, the Term Loan, the Mortgage Loan and the Acquisition Line of Credit. Please acknowledge acceptance of these terms by signing in the space indicated below.

Thank you for giving PNC Bank this opportunity to work with your business. We look forward to other ways in which we may be of service to your business or to you personally.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

By:_____
Name:
Title:

ACCEPTANCE

With the intent to be legally bound hereby, the above terms and conditions are hereby agreed to and accepted this 16th day of March, 1999.

Borrowers:

CECO Filters, Inc.

By: /Steven Taub/
- ------------------------------

Title: /President
- ------------------------------

Air Purator Corporation

By: /Steven Taub/
- ------------------------------

Title: /President
- ------------------------------

New Busch Co., Inc.

By: /Steven Taub/
- ------------------------------

Title: /President
- ------------------------------

U.S. Facilities Management Company, Inc.

By: /Steven Taub/
- ------------------------------

Title: /President
- ------------------------------

EXHIBIT A

FORM OF BORROWING REQUEST

[Date]

PNC Bank, National Association
1600 Market Street
Philadelphia, PA 19103
Attention: John G. Siegist

Ladies and Gentlemen:

The undersigned, CECO Filters, Inc., Air Purator Corporation, New Busch Co., Inc. and U.S. Facilities Management Company, Inc. (collectively, the "Borrowers"), refer to the Letter Agreement dated March 16, 1999 (as heretofore amended, supplemented or otherwise modified, the "Letter Agreement"), between the Borrowers and PNC Bank, National Association. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Letter Agreement. The Borrowers hereby give you notice pursuant to the Letter Agreement that they request an advance under the Letter Agreement, and in that connection set forth below the terms on which such advance is requested to be made:

(A) Principal amount of advance $_____

(B) Interest Rate Option(1) $_____

(C) Date of borrowing (which is a business day) _____

(D) If the advance is to bear interest under the Euro-Rate Option, Euro-Rate Interest Period(2) _____

_____

(1) Euro-Rate Option or Prime Rate Option.

(2) Which shall be subject to the definition of "Euro-Rate Interest Period" in the Line of Credit Note and end not later than the Expiration Date.

Upon acceptance of the advance made by the Bank in response to this request, the Borrowers shall be deemed to have represented and warranted that the conditions to lending specified in the Letter Agreement have been satisfied.

Very truly yours,

CECO FILTERS, INC.

By:_____
Name:
Title:

EXHIBIT B

FINANCIAL REPORTING COVENANTS:

1. The Borrowers' Representative will deliver to the Bank:

(A) Financial Statements for each fiscal year, within 90 days after the end of each fiscal year, audited and certified by a certified public accountant acceptable to the Bank.
(B) Financial Statements for each fiscal quarter except the fourth quarter, within 45 days after the end of each quarter
(C) With each delivery of Financial Statements, the chief executive officer or chief financial officer of the Borrowers' Representative shall also deliver a certificate, substantially in the form of Exhibit C (a "Compliance Certificate"), on behalf of the Borrowers as to the Borrowers' compliance with the financial covenants for the period then ended and whether any Event of Default (as defined in the Notes) exists, and, if so, the nature thereof and the corrective measures the Borrowers propose to take.
(D) Availability Compliance Certificate, substantially in the form of Exhibit D (an "Availability Compliance Certificate") within 15 days after the end of each month.
(E) Accounts receivable and accounts payable aging reports within 15 days after the end of each month.

2. The Guarantor will deliver to the Bank:

a. Financial Statements for its fiscal year, within 90 days after the end of each fiscal year, audited and certified by a certified public accountant acceptable to the Bank.

b. Financial Statements for each fiscal quarter except the fourth quarter, within 45 days after the end of each quarter.

"Financial Statements" means the consolidated and consolidating balance sheet and statements of income and cash flows prepared in accordance with generally accepted accounting principles in effect from time to time ("GAAP") applied on a consistent basis (subject in the case of interim statements to normal year-end adjustments).

FINANCIAL COVENANTS:

a. Fixed Charge Coverage Ratio. The Borrowers shall maintain a ratio of (i) EBITDA minus Capital Expenditures to (ii) the sum of income taxes, interest expense, dividends and scheduled principal payments, all determined in accordance with GAAP as of the last day of any fiscal quarter for the period of twelve consecutive months then ending greater than 1.00 to 1.00.

For purposes of this subparagraph and subparagraph (c) below, "EBITDA" shall mean net income, excluding any extraordinary gains and extraordinary non-cash losses plus interest expense, income taxes, depreciation expense and amortization expense, to the extent that each of the same has been deducted in calculating net income.

For purposes of this subparagraph and subparagraph (d) below, "Capital Expenditure" shall mean an expenditure for any fixed asset or any improvements or additions thereto, including direct or indirect acquisition of such asset and capitalized leases, but excluding assets acquired pursuant to an acquisition permitted under this Agreement, which expenditure is capitalized in accordance with GAAP.

b. Interest Coverage Ratio. The Borrowers maintain a ratio of (i) EBIT to (ii) interest expense, all determined in accordance with GAAP as of the last day of any fiscal quarter for the period of twelve consecutive months then ending greater than 2.0 to 1.0

For purposes of this subparagraph, "EBIT"shall mean EBITDA minus depreciation expense and amortization expense.

c. Leverage Ratio. The Borrowers shall not permit the ratio of (i) funded indebtedness of the Borrowers (including subordinated debt and capitalized leases) to (ii) EBITDA, all determined in accordance with GAAP as of the end of any fiscal quarter for the period of twelve consecutive months then ending, to exceed 3.00 to 1.00.

d. Capital Expenditures. The Borrowers will not permit Capital Expenditures of the Borrowers incurred during any fiscal year to be greater than $350,000.

e. Availability. The Borrowers shall not permit the aggregate principal amount of indebtedness outstanding at any one time under the Line of Credit to exceed the sum of (i) the difference between (A) 80% of the sum of Borrowers accounts receivable at such time plus costs and estimated earnings in excess of billings on uncompleted contracts minus (B) 100% of billings in excess of costs and estimated earnings at such time on uncompleted contracts and (ii) 50% of Borrowers inventory at such time.

AFFIRMATIVE COVENANTS:

The Borrowers shall:

a. Books and Records. Maintain books and records in accordance with GAAP and give representatives of the Bank access thereto at all reasonable times during normal business hours and following reasonable notice, including permission to examine, copy and make abstracts from any of such books and records and such other information as the Bank may from time to time reasonably request, and the Borrowers will make available to the Bank for examination copies of any reports, statements or returns which the Borrowers may make to or file with any governmental department, bureau or agency, federal or state.

b. Payment of Taxes and Other Charges. Pay and discharge when due all indebtedness and all taxes, assessments, charges, levies and other liabilities imposed upon the Borrowers, their income, profits, property or business, except those which currently are being contested in good faith by appropriate proceedings and for which the Borrowers shall have set aside adequate reserves or made other adequate provisions with respect thereto acceptable to the Bank in its sole discretion.

c. Maintenance of Existence, Operation and Assets. Do all things necessary to maintain, renew and keep in full force and effect their organizational existence and all rights, permits and franchises necessary to enable them to continue their business; continue in operation in substantially the same manner as at present; keep their properties in good operating condition and repair; and make all necessary and proper repairs, renewals, replacements, additions and improvements thereto.

d. Insurance. Maintain with financially sound and reputable insurers, insurance with respect to their property and business against such casualties and contingencies, of such types and in such amounts as is customary for established companies engaged in the same or similar business and similarly situated.

e. Compliance with Laws. Comply with all laws applicable to the Borrowers and to the operation of their business (including any statute, rule or regulation relating to employment practices and pension benefits or to environmental, occupational and health standards and controls).

f. Additional Reports. Provide prompt written notice to the Bank of the occurrence of any of the following (together with a description of the action which the Borrowers propose to take with respect thereto): (i) any Event of Default or potential Event of Default, (ii) any litigation in excess of $50,000 and not covered by insurance filed by or against the Borrowers, (iii) any Reportable Event or Prohibited Transaction with respect to any Employee Benefit Plan(s) (as such terms are defined in ERISA) or (iv) any event which might result in a material

adverse change in the business, assets, operations, financial condition or results of operation of the Borrowers.

NEGATIVE COVENANTS:

a. The Borrowers will not create, assume, incur or suffer to exist any mortgage, pledge, encumbrance, security interest or lien of any kind upon any of its property, now owned or hereafter acquired, or acquire or agree to acquire any kind of property under conditional sales or other title retention agreements, except liens disclosed on the Borrowers's latest Financial Statements provided to the Bank prior to the date of this letter (including the PIDA Mortgage); provided, however, that the foregoing restrictions shall not prevent the Borrowers from:

(i) incurring liens for taxes, assessments or governmental charges or levies which shall not at the time be due and payable or can thereafter be paid without penalty or are being contested in good faith by appropriate proceedings diligently conducted and with respect to which it has created adequate reserves;

(ii) making pledges or deposits to secure obligations under workers' compensation laws or similar legislation;

(iii) granting liens or security interests in favor of the Bank; or

(iv) granting liens to secure additional indebtedness permitted in (b)(iv) and (b)(v) below.

b. The Borrowers will not create, incur, guarantee, endorse (except endorsements in the course of collection), assume or suffer to exist any indebtedness, except (i) indebtedness to the Bank, (ii) open account trade debt incurred in the ordinary course of business and not past due, (iii) intercompany loans among Borrowers, (iv) purchase money indebtedness, (v) capitalized leases, (v) other indebtedness disclosed on the Borrowers' latest Financial Statements (including the PIDA Mortgage) which have been provided to the Bank prior to the date of this letter.

c. The Borrowers will not liquidate, merge or consolidate (other than among the Borrowers and as long as CECO Filters is either the survivor or remains the parent of the Borrowers which merge or consolidate after such merger or consolidation) with any person, firm, corporation or other entity without the Bank's prior approval, or sell, lease, transfer or otherwise dispose of all or any substantial part of its property or assets, whether now owned or hereafter acquired, except in the ordinary course of business.

d. The Borrowers will not directly or indirectly make acquisitions of all or substantially all of the property or assets of any person, firm, corporation or other entity, without the Bank's prior approval.

e. The Borrowers will not declare or pay any dividends on or make any distribution with respect to any class of its equity or purchase, redeem, retire or otherwise acquire any of its equity.

f. The Borrowers will not make or have outstanding any loans or advances to or otherwise extend credit to any person, firm or corporation, except in the ordinary course of business.

g. The Borrowers will not engage in any business either directly or indirectly except for businesses in which the Borrowers are engaged on the date of this letter agreement and any business activities directly related, similar or incidental or ancillary to such existing business.

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

This Certificate is executed and delivered in connection with the Letter Agreement dated March 16, 1999 (together with all exhibits, schedules, extensions, renewals, amendments, substitutions and replacements thereof and thereto, the "Letter Agreement") between CECO Filters, Inc., Air Purator Corporation, New Busch Co., Inc. and U.S. Facilities Management Company, Inc. (collectively, the "Borrowers") and PNC Bank, National Association (the "Bank"). Capitalized terms appearing herein but not defined herein shall have the meanings assigned to them in the Letter Agreement.

The undersigned, [insert name], [insert title] of CECO Filters, Inc., hereby certifies on behalf of the Borrowers to the Bank, with respect to the fiscal [quarter] [year] ended _____, ____ (the "Fiscal Period"), as follows:

1. The Fixed Charged Coverage Ratio as of the end of the Fiscal Period is _____ as detailed below:

	EBITDA	_____	
minus	capital expenditures	_____	
	Total		(A)_____
	Income taxes	_____	
plus	interest expense	_____	
plus	dividends	_____	
plus	scheduled principal payments	_____	
	Total		(B)_____
	The ratio of (A) to (B) is		_____

2. The Interest Coverage Ratio as of the end of the Fiscal Period is _____ as detailed below:

EBIT	(A)	_____
Interest expense	(B)	_____
The ratio of (A) to (B) is		_____

3. The Leverage Ratio as of the end of the Fiscal Period is _____ as detailed below:

Total Indebtedness	(A)	_____
EBITDA	(B)	_____
The ratio of (A) to (B) is		_____

IN WITNESS WHEREOF, I have signed this Certificate as of the ____ day of _____, ____.

CECO FILTERS, INC.

By_____
Name:
Title:

EXHIBIT D

FORM OF AVAILABILITY COMPLIANCE CERTIFICATE

This Certificate is executed and delivered in connection with the Letter Agreement dated March 16, 1999 (together with all exhibits, schedules, extensions, renewals, amendments, substitutions and replacements thereof and thereto, the "Letter Agreement") between CECO Filters, Inc., Air Purator Corporation, New Busch Co., Inc. and U.S. Facilities Management Company, Inc. (collectively, the "Borrowers") and PNC Bank, National Association (the "Bank"). Capitalized terms appearing herein but not defined herein shall have the meanings assigned to them in the Letter Agreement.

The undersigned, [insert name], [insert title] of CECO Filters, Inc. hereby certifies on behalf of the Borrowers to the Bank, with respect to and as of the month ended _____, _____ as follows:

plus	Accounts Receivables costs and estimated earnings in excess of billings on uncompleted contracts	$ _____
		$ _____
		x .80
		_____(A)
minus	billings in excess of costs and estimated earnings on uncompleted contracts	$ _____(B)
(A) - (B)		$ _____(C)
Inventory		$ _____
		x .50
		$_____(D)
(C) + (D)		$_____

IN WITNESS WHEREOF, I have signed this Certificate as of the ____ day of _____, ____.

CECO FILTERS, INC.

By_____
Name:
Title:

EXHIBIT 10.31

OPEN-END MORTGAGE AND SECURITY AGREEMENT
(This Mortgage Secures Future Advances)

THIS OPEN-END MORTGAGE AND SECURITY AGREEMENT (this "Mortgage") is made as of March 16, 1999 by CECO FILTERS, INC. a Delaware corporation (the "Mortgagor"), with an address at 1029 Conshohocken Road, Conshohocken, Pennsylvania 19428 in favor of PNC BANK, NATIONAL ASSOCIATION (the "Mortgagee"), with an address at 1600 Market Street, Philadelphia, PA 19103, with the joinder of Montgomery County Industrial Development Corporation (the "Fee Owner").

WHEREAS, the Mortgagor is the equitable owner of a certain tract or parcel of land described in Exhibit A attached hereto and made a part hereof, together with the improvements now or hereafter erected thereon; and

WHEREAS, Mortgagor, Air Purator Corporation, New Busch Co., Inc. and U. S. Facilities Management Company, Inc. (collectively, the "Borrowers") borrowed or obtained extensions of credit from the Mortgagee in an amount not to exceed Eight Million Four Hundred Twelve Thousand One Hundred Fifty-Five and 40/100 Dollars ($8,412,155.40) (collectively, the "Loans"), which Loans are evidenced by certain promissory notes or other instruments in favor of the Mortgagee (collectively as the same may hereafter be modified, restated or substantially, the "Notes") and the Mortgagor is executing and delivering this Mortgage as collateral security for these Loans up to the principal amount of $787,155.41;

WHEREAS, the Pennsylvania Industrial Development Authority ("PIDA") has lent $405,000 to the Fee Owner for the benefit of the Mortgagor, such loan secured by a second mortgage on the Property dated October 28, 1991 in the maximum amount of $405,000 in favor of PIDA of which $239,070.98 is currently outstanding;

WHEREAS, PIDA has agreed to permit the grant to the Bank of an additional third mortgage on the Property securing the remaining amount of the Loans;

NOW, THEREFORE, for the purpose of securing the payment and performance of the following obligations (collectively called the "Obligations"):

(A) the Loans, the Notes and all other loans, advances, debts, liabilities, obligations, covenants and duties owing by the Borrowers or any of them to the Mortgagee of any kind or nature, present or future (including, without limitation, any interest accruing thereon after maturity, or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to the Borrowers or any of them, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), whether or not evidenced by any Notes, guaranty or other instrument, whether arising under any agreement, instrument or document, whether or not for the payment of money, whether arising by reason of

an extension of credit, opening of a letter of credit, Loans, equipment lease, or guarantee, under any interest or currency swap, future, option or other similar agreement, or in any other manner, whether arising out of overdrafts on deposit or other accounts or electronic funds transfers (whether through automatic clearing houses or otherwise) or out of the Mortgagee's non-receipt of or inability to collect funds or otherwise not being made whole in connection with depository transfer check or other similar arrangements, whether direct or indirect (including those acquired by assignment or participation), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, and any amendments, extensions, renewals or increases and all costs and expenses of the Mortgagee incurred in the documentation, negotiation, modification, enforcement, collection or otherwise in connection with any of the foregoing, including reasonable attorneys' fees and expenses.

(B) Any sums advanced by the Mortgagee or which may otherwise become due pursuant to the provisions of the Notes or this Mortgage or pursuant to any other document or instrument at any time delivered to the Mortgagee to evidence or secure any of the Obligations or which otherwise relate to any of the Obligations (as the same may be amended, supplemented or replaced from time to time, the "Loans Documents").

The Mortgagor, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound hereby, does hereby give, grant, bargain, sell, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm unto the Mortgagee and does agree that the Mortgagee shall have a security interest in the following described property, all accessions and additions thereto, all substitutions therefor and replacements and proceeds thereof, and all reversions and remainders of such property now owned or held or hereafter acquired (the "Property"), to wit:

(a) All of the Mortgagor's estate in the premises described in Exhibit A, together with all of the easements, rights of way, privileges, liberties, hereditaments, gores, streets, alleys, passages, ways, waters, watercourses, rights and appurtenances thereunto belonging or appertaining, and all of the Mortgagor's estate, right, title, interest, claim and demand whatsoever therein and in the public streets and ways adjacent thereto, either in law or in equity (the "Land");

(b) All the buildings, structures and improvements of every kind and description now or hereafter erected or placed on the Land, and all facilities, fixtures, machinery, apparatus, appliances, installations, machinery and equipment, including all building materials to be incorporated into such buildings, all electrical equipment necessary for the operation of such buildings and heating, air conditioning and plumbing equipment now or hereafter attached to, located in or used in connection with those buildings, structures or other improvements (the "Improvements");

(c) All of Mortgagor's rights under that certain Installment Sale Agreement dated October 28, 1991 between Fee Owner, as owner, and Mortgagor, as purchaser, (the "Installment Sale Agreement") and all rents, issues and profits arising or issuing from the Land and the Improvements (the "Rents") including the Rents arising or issuing from all leases and subleases now or hereafter entered into covering all or any part of the Land and Improvements

(the "Leases"), all of which Leases and Rents are hereby assigned to the Mortgagee by the Mortgagor. The foregoing assignment shall include all fees, charges, accounts or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties, and all cash or securities deposited under Leases to secure performance of lessees of their obligations thereunder, whether such cash or securities are to be held until the expiration of the terms of such leases or applied to one or more installments of rent coming due prior to the expiration of such terms. The foregoing assignment extends to Rents arising both before and after the commencement by or against the Mortgagor of any case or proceeding under any Federal or State bankruptcy, insolvency or similar law, and is intended as an absolute assignment and not merely the granting of a security interest. The Mortgagor, however, shall have a license to collect retain and use the Rents so long as no Event of Default shall have occurred and be continuing or shall exist. The Mortgagor will execute and deliver to the Mortgagee, on demand, such additional assignments and instruments as the Mortgagee may require to implement, confirm, maintain and continue the assignment of Rents hereunder;

(d) All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims;

(e) And without limiting any of the other provisions of this Mortgage, the Mortgagor, as debtor, expressly grants unto the Mortgagee, as secured party, a security interest in all those portions of the Property which may be subject to the Uniform Commercial Code provisions applicable to secured transactions under the laws of any state, and the Mortgagor will execute and deliver to the Mortgagee on demand such financing statements and other instruments as the Mortgagee may require in order to perfect and maintain such security interest under the UCC on the aforesaid collateral.

To have and to hold the same unto the Mortgagee, its successors and assigns, forever.

Provided, however, that if the Mortgagor shall pay to the Mortgagee the Obligations, and if the Mortgagor shall keep and perform each of its other covenants, conditions and agreements set forth herein and in the other Loans Documents, then, upon the termination of all obligations, duties and commitments of the Mortgagor under the Obligations and this Mortgage, and subject to the provisions of Section 23, the estate hereby granted and conveyed shall become null and void.

This Mortgage is an "Open-End Mortgage" as set forth in 42 Pa. C.S.A. ss. 8143 and secures obligations up to a maximum principal amount of indebtedness outstanding at any time of $787,155.41, plus accrued and unpaid interest, including advances for the payment of taxes and municipal assessments, maintenance charges, insurance premiums, costs incurred for the protection of the Property or the lien of this Mortgage, expenses incurred by the Mortgagee by reason of default by the Mortgagor under this Mortgage and advances for construction, alteration or renovation on the Property or for any other purpose, together with all other sums due hereunder or secured hereby. All notices to be given to the Mortgagee pursuant to 42 Pa. C.S.A. ss. 8143 shall be given as set forth in Section 18.

1. Representations and Warranties. The Mortgagor represents and warrants to the Mortgagee that the (i) Fee Owner possesses good and marketable unencumbered fee simple title in the Land and Improvements and Mortgagor and Fee Owner possess good and marketable unencumbered title to the remainder of the Property now owned by Mortgagor and Fee Owner, except for those title exceptions listed on the mortgagee title insurance policy approved by and issued to Mortgagee, insuring the priority of the lien of this Mortgage, (ii) Mortgagor is the equitable owner of the Land pursuant to the Installment Sale Agreement, and (iii) this Mortgage is a valid and enforceable first lien on the Property, subject only to the aforesaid exceptions. The Mortgagor shall perform all of its duties and obligations under the Installment Sale Agreement and preserve such title as it warrants herein and the validity and priority of the lien hereof and shall forever warrant and defend the same to the Mortgagee against the claims of all persons.

2. Affirmative Covenants. Until all of the Obligations shall have been fully paid, satisfied and discharged the Mortgagor shall:

(a) Payment and Performance of Obligations. Pay or cause to be paid and perform all Obligations when due as provided in the Loans Documents.

(b) Legal Requirements. Promptly comply with and conform to all present and future laws, statutes, codes, ordinances, orders and regulations and all covenants, restrictions and conditions which may be applicable to the Mortgagor or to any of the Property (the "Legal Requirements").

(c) Impositions. Before interest or penalties are due thereon and otherwise when due, the Mortgagor shall pay all taxes of every kind and nature, all charges for any easement or agreement maintained for the benefit of any of the Property, all general and special assessments (including any condominium or planned unit development assessments, if any), levies, permits, inspection and license fees, all water and sewer rents and charges, and all other charges and liens, whether of a like or different nature, imposed upon or assessed against the Mortgagor or any of the Property except those which are currently being contested in good faith by appropriate proceedings and for which the Mortgagor shall have set aside adequate reserves or made other adequate provisions with respect thereto acceptable to Mortgagee in its sole discretion (the "Impositions"). Within thirty (30) days after the payment of any Imposition, the Mortgagor shall deliver to the Mortgagee evidence acceptable to the Mortgagee of such payment. The Mortgagor's obligations to pay the Impositions shall survive the Mortgagee's taking title to the Property through foreclosure, deed-in-lieu or otherwise.

(d) Maintenance of Security. Use, and permit others to use, the Property only for its present use or such other uses as permitted by applicable Legal Requirements and approved in writing by the Mortgagee. The Mortgagor shall keep the Property in good condition and order, ordinary wear and tear excepted, and in a rentable and tenantable state of repair and will make or

cause to be made, as and when necessary, all repairs, renewals, and replacements, structural and nonstructural, exterior and interior, foreseen and unforeseen, ordinary and extraordinary, provided, however, that no structural repairs, renewals or replacements which in the aggregate exceed $50,000 shall be made without the Mortgagee's prior written consent. The Mortgagor shall not remove, demolish or alter the Property nor commit or suffer waste with respect thereto, nor permit the Property to become deserted or abandoned. The Mortgagor covenants and agrees not to take or permit any action with respect to the Property which will in any manner impair the security of this Mortgage.

3. Leases. The Mortgagor shall not (a) execute an assignment or pledge of the Rents or the Leases other than in favor of the Mortgagee; (b) accept any prepayment of an installment of any Rents prior to the due date of such installment; or (c) enter into or amend any of the terms of any of the Leases without the Mortgagee's prior written consent. Any or all leases or subleases of all or any part of the Property shall be subject in all respects to the Mortgagee's prior written consent, shall be subordinated to this Mortgage and to the Mortgagee's rights and, together with any and all rents, issues or profits relating thereto, shall be assigned at the time of execution to the Mortgagee as additional collateral security for the Obligations, all in such form, substance and detail as is satisfactory to the Mortgagee in its sole discretion.

4. Due on Sale Clause. The Mortgagor shall not sell, convey or otherwise transfer any interest in the Property (whether voluntarily or by operation of law), or agree to do so, without the Mortgagee's prior written consent, including (a) any sale, conveyance, assignment, or other transfer of (including installment land sale contracts), or the grant of a security interest in, all or any part of the legal or equitable title to the Property; (b) any lease of all or any portion of the Property; or (c) any sale, conveyance, assignment, or other transfer of, or the grant of a security interest in, any share of stock of the Mortgagor, except in favor of the Mortgagee. The transfer of legal title from the Fee Owner to the Mortgagor shall not be a violation of this Section. Any default under this Section shall cause an immediate acceleration of the Obligations without any demand by the Mortgagee.

5. Insurance. The Mortgagor shall keep the Property continuously insured, in an amount not less than the cost to replace the Property or an amount not less than eighty percent (80%) of the full insurable value of the Property, whichever is greater, against loss or damage by fire, with extended coverage and against other hazards as the Mortgagee may from time to time require. With respect to any property under construction or reconstruction, the Mortgagor shall maintain builder's risk insurance. The Mortgagor shall also maintain comprehensive general public liability insurance, in an amount of not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) general aggregate per location, which includes contractual liability insurance for the Mortgagor's obligations under the Leases, and worker's compensation insurance. All property and builder's risk insurance shall include protection for continuation of income for a period of twelve (12) months, in the event of any damage caused by the perils referred to above. All policies, including policies for any amounts carried in excess of the required minimum and policies not specifically required by the Mortgagee, shall be with an insurance company or companies satisfactory to the Mortgagee, shall be in form satisfactory to

the Mortgagee, shall meet all coinsurance requirements of the Mortgagee, shall be maintained in full force and effect, shall be assigned to the Mortgagee, with premiums prepaid, as collateral security for payment of the Obligations, shall be endorsed with a standard mortgagee clause in favor of the Mortgagee and shall provide for at least thirty (30) days notice of cancellation to the Mortgagee. Such insurance shall also name the Mortgagee as an additional insured under the comprehensive general public liability policy and the Mortgagor shall also deliver to the Mortgagee a copy of the replacement cost coverage endorsement. If the Property is located in an area which has been identified by any governmental agency, authority or body as a flood hazard area or the like, then the Mortgagor shall maintain a flood insurance policy covering the Property in an amount not less than the original principal amount of the Loans or the maximum limit of coverage available under the federal program, whichever amount is less.

6. Rights of Mortgagee to Insurance Proceeds.

In the event of loss under $100,000, the Mortgagor shall have the exclusive right to adjust, collect and compromise all insurance claims. In the event of loss in excess of $100,000, the Mortgagee shall have the exclusive right to adjust, collect and compromise all insurance claims, and the Mortgagor shall not adjust, collect or compromise any claims under said policies without the Mortgagee's prior written consent (which consent shall not be unreasonably withheld.) Each insurer is hereby authorized and directed to make such payment in excess of $100,000 under said policies, including return of unearned premiums, directly to the Mortgagee instead of to the Mortgagor and the Mortgagee jointly, and the Mortgagor appoints the Mortgagee as the Mortgagor's attorney-in-fact to endorse any draft therefor; provided, however, if there has not been an Event of Default, all insurance proceeds shall be made available to Mortgagor and shall be applied to the repair and restoration of any of the Property in Mortgagor's reasonable discretion. Following an Event of Default, all insurance proceeds shall be directed to the Mortgagee and may, at the Mortgagee's sole option, after consultation with the Mortgagor, be applied to all or any part of the Obligations and in any order (notwithstanding that such Obligations may not then otherwise be due and payable) or to the repair and restoration of any of the Property under such terms and conditions as the Mortgagee may reasonably impose.

7. Installments for Insurance, Taxes and Other Charges. After an Event of Default, the Mortgagor shall, if requested by the Mortgagee, pay to the Mortgagee monthly, an amount equal to one-twelfth (1/12) of the annual premiums for the insurance policies referred to hereinabove and the annual Impositions and any other item which at any time may be or become a lien upon the Property (the "Escrow Charges"). The amounts so paid shall be used in payment of the Escrow Charges so long as no Event of Default shall have occurred. No amount so paid to the Mortgagee shall be deemed to be trust funds, nor shall any sums paid bear interest. The Mortgagee shall have no obligation to pay any insurance premium or Imposition if at any time the funds being held by the Mortgagee for such premium or Imposition are insufficient to make such payments. Upon the occurrence of an Event of Default, the Mortgagee shall have the right, at its election, to apply any amount so held against the Obligations due and payable in such order as the Mortgagee may deem fit, and the Mortgagor hereby grants to the Mortgagee a lien upon and security interest in such amounts for such purpose.

8. Condemnation. The Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation or taking by eminent domain of any of the Property, shall notify the Mortgagee of the pendency of such proceedings. The Mortgagee may participate in any such proceedings and the Mortgagor shall deliver to the Mortgagee all instruments requested by it to permit such participation. Any award or compensation for property taken or for damage to property not taken, whether as a result of such proceedings or in lieu thereof, is hereby assigned to and shall be received and collected directly by the Mortgagee, and any award or compensation shall following an occurrence of an Event of Default be applied, at the Mortgagee's option, to any part of the Obligations and in any order (notwithstanding that any of such Obligations may not then be due and payable) or to the repair and restoration of any of the Property under such terms and conditions as the Mortgagee may impose. If no Event of Default has occurred, Mortgagor shall be entitled to receive such proceeds and shall apply such award or compensation to the repair and restoration of any of the Property in Mortgagor's reasonable discretion.

9. Environmental Matters.

(a) For purposes of this Section 9, the term "Environmental Laws" shall mean all federal, state and local laws, regulations and orders, whether now or in the future enacted or issued, pertaining to the protection of land, water, air, health, safety or the environment. The term "Regulated Substances" shall mean all substances regulated by Environmental Laws, or which are known or considered to be harmful to the health or safety of persons, or the presence of which may require investigation, notification or remediation under the Environmental Laws. The term "Contamination" shall mean the discharge, release, emission, disposal or escape of any Regulated Substances into the environment which may require notification, treatment, response or removal action or remediation under any Environmental Laws.

(b) Except as set forth in the Phase I and Phase II environmental reports prepared by Keating Environmental Management, Inc., dated as of August 2, 1991 and September 20, 1991, respectively, the Mortgagor represents and warrants (i) that no Contamination is present at, on or under the Property and that no Contamination is being or has been emitted onto any surrounding property; (ii) all operations and activities on the Property have been and are being conducted in accordance with all Environmental Laws, and the Mortgagor has all permits and licenses required under the Environmental Laws; (iii) no underground or aboveground storage tanks are or have been located on or under the Property; and (iv) no legal or administrative proceeding is pending or threatened relating to any environmental condition, operation or activity on the Property, or any violation or alleged violation of Environmental Laws. These representations and warranties shall be true as of the date hereof, and shall be deemed to be continuing representations and warranties which must remain true, correct and accurate during the entire duration of the term of this Mortgage.

(c) The Mortgagor shall ensure, at its sole cost and expense, that the Property and the conduct of all operations and activities thereon comply and continue to comply with all Environmental Laws. The Mortgagor shall notify the Mortgagee promptly and in reasonable detail in the event that the Mortgagor becomes aware of any violation of any Environmental Laws, the presence or release of any Contamination with respect to the Property, or any governmental or third party claims relating to the environmental condition of the Property or the conduct of operations or activities thereon. The Mortgagor also agrees not to permit or allow the presence of Regulated Substances on any part of the Property, except for those Regulated Substances (i) which are used in the ordinary course of the Mortgagor's business, but only to the extent they are in all cases used in a manner which complies with all Environmental Laws; and (ii) those Regulated Substances which are naturally occurring on the Property. The Mortgagor agrees not to cause, allow or permit the presence of any Contamination on the Property, except in accordance with and to the extent permitted by applicable law or regulation.

(d) The Mortgagee shall not be liable for, and the Mortgagor shall indemnify, defend and hold the Mortgagee and all of its officers, directors, employees and agents, and all of their respective successors and assigns harmless from and against all losses, costs, liabilities, damages, fines, claims, penalties and expenses (including reasonable attorneys', consultants' and contractors' fees, costs incurred in the investigation, defense and settlement of claims, as well as costs incurred in connection with the investigation, remediation or monitoring of any Regulated Substances or Contamination) that the Mortgagee may suffer or incur (including as holder of the Mortgage, as mortgagee in possession or as successor in interest to the Mortgagor as owner of the Property by virtue of a foreclosure or acceptance of a deed in lieu of foreclosure, except for Contamination caused or permitted by Mortgagee while in its possession or under its ownership) as a result of or in connection with (i) any Environmental Laws (including the assertion that any lien existing or arising pursuant to any Environmental Laws takes priority over the lien of the Mortgage); (ii) the breach of any representation, warranty, covenant or undertaking by the Mortgagor in this Section 9; (iii) the presence on or the migration of any Contamination or Regulated Substances on, under or through the Property; or (iv) any litigation or claim by the government or by any third party in connection with the environmental condition of the Property or the presence or migration of any Regulated Substances or Contamination on, under, to or from the Property; provided, however, that the foregoing indemnity agreement shall not apply to losses, costs, liabilities, damages, fines, claims, penalties and expenses solely attributable to Mortgagee's gross negligence or willful misconduct. Upon payment in full of the Obligations, and so long as Mortgagee has not participated in the operation of Mortgagor's business (as such terms are defined in the Environmental Laws), the indemnity agreement contained in this Section shall terminate. In the event that Mortgagee has participated in the operation of Mortgagor's business, the indemnity agreement contained in this Section shall survive until Mortgagor delivers to Mortgagee an environmental report which indicates to Mortgagee, in its sole discretion, that there has been no Contamination of the Property.

(e) Upon the Mortgagee's request, the Mortgagor shall execute and deliver an Environmental Indemnity Agreement satisfactory in form and substance to the Mortgagee, to more fully reflect the Mortgagor's representations, warranties, covenants and indemnities with respect to the Environmental Laws.

10. Inspection of Property. The Mortgagee shall have the right to enter upon the Property at any reasonable hour during normal business hours and following reasonable notice for the purpose of inspecting the order, condition and repair of the buildings and improvements erected thereon, as well as the conduct of operations and activities on the Property. The Mortgagee may enter the Property (and cause the Mortgagee's employees, agents and consultants to enter the Property), upon prior written notice to the Mortgagor, to conduct any and all environmental testing deemed appropriate by the Mortgagee in its sole discretion. The environmental testing shall be accomplished by whatever means the Mortgagee may deem appropriate, including the taking of soil samples and the installation of ground water monitoring wells or other intrusive environmental tests. In the Event of a Default, the cost of such environmental testing shall be borne by Mortgagor. The Mortgagor shall provide the Mortgagee (and the Mortgagee's employees, agents and consultants) reasonable rights of access to the Property as well as such information about the Property and the past or present conduct of operations and activities thereon as the Mortgagee shall reasonably request.

11. Events of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder: (a) any Event of Default (as defined in any of the Obligations); (b) any default under any of the Obligations that does not have a defined set of "Events of Default" and the lapse of any notice or cure period provided in such Obligations with respect to such default; (c) demand by the Mortgagee under any of the Obligations that have a demand feature; (d) the failure by the Mortgagor to perform any of its obligations under this Mortgage or under any Environmental Indemnity Agreement executed and delivered pursuant to Section 9(e) and the lapse of applicable notice and cure periods; (e) falsity, inaccuracy or material breach by the Mortgagor of any written warranty, representation or statement made or furnished to the Mortgagee by the Mortgagor; (f) an uninsured material loss, theft, damage, or destruction to any of the Property, or the entry of any judgment in excess of $25,000 against the Mortgagor for the payment of money and the failure of the Mortgagor to discharge the judgment within thirty (30) days of the entry thereof, unless the same has been appealed and a stay of the enforcement thereof has been obtained or any lien against or the making of any levy, seizure or attachment of or on the Property and such proceeding is not dismissed within thirty (30) days of the commencement thereof; (g) the failure of the Mortgagee to have a mortgage lien on the Property with the priority required under Section 1; (h) any indication or evidence received by the Mortgagee that the Mortgagor may have directly or indirectly been engaged in any type of activity which, in the Mortgagee's discretion, might result in the forfeiture of any property of the Mortgagor to any governmental entity, federal, state or local; (i) foreclosure proceedings are instituted against the Property upon any other lien or claim, whether alleged to be superior or junior to the lien of this Mortgage and such proceeding is not dismissed or stayed within thirty (30) days of the commencement thereof; (j) the failure by the Mortgagor to pay any Impositions as required under Section 2(c), or to maintain in full force and effect any insurance required under Section 5; or (k) the Mortgagor or any other obligor or guarantor of any of the Obligations, shall at any time deliver or cause to be delivered to the Mortgagee a notice pursuant to 42 Pa. C.S.A. ss. 8143 electing to limit the indebtedness secured by this Mortgage.

12. Rights and Remedies of Mortgagee. If an Event of Default occurs, the Mortgagee may, at its option and without demand, notice or delay, do one or more of the following:

(a) The Mortgagee may declare the entire unpaid principal balance of the Obligations, together with all interest thereon, to be due and payable immediately.

(b) The Mortgagee may (i) institute and maintain an action of mortgage foreclosure against the Property and the interests of the Mortgagor therein, (ii) institute and maintain an action on any instruments evidencing the Obligations or any portion thereof, and (iii) take such other action at law or in equity for the enforcement of any of the Loans Documents as the law may allow, and in each such action the Mortgagee shall be entitled to all costs of suit and attorneys fees.

(c) The Mortgagee may, in its sole and absolute discretion: (i) collect any or all of the Rents, including any Rents past due and unpaid, (ii) perform any obligation or exercise any right or remedy of the Mortgagor under any Lease, or (iii) enforce any obligation of any tenant of any of the Property. The Mortgagee may exercise any right under this subsection (c), whether or not the Mortgagee shall have entered into possession of any of the Property, and nothing herein contained shall be construed as constituting the Mortgagee a "mortgagee in possession", unless the Mortgagee shall have entered into and shall continue to be in actual possession of the Property. The Mortgagor hereby authorizes and directs each and every present and future tenant of any of the Property to pay all Rents directly to the Mortgagee and to perform all other obligations of that tenant for the direct benefit of the Mortgagee, as if the Mortgagee were the landlord under the Lease with that tenant, immediately upon receipt of a demand by the Mortgagee to make such payment or perform such obligations. The Mortgagor hereby waives any right, claim or demand it may now or hereafter have against any such tenant by reason of such payment of Rents or performance of obligations to the Mortgagee, and any such payment or performance to the Mortgagee shall discharge the obligations of the tenant to make such payment or performance to the Mortgagor.

(d) The Mortgagee shall have the right, in connection with the exercise of its remedies hereunder, to the appointment of a receiver to take possession and control of the Property or to collect the Rents, without notice and without regard to the adequacy of the Property to secure the Obligations. A receiver while in possession of the Property shall have the right to make repairs and to make improvements necessary or advisable in its or his opinion to preserve the Property, or to make and keep them rentable to the best advantage, and the Mortgagee may advance moneys to a receiver for such purposes. Any moneys so expended or advanced by the Mortgagee or by a receiver shall be added to and become a part of the Obligations secured by this Mortgage.

13. Application of Proceeds. The Mortgagee shall apply the proceeds of any foreclosure sale of, or other disposition or realization upon, or Rents or profits from, the Property to satisfy the Obligations in such order of application as the Mortgagee shall determine in its exclusive discretion.

14. Confession of Judgment in Ejectment. At any time after the occurrence of an Event of Default, without further notice, regardless of whether the Mortgagee has asserted any other right or exercised any other remedy under this Mortgage or any of the other Loans Documents, it shall be lawful for any attorney of any court of record as attorney for the Mortgagor to confess judgment in ejectment against the Mortgagor and all persons claiming under the Mortgagor for the recovery by the Mortgagee of possession of all or any part of the Property, for which this Mortgage shall be sufficient warrant. If for any reason after such action shall have commenced the same shall be discontinued and the possession of the Property shall remain in or be restored to the Mortgagor, the Mortgagee shall have the right upon any subsequent default or defaults to bring one or more amicable action or actions as hereinbefore set forth to recover possession of all or any part of the Property.

15. Mortgagee's Right to Protect Security. The Mortgagee is hereby authorized to do any one or more of the following, irrespective of whether an Event of Default has occurred: (a) appear in and defend any action or proceeding purporting to affect the security hereof or the Mortgagee's rights or powers hereunder; (b) purchase such insurance policies covering the Property as it may elect if the Mortgagor fails to maintain the insurance coverage required hereunder; and (c) take such action as the Mortgagee may determine to pay, perform or comply with any Impositions or Legal Requirements upon Mortgagor's failure to do so when required, to cure any Events of Default and to protect its security in the Property.

16. Appointment of Mortgagee as Attorney-in-Fact. The Mortgagee, or any of its officers, is hereby irrevocably appointed attorney-in-fact for the Mortgagor (without requiring any of them to act as such), such appointment being coupled with an interest, to do any or all of the following: (a) collect the Rents after the occurrence of an Event of Default; (b) settle for, collect and receive any awards payable under Section 8 from the authorities making the same; and (c) execute, deliver and file such financing statements and other instruments as the Mortgagee may require in order to perfect and maintain its security interest under the Uniform Commercial Code on any portion of the Property.

17. Certain Waivers. The Mortgagor hereby waives and releases all benefit that might accrue to the Mortgagor by virtue of any present or future law exempting the Property, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any stay of execution, exemption from civil process or extension of time for payment, and, unless specifically required herein, all notices of the Mortgagor's default or of the Mortgagee's election to exercise, or the Mortgagee's actual exercise of any option under this Mortgage or any other Loans Document.

18. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt if delivered personally to the Mortgagor or the Mortgagee, or if sent by facsimile transmission with confirmation of delivery, or by nationally recognized overnight courier service, to the address set forth above or to such other address as the Mortgagor or the Mortgagee may give to the other in writing for such purpose.

19. Preservation of Rights. No delay or omission on the Mortgagee's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Mortgagee's action or inaction impair any such right or power. The Mortgagee's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Mortgagee may have under other agreements, at law or in equity. The Mortgagee may exercise any one or more of its rights and remedies without regard to the adequacy of its security.

20. Illegality. In case any one or more of the provisions contained in this Mortgage should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

21. Changes in Writing. No modification, amendment or waiver of any provision of this Mortgage nor consent to any departure by the Mortgagor therefrom will be effective unless made in a writing signed by the Mortgagee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Mortgagor in any case will entitle the Mortgagor to any other or further notice or demand in the same, similar or other circumstance.

22. Entire Agreement. This Mortgage (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the Mortgagor and the Mortgagee with respect to the subject matter hereof.

23. Survival; Successors and Assigns. This Mortgage will be binding upon and inure to the benefit of the Mortgagor and the Mortgagee and their respective successors and assigns; provided, however, that the Mortgagor may not assign this Mortgage in whole or in part without the Mortgagee's prior written consent and the Mortgagee at any time may assign this Mortgage in whole or in part; and provided, further, that the rights and benefits under Sections 9, 10 and 25 shall also inure to the benefit of any persons or entities who acquire title or ownership of the Property from or through the Mortgagee or through action of the Mortgagee (including a foreclosure, sheriff's or judicial sale). The provisions of Sections 9, 10 and 25 shall survive the termination, satisfaction or release of this Mortgage, the foreclosure of this Mortgage or the delivery of a deed in lieu of foreclosure.

24. Interpretation. In this Mortgage, the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation" and references to sections or exhibits are to those of this Mortgage unless otherwise indicated. Section headings in this Mortgage are included for convenience of reference only and shall not constitute a part of this Mortgage for any other

purpose. If this Mortgage is executed by more than one party as Mortgagor, the obligations of such persons or entities will be joint and several.

25. Indemnity. The Mortgagor agrees to indemnify each of the Mortgagee, its directors, officers and employees and each legal entity, if any, who controls the Mortgagee (the "Indemnified Parties") and to hold each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including all fees of counsel with whom any Indemnified Party may consult and all expenses of litigation or preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party in connection with or arising out of the matters referred to in this Mortgage or in the other Loans Documents by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of the Mortgagor), whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by the Mortgagor, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority, which arises out of or relates to this Mortgage, any other Loans Document, or the use of the proceeds of the Loans; provided, however, that the foregoing indemnity agreement shall not apply to claims, damages, losses, liabilities and expenses to the extent attributable to an Indemnified Party's gross negligence or willful misconduct. The indemnity agreement contained in this Section shall survive the termination of this Mortgage, payment of any Loans and assignment of any rights hereunder. The Mortgagor may participate at its expense in the defense of any such action or claim.

26. Governing Law and Jurisdiction. This Mortgage has been delivered to and accepted by the Mortgagee and will be deemed to be made in the State where the Mortgagee's office indicated above is located. THIS MORTGAGE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE MORTGAGOR AND THE MORTGAGEE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE MORTGAGEE'S OFFICE INDICATED ABOVE IS LOCATED, EXCEPT THAT THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED (IF DIFFERENT FROM THE STATE WHERE SUCH OFFICE OF THE MORTGAGEE IS LOCATED) SHALL GOVERN THE CREATION, PERFECTION AND FORECLOSURE OF THE LIENS CREATED HEREUNDER ON THE PROPERTY OR ANY INTEREST THEREIN. The Mortgagor hereby irrevocably consents to the exclusive jurisdiction of any state or federal court for the county or judicial district where the Mortgagee's office indicated above is located, and consents that all service of process be sent by nationally recognized overnight courier service directed to the Mortgagor at the Mortgagor's address set forth herein and service so made will be deemed to be completed on the business day after deposit with such courier; provided that nothing contained in this Mortgage will prevent the Mortgagee from bringing any action, enforcing any award or judgment or exercising any rights against the Mortgagor individually, against any security or against any property of the Mortgagor within any other county, state or other foreign or domestic jurisdiction. The Mortgagor acknowledges and agrees that the venue provided above is the most convenient forum for both the Mortgagee and the Mortgagor. The Mortgagor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Mortgage.

27. WAIVER OF JURY TRIAL. THE MORTGAGOR IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS MORTGAGE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS MORTGAGE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE MORTGAGOR ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

The Mortgagor acknowledges that it has read and understood all the provisions of this Mortgage, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof as a document under seal, as of the date first written above.

ATTEST	CECO FILTERS, INC..
By:	By: /Steven Taub/
----------	----------
Name:	Print Name: /Steven Taub/
Title:	Title: /President/

(SEAL)

CERTIFICATE OF RESIDENCE

The undersigned certifies that the residence of the Mortgagee is 1600 Market Street, Philadelphia, PA 19103.

On behalf of the Mortgagee

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

On this, the /16th / day of March, 1999, before me, a Notary Public, the undersigned officer, personally appeared /Steven Taub/, who acknowledged himself to be the /President/ of CECO Filters, Inc., a Delaware corporation and that he, in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of CECO Filters, Inc.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My commission expires:

EXHIBITS

A. Legal Description

CONSENT AND JOINDER TO
OPEN-END MORTGAGE AND SECURITY AGREEMENT

Intending to be legally bound hereby, the undersigned, MONTGOMERY COUNTY INDUSTRIAL DEVELOPMENT CORPORATION ("Montgomery IDC"), fee owner of the Property described in the foregoing Mortgage (the "Mortgage"), joins in the Mortgage for the purpose of: (i) consenting to the creation hereof; (ii) submitting and subordinating its fee interest in the Property to the lien of the Mortgage with the same effect as if the foregoing Mortgage were executed and delivered by Montgomery IDC to Mortgagee alone; and (iii) evidencing its agreement that a foreclosure under the Mortgage shall divest Montgomery IDC of all of its right, title and interest in and to the Property.

The foregoing provisions of this Consent and Joinder to Open-End Mortgage and Security Agreement to the contrary notwithstanding, Montgomery IDC's liability under the Mortgage and/or this Consent and Joinder shall be limited to Montgomery IDC's interest in the Property and the rents, issues and profits therefrom, and the lien of any judgment shall be restricted thereto.

MONTGOMERY COUNTY
INDUSTRIAL DEVELOPMENT
CORPORATION

Attest:_____ By:_____

Name: _____ Name:_____

Title: _____ Title:_____

EXHIBIT 10.32

GUARANTY AND SURETYSHIP AGREEMENT

THIS GUARANTY AND SURETYSHIP AGREEMENT (this "Guaranty") is made and entered into as of March 16, 1999 by CECO ENVIRONMENTAL, INC., a New York corporation (the "Guarantor"), with an address at 505 University Avenue, Suite 1400, Toronto, Ontario, Canada M56 1X3, in consideration of the extension of credit by PNC BANK, NATIONAL ASSOCIATION (the "Bank"), with an address at 1600 Market Street, Philadelphia, PA 19103 to CECO FILTERS, INC., AIR PURATOR CORPORATION, NEW BUSCH CO., INC and U.S. FACILITIES MANAGEMENT COMPANY, INC. (collectively, the "Borrowers"), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

1. Guaranty of Obligations. The Guarantor hereby guarantees, and becomes surety for, the prompt payment and performance of all loans, advances, debts, liabilities, obligations, covenants and duties owing by the Borrowers to the Bank of any kind or nature, present or future (including, without limitation, any interest accruing thereon after maturity, or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to the Borrowers, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), whether or not evidenced by any note, guaranty or other instrument, whether arising under any agreement, instrument or document, whether or not for the payment of money, whether arising by reason of an extension of credit, opening of a letter of credit, loan, equipment lease, or guarantee, under any interest or currency swap, future, option or other similar agreement, or in any other manner, whether arising out of overdrafts on deposit or other accounts or electronic funds transfers (whether through automatic clearing houses or otherwise) or out of the Bank's non-receipt of or inability to collect funds or otherwise not being made whole in connection with depository transfer check or other similar arrangements, whether direct or indirect (including those acquired by assignment or participation), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, and any amendments, extensions, renewals or increases and all costs and expenses of the Bank incurred in the documentation, negotiation, modification, enforcement, collection or otherwise in connection with any of the foregoing, including reasonable attorneys' fees and expenses (collectively, the "Obligations"). If any of the Borrowers defaults under any such Obligations, the Guarantor will pay the amount due to the Bank.

2. Nature of Guaranty; Waivers. This is a guaranty of payment and not of collection and the Bank shall not be required, as a condition of the Guarantor's liability, to make any demand upon

or to pursue any of its rights against the Borrowers, or to pursue any rights which may be available to it with respect to any other person who may be liable for the payment of the Obligations.

This is an absolute, unconditional, irrevocable and continuing guaranty and will remain in full force and effect until all of the Obligations have been indefeasibly paid in full, and the Bank has terminated this Guaranty. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by the Bank of any other party, or any other guaranty or any security held by it for any of the Obligations, by any failure of the Bank to take any steps to perfect or maintain its lien or security interest in or to preserve its rights to any security or other collateral for any of the Obligations or any guaranty, or by any irregularity, unenforceability or invalidity of any of the Obligations or any part thereof or any security or other guaranty thereof. The Guarantor's obligations hereunder shall not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based upon any claim the Guarantor may have against the Borrowers or the Bank, except payment or performance of the Obligations.

Notice of acceptance of this Guaranty, notice of extensions of credit to the Borrowers from time to time, notice of default, diligence, presentment, notice of dishonor, protest, demand for payment, and any defense based upon the Bank's failure to comply with the notice requirements of the applicable version of Uniform Commercial Code ss. 9-504 are hereby waived to the extent permitted by law.

The Bank at any time and from time to time, without notice to or the consent of the Guarantor, and without impairing or releasing, discharging or modifying the Guarantor's liabilities hereunder, may (a) change the manner, place, time or terms of payment or performance of or interest rates on, or other terms relating to, any of the Obligations; (b) renew, substitute, modify, amend or alter, or grant consents or waivers relating to any of the Obligations, any other guaranties, or any security for any Obligations or guaranties; (c) apply any and all payments by whomever paid or however realized including any proceeds of any collateral, to any Obligations of the Borrowers in such order, manner and amount as the Bank may determine in its sole discretion; (d) deal with any other person with respect to any Obligations in such manner as the Bank deems appropriate in its sole discretion; (e) substitute, exchange or release any security or guaranty; or (f) take such actions and exercise such remedies hereunder as provided herein.

3. Repayments or Recovery from the Bank. If any demand is made at any time upon the Bank for the repayment or recovery of any amount received by it in payment or on account of any of the Obligations and if the Bank repays all or any part of such amount by reason of any judgment, decree or order of any court or administrative body or by reason of any settlement or compromise of any such demand, the Guarantor will be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never been received originally by the Bank. The provisions of this section will be and remain effective notwithstanding any contrary action which may have been taken by the Guarantor in reliance upon such payment, and any such contrary action so taken will be without prejudice to the Bank's rights hereunder and will be deemed to have been conditioned upon such payment having become final and irrevocable.

4. Enforceability of Obligations. No modification, limitation or discharge of the Obligations arising out of or by virtue of any bankruptcy, reorganization or similar proceeding for relief of debtors under federal or state law will affect, modify, limit or discharge the Guarantor's liability in any manner whatsoever and this Guaranty will remain and continue in full force and effect and will be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted. The Guarantor waives all rights and benefits which might accrue to it by reason of any such proceeding and will be liable to the full extent hereunder, irrespective of any modification, limitation or discharge of the liability of the Borrowers that may result from any such proceeding.

5. Events of Default. If any of the following occur (each an "Event of Default"): (i) any Event of Default (as defined in any of the Obligations); (ii) any default under any of the Obligations that does not have a defined set of "Events of Default" and the lapse of any notice or cure period provided in such Obligations with respect to such default; (iii) demand by the Bank under any of the Obligations that have a demand feature; (iv) the failure by the Guarantor to perform any of its obligations hereunder and the lapse of any applicable notice and cure period; (v) the falsity, inaccuracy or material breach by the Guarantor of any written warranty, representation or statement made or furnished to the Bank by the Guarantor; or (vi) the termination or attempted termination of this Guaranty, then the Guarantor will, on the demand of the Bank, immediately deposit with the Bank in U.S. dollars all amounts due or to become due under the Obligations and the Bank will use such funds to repay the Obligations. Upon the occurrence of any Event of Default, the Bank in its discretion may exercise with respect to any collateral any one or more of the rights and remedies provided a secured party under the applicable version of the Uniform Commercial Code.

6. Right of Setoff. In addition to all liens upon and rights of setoff against the money, securities or other property of the Guarantor given to the Bank by law, the Bank shall have, with respect to the Guarantor's obligations to the Bank under this Guaranty and to the extent permitted by law, a contractual possessory security interest in and a contractual right of setoff against, and the Guarantor hereby assigns, conveys, delivers, pledges and transfers to the Bank all of the Guarantor's right, title and interest in and to, all deposits, moneys, securities and other property of the Guarantor now or hereafter in the possession of or on deposit with, or in transit to, the Bank whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or otherwise, excluding, however, all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon the Guarantor. Every such right of setoff shall be deemed to have occurred immediately upon the occurrence of an Event of Default hereunder without any action of the Bank although the Bank may enter such setoff on its books and records at a later time.

7. Costs. To the extent that the Bank incurs any costs or expenses in protecting or enforcing its rights under the Obligations or this Guaranty, including reasonable attorneys' fees and the costs and expenses of litigation, such costs and expenses will be due on demand, will be included in the Obligations and will bear interest from the incurring or payment thereof at the Default Rate (as defined in any of the Obligations).

8. Postponement of Subrogation. Until the Obligations are indefeasibly paid in full, the Guarantor postpones and subordinates in favor of the Bank any and all rights which the Guarantor may have to (a) assert any claim against the Borrowers based on subrogation rights with respect to payments made hereunder, and (b) any realization on any property of the Borrowers, including participation in any marshalling of the Borrowers' assets.

9. Power to Confess Judgment. The Guarantor hereby empowers any attorney of any court of record, after the occurrence of any Event of Default hereunder, to appear for the Guarantor and, with or without complaint filed, confess judgment, or a series of judgments, against the Guarantor in favor of the Bank for the amount of the Obligations and an attorney's commission of the greater of three percent (3%) of such principal and interest or $5,000 added as a reasonable attorney's fee and for doing so this Guaranty or a copy verified by affidavit shall be a sufficient warrant. The Guarantor hereby forever waives and releases all procedural errors in said proceedings and all rights of appeal and all relief from any and all appraisement, stay or exemption laws of any state now in force or hereafter enacted with respect to such judgment or judgments.

No single exercise of the foregoing power to confess judgment, or a series of judgments, shall be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void, but the power shall continue undiminished and it may be exercised from time to time as often as the Bank shall elect until such time as the Bank shall have received payment in full of the Obligations and costs.

10. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt if delivered personally, or if sent by facsimile transmission with confirmation of delivery, or by nationally recognized overnight courier service, to the addresses for the Bank and the Guarantor set forth above or to such other address as one may give to the other in writing for such purpose.

11. Preservation of Rights. No delay or omission on the Bank's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Bank's action or inaction impair any such right or power. The Bank's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Bank may have under other agreements, at law or in equity. The Bank may proceed in any order against the Borrowers, the Guarantor or any other obligor of, or collateral securing, the Obligations.

12. Illegality. In case any one or more of the provisions contained in this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

13. Changes in Writing. No modification, amendment or waiver of any provision of this Guaranty nor consent to any departure by the Guarantor therefrom will be effective unless made in a writing signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Guarantor

in any case will entitle the Guarantor to any other or further notice or demand in the same, similar or other circumstance.

14. Entire Agreement. This Guaranty (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the Guarantor and the Bank with respect to the subject matter hereof.

15. Successors and Assigns. This Guaranty will be binding upon and inure to the benefit of the Guarantor and the Bank and their respective successors and assigns; provided, however, that the Guarantor may not assign this Guaranty in whole or in part without the Bank's prior written consent and the Bank at any time may assign this Guaranty in whole or in part.

16. Interpretation. In this Guaranty, unless the Bank and the Guarantor otherwise agree in writing, the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and references to sections or exhibits are to those of this Guaranty unless otherwise indicated. Section headings in this Guaranty are included for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose. If this Guaranty is executed by more than one party as Guarantor, the obligations of such persons or entities will be joint and several.

17. Indemnity. The Guarantor agrees to indemnify each of the Bank, its directors, officers and employees and each legal entity, if any, who controls the Bank (the "Indemnified Parties") and to hold each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including all reasonable fees of counsel with whom any Indemnified Party may consult and all expenses of litigation or preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party as a result of the execution of or performance under this Guaranty; provided, however, that the foregoing indemnity agreement shall not apply to claims, damages, losses, liabilities and expenses solely attributable to an Indemnified Party's gross negligence or willful misconduct. The indemnity agreement contained in this Section shall survive the termination of this Guaranty. The Guarantor may participate at its expense in the defense of any such claim.

18. Governing Law and Jurisdiction. This Guaranty has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated above is located. THIS GUARANTY WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE BANK AND THE GUARANTOR DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE BANK'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES. The Guarantor hereby irrevocably consents to the exclusive jurisdiction of any state or federal court for the county or judicial district where the Bank's office indicated above is located, and consents that all service of process be sent by nationally recognized overnight courier service directed to the Guarantor at the Guarantor's address set forth herein and service so made will be deemed to be completed on the business day after deposit with such courier; provided that nothing contained in this Guaranty will prevent the Bank from bringing any action, enforcing any award

or judgment or exercising any rights against the Guarantor individually, against any security or against any property of the Guarantor within any other county, state or other foreign or domestic jurisdiction. The Guarantor acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and the Guarantor. The Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guaranty.

19. Equal Credit Opportunity Act. If the Guarantor is not an "applicant for credit" under Section 202.2 (e) of the Equal Credit Opportunity Act of 1974 ("ECOA"), the Guarantor acknowledges that (i) this Guaranty has been executed to provide credit support for the Obligations, and (ii) the Guarantor was not required to execute this Guaranty in violation of Section 202.7(d) of the ECOA.

20. WAIVER OF JURY TRIAL. THE GUARANTOR IRREVOCABLY WAIVES ANY AND ALL RIGHT THE GUARANTOR MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS GUARANTY, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS GUARANTY OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE GUARANTOR ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

The Guarantor acknowledges that it has read and understood all the provisions of this Guaranty, including the confession of judgment and waiver of jury trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof as a document under seal, as of the date first written above, with the intent to be legally bound hereby.

CECO ENVIRONMENTAL, INC.

By:_____
Name:
Title:

Exhibit 21

LIST OF SUBSIDIARIES

CECO Filters, Inc.
Air Purator Corporation (subsidiary of CECO Filters, Inc.)
U.S. Facilities Management Company, Inc. (subsidiary of CECOFilters, Inc.)
New Busch Co., Inc. (subsidiary of CECO Filters, Inc.)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

12-MOS
DEC-31-1998
DEC-31-1998
364,648
695,944
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11,961,116
26,381,622
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260,567
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570,733
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.06
.06