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As filed with the Securities and Exchange Commission on April 27, 2007

Registration No. 333-142052

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

Amendment No. 1
to
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CECO ENVIRONMENTAL CORP.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

13-2566064
(I.R.S. Employer Identification No.)

3120 Forrer Street
Cincinnati, Ohio 45209
(513) 458-2600
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Phillip DeZwirek, CEO
CECO Environmental Corp.
3120 Forrer Street
Cincinnati, Ohio 45209
(513) 458-2600
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Leslie J. Weiss
Sugar, Friedberg & Felsenthal LLP
30 North LaSalle Street, Suite 3000
Chicago, Illinois 60602
(312) 704-9400

Robert G. Reedy
Porter & Hedges, L.L.P.
1000 Main Street, 36th Floor
Houston, Texas 77002
(713) 226-6674

Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☐

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information contained in this prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 26, 2007

Prospectus

3,348,166 Shares

CECO Environmental

CECO ENVIRONMENTAL CORP.

Common Stock

We are offering 1,000,000 shares of our common stock, and the selling stockholders identified in this prospectus are offering an additional 2,348,166 shares of our common stock, of which 1,749,500 shares are issuable upon exercise of warrants. Our common stock is traded on The Nasdaq Global Market under the symbol "CECE." The closing price of our common stock on April 25, 2007 on The Nasdaq Global Market was $14.23 per share.

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described under " Risk Factors" beginning on page 10 of this prospectus before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$
Proceeds, before expenses, to the selling stockholders	$	$

We have granted the underwriters a 30-day option to purchase up to an additional 502,225 shares of common stock from us at the public offering price, less the underwriting discounts and commissions, to cover over-allotments, if any.

Although we will not receive any of the proceeds from the sale of the shares of common stock by the selling stockholders, we will receive $4,687,281 in proceeds from the exercise of the warrants for 1,749,500 shares of our common stock held by the selling stockholders and included in this offering.

The underwriters expect to deliver the shares against payment in New York, New York on or about , 2007.

Oppenheimer & Co. **Needham & Company, LLC**

The date of this prospectus is , 2007.

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CECOAire Baghouse at an Aluminum Smelting Facility

CECO Abatement Regenerative Thermal Oxidizer at a Chemical Plant

CECO Filters Mist Collector at a Textile Plant

H.M. White Phosphate and E Coat Line Under Construction at an Automotive Plant

CECO Filters Fiberbed Filter Being Assembled

Effox Rotary Vane Damper for a Power Generating Plant

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You may rely only on the information contained or incorporated by reference in this prospectus. We and the selling stockholders have not, and the underwriters have not, authorized anyone to provide you with additional information or information different from that contained or incorporated by reference in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We and the selling stockholders are not making an offer to sell these securities in any jurisdiction where an offer to sell is not permitted. The information appearing in this prospectus is accurate in all material respects as of the date on the front cover of this prospectus, but our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus or in our documents filed with the Securities and Exchange Commission, which we refer to as the SEC. It does not contain all the information you should consider. Before you decide to invest in our common stock, you should read the entire prospectus carefully, including the "Risk Factors" included in this prospectus. Unless otherwise provided, references to "CECO," "we," "us" and "our" refer to CECO Environmental Corp. and its subsidiaries and joint ventures, and references to "you" refer to prospective investors in our common stock. Unless otherwise indicated, this prospectus assumes that the underwriters' over-allotment will not be exercised.

Our Business

We are a leading provider of air pollution control products and services to the multi-billion dollar air pollution control and industrial ventilation industry. We focus on offering our customers, through our family of companies, a complete end-to-end turnkey solution from engineering and project management services to procurement and fabrication to construction and installation to aftermarket support and sale of consumables. We believe we are one of the largest providers of complete turnkey solutions to the air pollution control and industrial ventilation industry in North America. We have continuously serviced the environmental needs of the industrial workplace for nearly 100 years, and we believe our extensive experience and expertise in providing a turnkey solution enhances our overall customer relationships and provides us with a competitive advantage relative to other companies in a fragmented industry.

We have created a family of companies, each playing a specialized role in the creation of clean air solutions. By combining the efforts of some or all of these companies, we are able to offer complete turnkey solutions to our customers and leverage the synergy of our family of companies. In December of 1999, we acquired Kirk & Blum Manufacturing Company, which we refer to as Kirk & Blum, one of the largest sheet metal fabricators in the U.S. This acquisition significantly changed our focus and capabilities and transformed us from a manufacturing operation to a full-service product, engineering and design service provider of air pollution control solutions. We have continued to build upon this end-to-end platform strategy by broadening our offerings through both acquisition and the creation of new service offerings. Recent developments include:

- Entered into a transition agreement in February 2006 with H.M. White, LLC and H.M. White Holdings of Detroit, Michigan, which we collectively refer to as H.M. White, to jointly participate in the acquisition of new business in the areas of industrial ventilation systems and sheet metal and paint finishing construction, primarily for the automotive market.
- Organized our marketing group CECO Energy Management Team, which we refer to as CEMT, in 2006 to assist customers in developing plant wide energy reduction strategies in addition to eliminating waste and raising the efficiency of ventilation systems.
- Acquired the assets of Effox, Inc., which we refer to as Effox, a leading producer of damper and expansion joints, on February 28, 2007, continuing the execution of our "horizontal integration" strategy and broadening our exposure to the multi-billion dollar energy, power and utility market.

Our business is characterized by the breadth and diversity of our product and service offerings, customer base and end market applications. We operate through four principal product groups:

- Contracting Group—produces air pollution control and industrial ventilation systems. Products and services are provided under the "Kirk & Blum" and "H.M. White" brands;
- Equipment Group—produces various types of air pollution control equipment through the "CECO Abatement," "Effox," "CECO Filters," "Bush International" and "CECOaire" brands;

- Components/Parts Group—manufactures products used by our family of companies as well as third-party air pollution control companies and contractors. Our products and services are marketed under the “Kirk & Blum,” “K&B Duct” and “K&B Parts” brands; and
- Engineering Group—provides industrial ventilation engineering and source emission testing services under the “kbd/Technic” and “CECO Energy Management Team” brands.

Our principal end markets and typical applications include:

Aerospace	» Collection (Dust, Oil Mist, Fume Exhaust) » Exhaust/Make-up Air » Painting/Finishing Booths » Pneumatic Conveying
Automotive	» Collection (Dust, Oil Mist, Fume Exhaust) » Exhaust/Make-up Air » Painting/Finishing Booths » Pneumatic Conveying » Process Ventilation
Energy	» High Efficiency Destruction (Volatile Organic Compounds, Fumes, Industrial Odors)
Food	» Collection (Dust, Oil Mist, Fume Exhaust) » Exhaust/Make-up Air » Painting/Finishing Booths » Pneumatic Conveying » Emission Testing and Compliance » Systems Analysis » Industrial Ventilation (Engineering and Design) » Capture in Moderately Abrasive Environments (Dust Particles, Fumes, Oil Mist)
Metals	» Acid/Caustic Mist » Storage Tank Emissions » Lubricant Emissions » Nitric Acid » Platinum Recovery » Wet Bench Acid Mist
Power	» Rolling Mill Oil Mist Collection » Heavy Gauge Strip and Coil (Coolers and Dryers)
Steel	» Collection (Dust, Dry Particulate Matter, Kiln Exhaust, Raw Mill Exhaust, Electric Furnace) » Rolling Mill Oil Mist Collection » Heavy Gauge Strip and Coil (Coolers and Dryers)

Industry Overview

We serve a large industry that has grown steadily over the last several years. The market for air pollution control and industrial ventilation products is a multi-billion dollar market that is highly fragmented. Today, more so than ever, people demand to live in a world of clean air and an environment that is free of industrial pollutants.

We believe growth for air pollution control and industrial ventilation products in the U.S. and abroad continue to be driven by several key factors:

- *Favorable Regulatory Environment.* The adoption of increasingly stringent environmental regulations in the U.S. and abroad forces businesses to pay strict attention to environmental protection. Strict air quality standards and the need for improved industrial workplace environments are chief among the factors that drive our business.
- *Worldwide Industrialization*. Global trade has increased significantly over the last couple of years driven by growth in emerging markets, including China and India, as well as other developing nations in Asia and Latin America. Furthermore, as a result of globalization, manufacturing that was historically performed domestically continues to migrate to lower cost countries. This movement of the manufacture of goods throughout the world increases demand for industrial ventilation products as new construction continues and we expect more rigorous environmental regulations will be introduced to create a cleaner and safer working environment and reduce environmental emissions as these economies evolve.
- *Strong Global Economic Growth and Rebound in Basic Industries*. The global economy continues to grow at a brisk pace. We believe this strong global growth has absorbed spare manufacturing capacity and contributed, in part, to the rebound in basic industries by creating greater demand for certain commodities that drove up prices and enabled plant expansion, improved production efficiencies and enhanced energy reduction efforts.

Our Competitive Strengths

Leading Market Position as a Complete Solution Provider. We believe we are the leading provider of complete turnkey solutions to the air pollution control and industrial ventilation industry and one of the largest and most diversified turnkey solutions providers in North America. The multibillion-dollar global air pollution control market is highly fragmented with numerous small and regional contracting firms separately supplying engineering services, fabrication, installation, testing and monitoring, products and spare parts. Through the vertical integration of our family of companies, we offer our customers a complete end-to-end solution from engineering and project management services to procurement and fabrication to construction and installation to aftermarket support and sale of consumables, which allows them to avoid dealing with multiple vendors when managing projects. We have continuously serviced the environmental needs of the industrial workplace for nearly 100 years and we believe our extensive experience and expertise in providing a turnkey solution for the air pollution control and industrial ventilation industry further enhances our overall customer relationships and provides us a competitive advantage in our markets relative to other companies in the industry. We believe this is evidenced by our long standing, strong customer relationships with blue chip customers. We believe that no single competitor has the resources to offer a similar portfolio of product and service capabilities. Our family of companies offers the depth of a large organization while our lean organizational structure keeps us close to our customers and markets, allowing us to offer fast responses to each unique situation.

Diversified End Markets and Customer Base. The diversity of our end markets and customer base provides us with multiple growth opportunities. As of December 31, 2006, we had a customer base of more than 2,300 active customers across a range of industries. Our customers represent some of the largest aerospace, automotive,

foundry, ethanol, power and metals companies in the U.S., including General Electric Company, General Motors Corporation, The Procter & Gamble Company, Nissan Motor Co., Ltd., American Honda Motor Co., Inc., The Boeing Company, Corning Incorporated, Toyota Motor North America, Inc., The Babcock & Wilcox Company and Alcoa Inc. In addition, we believe that the diversity of our customers and end markets mitigates our risk of potential fluctuation or downturn in demand from any individual industry or particular client. We believe we have the resources and capabilities to meet the operating needs of our customers as they upgrade and expand domestically as well as into new international markets. Once systems have been installed and a relationship has been established with the customer, we often win repeat service and maintenance business as the customers' process changes and modifications or additions to systems become necessary.

Experienced Management and Engineering Team. Our senior management team has an average of approximately 20 years of experience in the air pollution control and industrial ventilation industry. The business experience of our management team creates a strong skill set for the successful execution of our strategy. Our senior management team is supported by a strong operating management team, which possess extensive operational and managerial experience, averaging over 20 years of industry experience, most of which has been with CECO and our family of companies. Our workforce includes approximately 62 engineers, designers, and project managers whose significant specialized industry experience and technical expertise enables them to have an understanding of the solutions that will best suit the needs of our customers. The experience and stability of our management, operating and engineering team has been crucial to our growth, developing and maintaining customer relationships and increasing our market share.

Disciplined Acquisition Program with Successful Integration. We believe that we have demonstrated an ability to successfully acquire and integrate air pollution control and industrial ventilation companies with complimentary product or service offerings into our family of companies. In February 2006, we integrated H.M. White, which provided us valuable access to the automotive market with a complete turnkey engineering, design, manufacturing and installation of air pollution control systems. More recently in February 2007, we acquired the assets of Effox, which we believe will grant us access to the multi-billion dollar energy, power and utility markets. We believe that the breadth and diversity of our products and services and our ability to deliver a turnkey solution to various end markets provides us with multiple sources of stable growth and a competitive advantage relative to other players in the industry. Our annual revenue has grown in each of the last four years and increased from $68.1 million in 2003 to $164.3 million in 2006, pro forma for the acquisition of the Effox assets, a compound annual growth rate of 34.1%. Over this same time frame our operating income has increased from $1.3 million to $8.6 million, pro forma for the acquisition of the Effox assets, a compound annual growth rate of 87.7%, which we believe evidences the success of our horizontal and vertical integration strategy.

Our Strategy

Our strategy utilizes all of our resource capabilities to help customers improve efficiencies and meet specific regulatory requirements within their business processes through optimal design and integration of turnkey pollution control systems. Our unique engineering and design expertise in air quality management combined with our comprehensive suite of product and service offerings allows us to provide customers with a one-stop cost-effective solution to meet their integrated abatement needs. We intend to continue to grow our company, increase stockholder value and become a worldwide leader in the design, development, installation and supply of complete turnkey solution to the industrial ventilation and pollution control marketplace. Key elements of our strategy include:

Expand Customer Base and Penetrate End Markets. We constantly look for opportunities to win new customers and penetrate new geographic locations and end markets with existing products and services or acquired new product or service opportunities. For example, we have successfully expanded our sales to new

customers and entered new end markets through the organization of CEMT, the strategic integration of H.M. White and the strategic acquisition of the assets of Effox. CEMT ties together all of the pollution control specialties of the CECO family of companies and offers customers a complete plant-wide energy reduction strategy, which allows us to cross-sell our complete solution of products and services to both existing and new customers and create synergies between our many specialties. Our strategic integration of H.M. White provided us valuable access to the automotive market with a complete turnkey engineering, design, manufacturing and installation of air pollution control systems. Meanwhile, we believe that our strategic acquisition of the assets of Effox will allow us to access the multibillion-dollar energy, power and utilities markets. We intend to continue to expand our sales force, customer base and end markets and have identified a number of attractive growth opportunities both domestically and abroad, including international projects in China, Mexico and India.

Develop Innovative Solutions. We intend to continue to leverage our engineering and manufacturing expertise and strong customer relationships to develop new and customize products that address the identified needs of our customers or a particular end market. We thoroughly analyze new product opportunities by taking into account projected demand for the product or service, price point and expected operating costs, and only pursue those opportunities that we believe will contribute to earnings growth in the near-term. A recent example of our new product development includes our development of the CECO Abatement Regenerative Thermal Oxidizer, which is used for ethanol emission applications. According to Ethanol Producer Magazine, there are currently 119 ethanol plants operating and 63 under construction in the U.S. Of the plants under construction, CECO is providing pollution control equipment, stainless ducting, and dryers to 25 plants or approximately 40% of new-build activity. Growth in ethanol is expected to continue to increase along with other alternative energy solutions as a result of substantial government focus and legislative support, among other reasons. The National Corn Growers Association estimates that U.S. corn-based ethanol production could expand to between 12.8 and 17.8 billion gallons per year by 2015, from the Renewable Fuels Association's estimated current capacity of approximately 5.8 billion gallons per year.

Maintain Strong Customer Focus. We have a diversified customer base of more than 2,300 active customers as of December 31, 2006, across a broad base of industries, including aerospace, brick, cement, ceramics, metalworking, ethanol, printing, paper, food, foundries, power plants, metal plating, wood working, chemicals, tobacco, glass, automotive and pharmaceuticals. We believe that there are multiple opportunities for us to expand our penetration of existing markets and customers, especially as our large multinational customers grow internationally. We plan to continue to leverage our turnkey solutions and nearly 100 years of air pollution control experience to simplify the environmental control needs of our customers, which should increase productivity, decrease costs and allow our customers to focus on their core businesses.

Pursue Selective Acquisitions. We believe we currently offer an attractive turnkey solution to our customers with organic growth potential; however, we will also continue to explore selective acquisition opportunities that:

- Further broaden the breadth of our product and service offerings;
- Allow us to enter new end markets or strengthen our presence in an existing end market; and
- Extend our industry leadership position.

The air pollution control and industrial ventilation industry is highly fragmented, which may present acquisition opportunities, particularly companies that produce types of pollution control equipment that we do not currently manufacture or companies that have system expertise in a particular industry that we do not currently serve or feel that we underserve, or who, by integrating into our existing family of companies would make us a dominant player in that particular market. We believe that there is an ongoing trend among customers to utilize fewer suppliers in order to simplify procurement, increase manufacturing efficiency and generally reduce costs. We believe our reputation as an established, reliable and responsible provider of complete turnkey solutions makes us an attractive acquirer.

Recent Developments

Earnings Guidance. We are estimating net sales for the full year of 2007 to be in the range of $200 million to $210 million, an increase of 22% to 28% over unaudited net sales of approximately $164.3 million for 2006, pro forma for the acquisition of the Effox assets. Our adjusted EBITDA for the full year of 2007 is estimated to be in the range of $10.5 million to $11.5 million. This represents an increase in adjusted EBITDA of $0.6 million to $1.6 million, or 6% to 16% over adjusted EBITDA of approximately $9.9 million for the year ended December 31, 2006, pro forma for the acquisition of the Effox assets. Income from continuing operations for the year ended December 31, 2006 was approximately $3.1 million. Adjusted EBITDA is equal to income (loss) from continuing operations, plus interest expense (net of interest income), provision for income taxes, depreciation and amortization and income or expense from the valuation of warrants. See footnote 4 in "Summary Historical and Pro Forma Financial and Operating Data" for a discussion of adjusted EBITDA and why management believes its presentation provides useful information to investors regarding our financial condition and results of operations, as well as a reconciliation of adjusted EBITDA to income (loss) from continuing operations.

We can make no assurances that these estimates of future results will be realized, and estimates are subject to risks and uncertainties, many of which are not within our control. See "Risk Factors" and "Cautionary Note About Forward-Looking Statements" included in this prospectus. We do not undertake any obligation to update publicly any forward-looking statements, including, without limitation, any estimates regarding net sales or adjusted EBITDA, whether as a result of the receipt of new information, future events or otherwise.

New Bookings. Since December 31, 2006, we have received new contracts and additions to existing contracts totaling over $46 million as of March 31, 2007. This represents an increase of 31% over the comparable prior year period. We believe that if current trends in our business and order activity were to continue, we would meet our net sales and adjusted EBITDA expectations for the remainder of 2007.

Our Principal Executive Offices and Internet Address

Our principal executive offices are located at 3120 Forrer Street, Cincinnati, Ohio 45209, and our telephone number is (513) 458-2600. Our website address is www.cecoenviro.com. Information contained on our website does not constitute a part of this prospectus.

The Offering

Common stock offered by us	1,000,000 shares
Common stock offered by the selling stockholders	2,348,166 shares
Common stock to be outstanding immediately after this offering[1]	14,256,809 shares
Over-allotment option granted by us	502,225 shares
Use of proceeds	We will receive net proceeds of approximately $13.0 million, based upon an assumed public offering price of $14.23 per share (the last sale price of our common stock as reported on The Nasdaq Global Market on April 25, 2007) after deducting the underwriting discount and estimated offering expenses payable by us. We will use the net proceeds to: • Repay all of our subordinated debt payable to our affiliate; and • Repay a portion of our outstanding borrowings under our credit facility with Fifth Third Bank. Our use of proceeds is more fully described under "Use of Proceeds." Although we will not receive any of the proceeds from the sale of the shares of common stock by the selling stockholders, we will receive $4,687,281 in proceeds from the exercise of the warrants for 1,749,500 shares of our common stock held by the selling stockholders and included in this offering.
Risk Factors	Investing in our common stock involves certain risks. You should carefully consider the risk factors discussed under the heading "Risk Factors" beginning on page 10 of this prospectus and other information contained or incorporated by reference in this prospectus before deciding to invest in our common stock.
Nasdaq Global Market symbol	"CECE"

(1) The number of shares of common stock to be outstanding upon completion of this offering is based on 11,507,309 shares of common stock outstanding as of April 25, 2007, and assumes:

- the expected exercise of the warrants by the selling stockholders to purchase 1,749,500 shares of common stock with a weighted average exercise price of $2.68 per share, which are included in this offering;
- the exclusion of 283,000 shares of common stock issuable upon the exercise of outstanding options with a weighted average exercise price of $4.51 per share as of April 25, 2007;
- the exclusion of 750,000 shares of common stock issuable upon the exercise of outstanding warrants (other than the warrants that are expected to be exercised by the selling stockholders and included in this offering) with a weighted average exercise price of $4.98 per share as of April 25, 2007; and
- that the underwriters do not exercise their over-allotment option to purchase up to 502,225 additional shares in the offering from us.

Summary Historical and Pro Forma Financial and Operating Data

The following table sets forth our summary historical and pro forma financial and operating data as of and for each of the years indicated. The summary historical financial data are derived from our historical audited consolidated financial statements for the years indicated. The summary unaudited pro forma financial data for the year ended December 31, 2006 gives effect to certain events identified in the Unaudited Pro Forma Consolidated Financial Information appearing elsewhere in this prospectus, including our acquisition of the assets of Effox on February 28, 2007 as if such acquisition had occurred on January 1, 2006 with respect to the statement of operations information and December 31, 2006 with respect to the balance sheet information. The summary unaudited pro forma financial data are based on certain assumptions and adjustments and do not purport to reflect what our actual results of operations would have been had such acquisition in fact occurred on January 1, 2006 or December 31, 2006, nor are they necessarily indicative of the results of operations that we may achieve in the future. You should review this information together with the Unaudited Pro Forma Consolidated Financial Information, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated historical financial statements and related notes included or incorporated by reference in this prospectus.

	Year Ended December 31,			Pro Forma for the Effox Acquisition Year Ended December 31, 2006
	2004	2005	2006	(unaudited)
	(in thousands, except per share amounts)			
Statement of operations information:				
Net sales	$ 69,366	$ 81,521	$135,359	$ 164,297
Cost of sales	56,271	64,521	111,261	132,549
Gross profit, excluding depreciation and amortization	13,095	17,000	24,098	31,748
Depreciation and amortization	1,254	1,167	1,229	1,552
Selling and administrative	10,656	12,308	16,822	21,578
Operating income	1,185	3,525	6,047	8,618
Other income (expense)	200	(900)	812	809
Interest expense[1]	(2,561)	(2,413)	(1,997)	(2,488)
Net income (loss)	(928)	(435)	3,094	4,416
Basic net income (loss) per share[2]	(0.09)	(0.04)	0.27	0.39
Diluted net income (loss) per share[2]	(0.09)	(0.04)	0.24	0.34
Weighted average shares outstanding				
Basic	9,990	9,993	11,260	11,260
Diluted	9,990	9,993	12,890	12,890
Other Financial Data (Unaudited)				
Backlog[3]	$ 20,700	$ 28,900	$ 97,100	$ 117,100
Calculation of Adjusted EBITDA[4]				
Income (loss) from continuing operations	(928)	(435)	3,094	4,416
Interest expense[1]	2,561	2,413	1,997	2,488
Interest income	(197)	(202)	(237)	(237)
Provision for income taxes	(248)	647	1,768	2,523
Depreciation	1,153	1,155	1,217	1,540
Amortization	101	12	12	12
EBITDA	2,442	3,590	7,851	10,742
Warrant (income) expense	36	806	(842)	(842)
Adjusted EBITDA[4]	$ 2,478	$ 4,396	$ 7,009	$ 9,900

	Year Ended December 31,			Pro Forma for the Effox Acquisition Year Ended December 31, 2006
	2004	2005	2006	(unaudited)
	(in thousands)			
Balance sheet information:				
Working capital	$ 1,910	$ 3,602	$14,311	$ 16,190
Total assets	43,441	42,900	63,188	76,934
Total debt, including current maturities	16,082	14,415	16,334	22,246
Stockholders equity	7,249	6,783	14,923	14,923

(1) Interest expense includes amortization of the original issue discount on subordinated debt to our affiliate. See "Certain Relationships and Related Party Transactions."

(2) Basic earnings (loss) per common share are calculated by dividing income (loss) by the weighted average number of common shares outstanding during the period.

(3) Backlog at December 31, 2006, pro forma for the acquisition of the Effox assets, consists of our backlog at December 31, 2006 of approximately $97.1 million plus backlog attributable to the Effox assets of approximately $20 million at December 31, 2006. Backlog is not defined by generally accepted accounting principals and our methodology for calculating backlog may not be consistent with methodologies used by other companies. Our backlog consists of the amount of revenue we expect from complete performance of uncompleted signed, firm fixed-price contracts that have not been completed for products and services we expect to substantially deliver within the next 12 months.

(4) Adjusted EBITDA is a non-generally accepted accounting principle, or GAAP, financial measure equal to income (loss) from continuing operations, the most directly comparable GAAP measure, plus interest expense (net of interest income), provision for income taxes, depreciation and amortization and income or expense from the valuation of warrants. We have presented adjusted EBITDA because we use adjusted EBITDA as an integral part of our internal reporting to measure our performance and to evaluate the performance of our senior management. We consider adjusted EBITDA to be an important indicator of the operational strength of our business. Management uses adjusted EBITDA:

- as a measure of operating performance that assists us in comparing our performance on a consistent basis because it removes the impact of our capital structure and asset base from our operating results;
- as a measure for budgeting and for evaluating actual results against our budgets;
- to assess compliance with financial ratios and covenants included in our credit facility with Fifth Third Bank;
- in communications with lenders concerning our financial performance;
- to assess impairment of goodwill and intangibles; and
- to evaluate the viability of potential acquisitions and overall rates of return.

Adjusted EBITDA eliminates the effect of non-cash depreciation and amortization. A limitation of this measure, however, is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business. Management evaluates the costs of such tangible and intangible assets and the impact of related impairments through other financial measures, such as capital expenditures, investment spending and return on capital. Therefore, we believe that adjusted EBITDA provides useful information to our investors regarding our performance and overall results of operations. However, adjusted EBITDA is not intended to be a performance measure that should be regarded as an alternative to, or more meaningful than, either income (loss) from continuing operations as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. In addition, adjusted EBITDA is not intended to represent funds available for dividends, reinvestment or other discretionary uses, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The adjusted EBITDA measure presented in this prospectus may not be comparable to similarly titled measures presented by other companies, and may not be identical to corresponding measures used in our various agreements.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risk factors described below, together with the other information included in this prospectus before you decide to invest in our securities. The risks described below are the material risks of which we are currently aware; however, they may not be the only risks that we may face. Additional risks and uncertainties not currently known to us or that we currently view as immaterial may also impair our business. If any of these risks develop into actual events, it could materially and adversely affect our business, financial condition, results of operations and cash flows, the trading price of your shares could decline and you may lose all or part of your investment.

Risks Related to Our Business

Our dependence upon fixed-price contracts could adversely affect our operating results.

The majority of our projects are currently performed on a fixed-price basis. Under a fixed-price contract, we agree on the price that we will receive for the entire project, based upon a defined scope, which includes specific assumptions and project criteria. If our estimates of our own costs to complete the project are below the actual costs that we may incur, our margins will decrease, and we may incur a loss. The revenue, cost and gross profit realized on a fixed-price contract will often vary from the estimated amounts because of unforeseen conditions or changes in job conditions and variations in labor and equipment productivity over the term of the contract. If we are unsuccessful in mitigating these risks, we may realize lower gross profits that are different from those originally estimated and incur reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our operating results for any quarter or year. In general, turnkey contracts to be performed on a fixed-price basis involve an increased risk of significant variations. This is a result of the long-term nature of these contracts and the inherent difficulties in estimating costs and of the interrelationship of the integrated services to be provided under these contracts whereby unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract.

If actual costs for our projects with fixed-price contracts exceed our original estimates, our profits will be reduced or we may suffer losses.

The majority of our contracts are fixed-priced contracts. Although we benefit from cost savings, we have limited ability to recover cost overruns. Because of the large scale and long-term nature of our contracts, unanticipated cost increases may occur as a result of several factors, including:

- increases in cost or shortages of components, materials or labor;
- unanticipated technical problems;
- required project modifications not initiated by the customer; and
- suppliers' or subcontractors' failure to perform.

Any of these factors could delay delivery of our products. Our contracts often provide for liquidated damages in the case of late delivery. Unanticipated costs that we cannot pass on to our customers, for example the increases in steel prices or the payment of liquidated damages under fixed contracts, would negatively impact our profits.

We have experienced rapid growth, which may be difficult to sustain and which has placed significant demands on our accounting systems and other operational, administrative and financial resources.

Our annual revenue has grown in each of the last four years increasing from $68.1 million in 2003 to $164.3 million in 2006, pro forma for the acquisition of the Effox assets. Our rapid growth has caused, and if it continues will continue to cause, significant demands on our accounting systems and other operational,

administrative and financial resources. For example, we are currently planning to upgrade our accounting and operational computer software systems in either 2007 or 2008. In addition, we may need to expand and otherwise improve our internal systems, including our other management information systems, customer relationship and support systems, and operating, administrative and financial systems and controls. We may also need to hire additional staff or engage outside consultants. This effort may require us to make significant capital expenditures or incur significant expenses, and divert the attention of management, sales, support and finance personnel from our core business operations, which may adversely affect our financial performance in future periods.

Our future growth will depend, among other things, on our ability to maintain an operating platform and management system sufficient to address our growth and will require us to incur significant additional expenses and to commit additional senior management and operational resources. As a result, we face significant challenges:

- in maintaining adequate accounting, financial and business controls;
- implementing new or updated information, accounting and financial systems, and procedures; and
- in training, managing and appropriately sizing our work force and other components of our business on a timely and cost-effective basis.

We cannot assure you that we will be able to manage our expanding operations effectively or that we will be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

We have a substantial amount of indebtedness, which may adversely affect our ability to operate our business, remain in compliance with debt covenants, make payments on our debt and limit our growth.

As of April 25, 2007, the aggregate amount of our outstanding indebtedness under our credit facility with Fifth Third Bank, which we refer to as the Bank Facility, and subordinated debt was approximately $23.9 million which includes an additional $6.7 million to finance the acquisition of the assets of Effox. Our outstanding indebtedness could have important consequences for you, including the following:

- it may be more difficult for us to satisfy our obligations with respect to our Bank Facility and subordinated debt, and any failure to comply with the obligations of any of the agreements governing such indebtedness, including financial and other restrictive covenants, could result in an event of default under such agreements;
- the covenants contained in our debt agreements limit our ability to borrow money in the future for acquisitions, capital expenditures or to meet our operating expenses or other general corporate obligations;
- the amount of our interest expense may increase because certain of our borrowings are at variable rates of interest, which, if interest rates increase, could result in higher interest expense;
- we will need to use a portion of our cash flows to pay principal and interest on our debt, which will reduce the amount of money we have for operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other business activities;
- we may have a higher level of debt than some of our competitors, which could put us at a competitive disadvantage;
- we may be more vulnerable to economic downturns and adverse developments in our industry or the economy in general; and
- our debt level could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate.

Our ability to meet our expenses and debt obligations will depend on our future performance, which will be affected by financial, business, economic, regulatory and other factors. We will not be able to control many of these factors, such as economic conditions and governmental regulation. We cannot be certain that our earnings will be sufficient to allow us to pay the principal and interest on our existing or future debt and meet our other obligations. If we do not have enough money to service our existing or future debt, we may be required to refinance all or part of our existing or future debt, sell assets, borrow more money or raise equity. We may not be able to refinance our existing or future debt, sell assets, borrow more money or raise equity on terms acceptable to us, if at all.

Our inability to deliver our backlog on time could affect our future sales and profitability, and our relationships with our customers.

Our backlog has increased from approximately $28.9 million at December 31, 2005 to approximately $97.1 million at December 31, 2006. This increase does not include approximately $20 million of backlog attributable to the recently acquired Effox assets at December 31, 2006. Our ability to meet customer delivery schedules for our backlog is dependent on a number of factors including, but not limited to, access to the raw materials required for production, an adequately trained and capable workforce, project engineering expertise for certain large projects, sufficient manufacturing plant capacity and appropriate planning and scheduling of manufacturing resources. Our failure to deliver in accordance with customer expectations may result in damage to existing customer relationships and result in the loss of future business. Failure to deliver backlog in accordance with expectations could negatively impact our financial performance and cause adverse changes in the market price of our common stock.

Since our financial performance is seasonal, current results are not necessarily indicative of future results.

Our operating results may fluctuate significantly due to the seasonality of our business and these fluctuations make it more difficult for us to predict accurately in a timely manner factors that may have a negative impact on our business. The fourth quarter of our fiscal year, which ends December 31, is typically our strongest quarter. For example, many of our customers attempt to complete major capital improvement projects before the end of the calendar year. In addition, many customers shut down over the Christmas holidays to perform maintenance services on their facilities. These factors create increased demand for our products and services during this period.

Conversely, the first quarter of our fiscal year is typically our weakest quarter. This is caused to some extent by winter weather constraints on outside construction activity but also by the seasonality of capital improvement projects as discussed relating to the fourth quarter. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year.

Our financial performance may vary significantly from period to period, making it difficult to estimate future revenue.

Our annual revenues and earnings have varied in the past and are likely to vary in the future. Our contracts generally stipulate customer specific delivery terms and may have contract cycles of a year or more, which subjects these contracts to many factors beyond our control. In addition, contracts that are significantly larger in size than our typical contracts tend to intensify their impact on our annual operating results. Furthermore, as a significant portion of our operating costs are fixed, an unanticipated decrease in our revenues, a delay or cancellation of orders in backlog, or a decrease in the demand for our products, may have a significant impact on our annual operating results. Therefore, our annual operating results may be subject to significant variations and our operating performance in one period may not be indicative of our future performance.

We have a history of net losses, and may not be profitable in the future.

Although we reported net income of $3.1 million for the year ended December 31, 2006, we have incurred net losses each fiscal year since 1999. We cannot assure you that we will be profitable in the future. Even if we

achieve profitability, we may experience significant fluctuations in our revenues and we may incur net losses from period to period. The impact of the foregoing may cause our operating results to be below the expectations of securities analysts and investors, which may result in a decrease in the market value of our common stock.

Percentage-of-completion method of accounting for contract revenue may result in material adjustments that would adversely affect our operating results.

We recognize contract revenue using the percentage-of-completion method on all fixed price contracts over $50,000. Under this method, estimated contract revenue is accrued based generally on the percentage that costs to date bear to total estimated costs. Estimated contract losses are recognized in full when determined. Accordingly, contract revenue and total cost estimates are reviewed and revised periodically as the work progresses and as change orders are approved, and adjustments based upon the percentage-of-completion are reflected in contract revenue in the period when these estimates are revised. These estimates are based on management's reasonable assumptions and our historical experience, and are only estimates. Variation of actual results from these assumptions or our historical experience could be material. To the extent that these adjustments result in an increase, a reduction or an elimination of previously reported contract revenue, we would recognize a credit or a charge against current earnings, which could be material.

A significant portion of our accounts receivable are related to large contracts, which increases our exposure to credit risk.

We closely monitor the credit worthiness of our customers. Significant portions of our sales are to customers who place large orders for custom products and whose activities are related to the power and oil/gas industries. As a result, our exposure to credit risk is affected to some degree by conditions within these industries and governmental and/or political conditions. We frequently attempt to reduce our exposure to credit risk by requiring progress payments and letters of credit. However, unanticipated events that affect our customers could have a materially adverse impact on our operating results.

Changes in billing terms can increase our exposure to working capital and credit risk.

Our products are generally sold under contracts that allow us to either bill upon the completion of certain agreed upon milestones, or upon actual shipment of the product. We attempt to negotiate progress-billing milestones on all large contracts to help us manage the working capital and credit risk associated with these large contracts. Consequently, shifts in the billing terms of the contracts in our backlog from period to period can increase our requirement for working capital and can increase our exposure to credit risk.

Customers may cancel or delay projects. As a result our backlog may not be indicative of our future revenue.

Customers may cancel or delay projects for reasons beyond our control. Our orders normally contain cancellation provisions which permit us to recover our costs, and, for most contracts, a portion of our anticipated profit in the event a customer cancels an order. If a customer elects to cancel an order, we may not realize the full amount of revenues included in our backlog. If projects are delayed, the timing of our revenues could be affected and projects may remain in our backlog for extended periods of time. Revenue recognition occurs over long periods of time and is subject to unanticipated delays. If we receive relatively large orders in any given quarter, fluctuations in the levels of our quarterly backlog can result because the backlog in that quarter may reach levels that may not be sustained in subsequent quarters. As a result, our backlog may not be indicative of our future revenues. With rare exceptions, we are not issued contracts until a customer is ready to start work on a project. Thus, it is our experience that the only correlation between the length of a project and the possibility that a project may be cancelled is simply the fact that there is more time involved. In a year long project there is more time for the customer to have some business downturn causing such customer to cancel than there is in a three-month project.

Our gross margins are affected by shifts in our product mix.

Certain of our products have higher gross profit margins than others. Consequently, changes in the product mix of our sales from quarter-to-quarter or from year-to-year can have a significant impact on our reported gross profit margins. For example, in the fourth quarter of 2006, we experienced a decrease in gross margin as a percent of net sales due to a change in product mix. Certain of our products also have a much higher internally manufactured cost component. Therefore, changes from quarter-to-quarter or from year-to-year can have a significant impact on our reported gross margins. In addition, contracts with a higher percentage of subcontracted work or equipment purchases may result in lower gross profit margins.

If our goodwill or intangibles becomes impaired, we may be required to recognize charges that would reduce our net income or increase our net loss.

As of December 31, 2006, goodwill and intangibles represented approximately $11.5 million, or 18.2% of our total assets. On a pro-forma basis after giving effect to the acquisition of the assets of Effox, as of December 31,2006, we had goodwill and intangibles of approximately $15.6 million, or 20.3% of our total assets. Under Statement of Financial Accounting Standard No. 142, “Goodwill and Other Intangible Assets,” goodwill and indefinite lived intangible assets, are no longer amortized, but instead are subject to impairment evaluation based on related estimated fair values, with such testing to be done at least annually. While, to date, no impairment write-downs have been necessary, any write-down of goodwill or intangible assets resulting from future periodic evaluations would, as applicable, either decrease our net income or increase our net loss and those decreases or increases could be material.

Risks Related to Our Operations and Industry

We face significant competition in the markets we serve.

The industries in which we compete are all highly competitive and highly fragmented. We compete against a number of local, regional and national contractors and manufacturers in each of our product or service lines, many of which have been in existence longer than us and some of which have substantially greater financial resources than we do. Our products primarily compete on the basis of price, performance, speed of delivery, quality, customer support and single source responsibility. We believe new entrants that are large corporations may be able to compete with us on the basis of price and as a result may have a material adverse affect on the results of our operations. In addition, we cannot assure you that other companies will not develop new or enhanced products that are either more effective than ours or would render our products non-competitive or obsolete. Any failure by us to compete effectively in the markets we serve could have a material adverse effect on our business, results of operations and financial condition.

Increasing costs for manufactured components, raw materials, transportation, health care and energy prices may adversely affect our profitability.

We use a broad range of manufactured components and raw materials in our products, including raw steel, steel-related components, filtration media, and equipment such as fans, motors, etc. Materials comprise the largest component of our costs, representing over 60% of the costs of our net sales in fiscal 2006. Further increases in the price of these items could further materially increase our operating costs and materially adversely affect our profit margins. Similarly, transportation and health care costs have risen steadily over the past few years and represent an increasingly important burden for us. Although we try to contain these costs wherever possible, and although we try to pass along increased costs in the form of price increases to our customers, we may be unsuccessful in doing so for competitive reasons, and even when successful, the timing of such price increases may lag significantly behind our incurrence of higher costs.

Our business is affected by the health of the markets we serve.

Our financial performance depends, in large part, on varying conditions in the markets that we serve, particularly the general industrial markets. Demand in these markets fluctuates in response to overall economic

conditions, although the replacement nature of a portion of our products helps mitigate the effects of these changes. Economic downturns in the markets we serve may result in reductions in sales and pricing of our products and services, which could reduce future earnings and cash flow.

Our industry has recently experienced shortages in the availability of qualified personnel. Any difficulty we experience replacing or adding qualified personnel could adversely affect our business.

Our operations require the services of employees having technical training and experience in our business. As a result, our operations depend on the continuing availability of such personnel. Shortages of qualified personnel are occurring in our industry. If we should suffer any material loss of personnel to competitors, or be unable to employ additional or replacement personnel with the requisite level of training and experience, our operations could be adversely affected. A significant increase in the wages paid by other employers could result in a reduction in our workforce, increases in wage rates, or both.

We rely on a few key employees whose absence or loss could disrupt our operations or be adverse to our business.

We are highly dependent on the experience of our management in the continuing development of our operations. The loss of the services of certain of these individuals would have a material adverse effect on our business. Although we have employment and non-competition agreements with certain of our key employees, as a practical matter, those agreements will not assure the retention of our employees, and we may not be able to enforce all of the provisions in any employment or non-competition agreement. Our future success will depend in part on our ability to attract and retain qualified personnel to manage our development and future growth. We cannot assure you that we will be successful in attracting and retaining such personnel. Our failure to recruit additional key personnel could have a material adverse effect on our business, financial condition and results of operations.

We may make future acquisitions, which involve numerous risks that could impact our business and results of operations.

Our operating strategy involves horizontally expanding our scope of products and services through selective acquisitions and the formation of new business units that are then vertically integrated into our growing family of turnkey system providers. We have acquired, and intend to selectively acquire, other businesses, product or service lines, assets or technologies that are complementary to our business. We may be unable to find or consummate future acquisitions at acceptable prices and terms. We continually evaluate potential acquisition opportunities in the ordinary course of business, including those that could be material in size and scope. Acquisitions involve numerous risks, including:

- difficulties in integrating the acquired businesses, product or service lines, assets or technologies;
- diverting management’s attention from normal daily operations of the business;
- entering markets in which we have no or limited direct prior experience and where competitors in such markets have stronger market positions;
- unanticipated costs and exposure to undisclosed or unforeseen liabilities;
- potential loss of key employees and customers of the acquired businesses, product or service lines, assets or technologies;
- our ability to properly establish and maintain effective internal controls over an acquired company; and
- increasing demands on our operational and information technology systems.

Although we conduct what we believe to be a prudent level of investigation regarding the operating and financial condition of the businesses, product or service lines, assets or technologies we purchase, an unavoidable level of risk remains regarding their actual operating and financial condition. Until we actually assume operating

control of these businesses, product or service lines, assets or technologies, we may not be able to ascertain the actual value or understand the potential liabilities. This is particularly true with respect to non-U.S. acquisitions.

In addition, acquisitions of businesses may require additional debt or equity financing, resulting in additional leverage or dilution of ownership. Our Bank Facility contains certain covenants that limit, or which may have the effect of limiting, among other things acquisitions, capital expenditures, the sale of assets and the incurrence of additional indebtedness.

Our manufacturing operations are dependent on third-party suppliers.

Although we are not dependent on any one supplier, we are dependent on the ability of our third-party suppliers to supply our raw materials, as well as certain specific component parts. We purchase all of our chemical grade fiberglass from one domestic supplier, which we believe is the only domestic supplier of such fiberglass, and certain specialty items from only two domestic suppliers. These items also can be purchased from foreign suppliers. Failure by our third-party suppliers to meet our requirements could have a material adverse effect on us. We cannot assure you that our third-party suppliers will dedicate sufficient resources to meet our scheduled delivery requirements or that our suppliers will have sufficient resources to satisfy our requirements during any period of sustained demand. Failure of manufacturers or suppliers to supply, or delays in supplying, our raw materials or certain components, or allocations in the supply of certain high demand raw components could materially adversely affect our operations and ability to meet our own delivery schedules on a timely and competitive basis.

The relocation of our largest manufacturing and corporate office facility located in Cincinnati, Ohio could result in a negative impact on the Company's financial performance.

We have entered into a purchase agreement for the sale of our largest manufacturing and corporate office facility in Cincinnati, Ohio. The agreement, which may be terminated by the purchaser for any reason prior to July 2, 2007, provides for the 10.7 acres of real estate and improvements to be divided into two parcels, with the closing of the first parcel scheduled to occur on or before July 16, 2007, provided that the purchaser makes a required payment to us by July 2, 2007. The closing of the second parcel would occur on or before the later of March 25, 2008 or 30 days after we have vacated the second parcel, subject to certain conditions. The closing of the sale is subject to customary closing conditions and the negotiation of our rights to occupy both parcels for a period of up to 10 months following the first closing. There is no assurance that the sale will be consummated. We will be required to relocate all of our manufacturing operations and administrative offices that are currently being performed at these facilities. Although we are currently making plans to vacate these facilities, we have not located replacement facilities for our operations. If we are unable to locate replacement facilities and relocate our operations within the required time periods, our manufacturing operations and administrative activities may be disrupted and we may be required to incur additional expenses, which may have an adverse impact on our business and results of operations. In addition, the disruption on our manufacturing operations and administrative activities during the relocation, and additional incurred expenses may also have an adverse impact on our business and results of operations.

Our operations outside of the United States are subject to political, investment and local business risks.

In 2006, approximately 5% of our total revenue was derived from products or services ultimately delivered or provided to end-users outside the United States. As part of our operating strategy, we intend to expand our international operations through internal growth and selected acquisitions. Operations outside of the United States, particularly in emerging markets, are subject to a variety of risks which are different from or additional to the risks we face within the United States. Among others, these risks include:

- local political and social conditions, including potential hyperinflationary conditions and political instability in certain countries;
- imposition of limitations on the remittance of dividends and payments by foreign subsidiaries;

- adverse currency exchange rate fluctuations, including significant devaluations of currencies;
- tax-related risks, including the imposition of taxes and the lack of beneficial treaties, that result in a higher effective tax rate for us;
- difficulties in enforcing agreements and collecting receivables through certain foreign local systems;
- domestic and foreign customs, tariffs and quotas or other trade barriers;
- increased costs for transportation and shipping;
- difficulties in protecting intellectual property;
- risk of nationalization of private enterprises by foreign governments;
- managing and obtaining support and distribution channels for overseas operations;
- hiring and retaining qualified management personnel for our overseas operations;
- imposition or increase of restrictions on investment; and
- required compliance with a variety of local laws and regulations which may be materially different than those to which we are subject in the United States.

The occurrence of one or more of the foregoing factors could have a material adverse effect on our international operations or upon the financial condition and results of operations.

If we do not develop improved products and new products in a timely manner in response to industry demands, our business and revenues will be adversely affected.

The air pollution control and filtration industry is characterized by ongoing technological developments and changing customer requirements. As a result, our success and continued growth depend, in part, on our ability in a timely manner to develop or acquire rights to, and successfully introduce into the marketplace, enhancements of existing products or new products that incorporate technological advances, meet customer requirements and respond to products developed by our competition. We cannot assure you that we will be successful in developing or acquiring such rights to products on a timely basis or that such products will adequately address the changing needs of the marketplace.

Our business can be significantly affected by changes in technology and regulatory standards.

The air pollution control and filtration industry is characterized by changing technology, competitively imposed process standards and regulatory requirements, each of which influences the demand for our products and services. Changes in legislative, regulatory or industrial requirements may render certain of our filtration products and processes obsolete. Acceptance of new products and services may also be affected by the adoption of new government regulations requiring stricter standards. Our ability to anticipate changes in technology and regulatory standards and to develop and introduce new and enhanced products successfully on a timely basis will be a significant factor in our ability to grow and to remain competitive. We cannot assure you that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products or services will not become obsolete.

We might be unable to protect our intellectual property rights and our products could infringe the intellectual property rights of others, which could expose us to costly disputes.

We hold various patents and licenses relating to certain of our products. We cannot assure you as to the breadth or degree of protection that existing or future patents, if any, may afford us, that our patents will be upheld, if challenged, or that competitors will not develop similar or superior methods or products outside the protection of any patent issued to us. Although we believe that our products do not and will not infringe patents

or violate the proprietary rights of others, it is possible that our existing patent rights may not be valid or that infringement of existing or future patents or proprietary rights may occur. In the event our products infringe patents or proprietary rights of others, we may be required to modify the design of our products or obtain a license for certain technology. We cannot assure you that we will be able to do so in a timely manner, upon acceptable terms and conditions, or at all. Failure to do any of the foregoing could have a material adverse effect upon our business. In addition, we cannot assure you that we will have the financial or other resources necessary to enforce or defend a patent infringement or proprietary rights violations action which may be brought against us. Moreover, if our products infringe patents or proprietary rights of others, we could, under certain circumstances, become liable for damages, which also could have a material adverse effect on our business.

Work stoppages or similar difficulties could significantly disrupt our operations.

As of March 31, 2007, approximately 419 of our 691 employees are represented by international or independent labor unions under various union contracts that expire from June 2007 to April 2010. It is possible that our workforce will become more unionized in the future. Although we consider our employee relations to generally be good, our existing labor agreements may not prevent a strike or work stoppage at one or more of our facilities in the future and we may be affected by other labor disputes. A work stoppage at one or more of our facilities may have a material adverse effect on our business. Unionization activities could also increase our costs, which could have an adverse effect on our profitability.

Additionally, a work stoppage at one of our suppliers could adversely affect our operations if an alternative source of supply were not readily available. Stoppages by employees of our customers also could result in reduced demand for our products.

We may incur material costs as a result of product liability claims, which could adversely affect our business, results of operations and financial condition and cash flows.

Despite our quality assurance measures, defects may occur in our products and we may be exposed to product liability claims in the event that the use of our products results, or is alleged to result, in bodily injury and/or property damage or our products actually or allegedly fail to perform as expected. While we maintain insurance coverage with respect to certain product liability claims, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against product liability claims. In addition, product liability claims can be expensive to defend and can divert the attention of management and other personnel for significant periods of time, regardless of the ultimate outcome. An unsuccessful defense of a product liability claim could have an adverse affect on our business, results of operations and financial condition and cash flows. Even if we are successful in defending against a claim relating to our products, claims of this nature could cause our customers to lose confidence in our products and our company.

Liability to customers under warranties may adversely affect our reputation, our ability to obtain future business and our earnings.

We provide warranties as to the proper operation and conformance to specifications of the products we manufacture. Failure of our products to operate properly or to meet specifications may increase our costs by requiring additional engineering resources and services, replacement of parts and equipment or monetary reimbursement to a customer. We have in the past received warranty claims, and we expect to continue to receive them in the future. To the extent that we incur substantial warranty claims in any period, our reputation, our ability to obtain future business and our earnings could be adversely affected.

We may become liable for the obligations of our subcontractors.

We act as prime contractor on a majority of the construction projects we undertake. In our capacity as prime contractor and when acting as a subcontractor, we perform most of the work on our projects with our own

resources and typically subcontract only such specialized activities as electrical work, concrete work, insulation, conveyors, controls, etc. In our industry, the prime contractor is normally responsible for the performance of the entire contract, including subcontract work. Thus, when acting as a prime contractor, we are subject to the risk associated with the failure of one or more subcontractors to perform as anticipated.

Our corporate compliance program cannot assure that we will be in complete compliance with all potentially applicable regulations, including the Sarbanes-Oxley Act of 2002.

As a publicly traded company, we are subject to significant regulations, including the Sarbanes-Oxley Act of 2002. Many of these regulations are of recent adoption and may be subject to change. In connection with their audit of our financial statements for the fiscal years of 2005 and 2006, our independent registered public accounting firm, Battelle & Battelle LLP, identified a significant deficiency in our internal control over financial reporting. This deficiency was not determined to be a "material weakness" in our controls, however. The Public Company Accounting Oversight Board defines a "significant deficiency" as a deficiency that results in more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected. We are in the process of taking the necessary steps to remedy such deficiencies in our internal controls within the required time periods and our management concluded that as of the end of these periods, they believed that our disclosure controls and procedures were effective. However, we cannot assure you that these measures or any future measures will enable us to avoid other significant deficiencies or material weaknesses in the future.

In addition, in February 2005, our management detected a material misstatement in the systemic calculation in the percentage of completion calculation spreadsheets for smaller projects. While revenue recognized under the percentage of completion calculation on individual large projects was accurate, due to this spreadsheet error, the aggregation of such totals for small and large jobs was incorrect. This error occurred from 2000 to 2003 and the three quarters reported during 2004. Our Audit Committee agreed with management's recommendation that our consolidated financial statements for the periods described above should be restated and we filed an amended annual report on Form 10-K for the year ended December 31, 2003 and amended quarterly reports on Form 10-Q for the first three quarters of 2004 to include restatements of the financial statements included in those reports to reflect the error. We cannot assure you that any weaknesses we may discover in the future will not require us to restate any of our prior financial statements.

There are inherent limitations in all internal control systems over financial reporting, and misstatements due to error or fraud may occur and not be detected.

While we continue to take action to ensure compliance with the internal control, disclosure control and other requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the SEC implementing these requirements, there are inherent limitations in our ability to control all circumstances. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our internal controls and disclosure controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be evaluated in relation to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, in our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

If we are unable to complete our assessment of the adequacy of our internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our common stock.

Under Section 404 of the Sarbanes-Oxley Act of 2002, we will be required to include in each of our future annual reports on Form 10-K, a report containing our management's assessment of the effectiveness of our internal control over financial reporting beginning with our annual report for the fiscal year ended December 31, 2007 and a related attestation of our independent auditors beginning with our annual report for the fiscal year ended December 31, 2008. We will be required to include such attestation beginning with our annual report for fiscal year ended December 31, 2007 if the market value of our common stock held by non-affiliates as of June 30, 2007 is $75 million or more. We are currently undertaking a comprehensive review in preparation for compliance with Section 404. This review includes the documentation and evaluation of our internal controls under the direction of our management and the upgrade of our accounting and operational computer software systems. We have been making various changes to our internal control over financial reporting as a result of our review efforts. To date, we have not identified any material weaknesses in our internal control over financial reporting, as defined by the Public Company Accounting Oversight Board. However, due to the number of controls to be examined, the complexity of the project, as well as the subjectivity involved in determining effectiveness of controls, we cannot be certain that all our controls will be considered effective. Therefore, we can give no assurances that our internal control over financial reporting will satisfy the new regulatory requirements. We believe that the out-of-pocket costs, the diversion of management's attention from running our day-to-day operations and operational changes caused by the need to comply with the requirements of Section 404 will be significant. If the time and costs associated with such compliance exceed our current expectations, our profitability could be affected. We cannot be certain at this time that we will be able to successfully complete the procedures, certification and attestation requirements of Section 404 or that we or our auditors will not identify material weaknesses in internal control over financial reporting. If we fail to comply with the requirements of Section 404 or if we or our auditors identify and report such material weakness, the accuracy and timeliness of the filing of our annual and quarterly reports may be negatively affected and could cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock. In addition, a material weakness in the effectiveness of our internal control over financial reporting could result in an increased chance of fraud and the loss of customers, reduce our ability to obtain financing and require additional expenditures to comply with these requirements, each of which could negatively impact our business, profitability and financial condition.

Our business is subject to risks of terrorist acts, acts of war and natural disasters.

Terrorist acts, acts of war, or national disasters may disrupt our operations and information and distribution systems, as well as those of our customers. These types of acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, military or security operations, or natural disasters could weaken the domestic/global economies and create additional uncertainties, thus forcing our customers to reduce their capital spending, or cancel or delay already planned construction projects, which could have a material adverse impact on our business, operating results and financial condition.

Risks Related To Our Common Stock and this Offering

Our executive officers and directors are able to exercise significant influence over CECO, and their interests may conflict with those of our other stockholders.

As of April 25, 2007, our executive officers and directors beneficially own approximately 42.1% of our outstanding common stock, assuming the exercise of currently exercisable warrants and options held by them. This concentration of ownership makes it unlikely that any other holder or group of holders of our common stock

will be able to affect the way we are managed or the direction of our business. The interests of management with respect to matters potentially or actually involving or affecting us, such as future acquisitions, financings and other corporate opportunities and attempts to acquire us, may conflict with the interests of our other stockholders. Management's continued concentrated ownership may have the effect of delaying or preventing a change of control of us, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices. Following the offering, our executive officers and directors will beneficially own approximately 24.1% of our outstanding stock, or 23.3% if the underwriters exercise their overallotment option in full, assuming in both cases the exercise of currently exercisable warrants and options held by them.

We have engaged in the past, and continue to engage, in related party transactions and such transactions present possible conflicts of interest.

We have engaged in the past, and continue to engage, in several related party transactions, including the issuance, modification and extension of our subordinated debt obligations, management consulting services, and office space and other expenses related to our Toronto office. All such transactions were approved by the Audit Committee of our Board of Directors, which believed that the transactions were in our best interest. Transactions of this nature present the possibility of a conflict of interest whereby the other party may advance its economic or business interests or objectives that may conflict with or be contrary to our best interests. Any such conflict could have a material adverse effect on our financial conditions and results of operations.

The limited liquidity for our common stock could affect your ability to sell your shares at a satisfactory price.

Our common stock is relatively illiquid. As of April 25, 2007, we had 11,507,309 shares of common stock outstanding. The average daily trading volume in our common stock during the prior 60 calendar days ending on March 31, 2007 was approximately 228,000 shares. A more active public market for our common stock, however, may not develop, which would continue to adversely affect the trading price and liquidity of our common stock. Moreover, a thin trading market for our stock causes the market price for our common stock to fluctuate significantly more than the stock market as a whole. Without a large float, our common stock is less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our common stock may be more volatile. In addition, in the absence of an active public trading market, you may be unable to liquidate your investment in us at a satisfactory price.

The market price of our common stock may be volatile or may decline regardless of our operating performance.

The market price of our common stock has experienced, and may continue to experience, substantial volatility. During the twelve-month period ended March 31, 2007, the sale prices of our common stock on The Nasdaq Global Market and The Nasdaq SmallCap Market has ranged from a low of $6.78 to a high of $18.14 per share. We expect our common stock to continue to be subject to fluctuations. Broad market and industry factors may adversely affect the market price of our common stock, regardless of our actual operating performance. Factors that could cause fluctuation in the stock price may include, among other things:

- actual or anticipated variations in quarterly operating results;
- announcements of technological advances by us or our competitors;
- current events affecting the political and economic environment in the United States;
- conditions or trends in our industry, including demand for our products and services, technological advances and governmental regulations;
- litigation involving or affecting us;
- changes in financial estimates by us or by any securities analysts who might cover our stock; and
- additions or departures of our key personnel.

The realization of any of these risks and other factors beyond our control could cause the market price of our common stock to decline significantly.

Purchasers in this offering will experience immediate and substantial dilution in the net tangible book value of their investment.

Purchasers of our common stock in this offering will experience an immediate, substantial dilution in net tangible book value of $13.04 per share of common stock (based on an assumed offering price of $14.23, the last sale price of our common stock as reported on The Nasdaq Global Market on April 25, 2007) because the price per share of common stock in this offering is substantially higher than the net tangible book value of each share of common stock outstanding immediately after this offering. Our net tangible book value as of December 31, 2006 on a pro forma basis after giving effect to our acquisition of the assets of Effox is approximately $(716,000), or $(0.06) per share of common stock. In addition, purchasers may experience further dilution from issuances of shares of our common stock in the future.

Issuance of shares under our stock incentive plan or in connection with financing transactions will dilute current stockholders.

Pursuant to our current stock incentive plan, our management is authorized to grant stock awards to our employees, directors and consultants. You will incur dilution upon exercise of any outstanding stock awards. In addition, if we raise additional funds by issuing additional common stock, or securities convertible into or exchangeable or exercisable for common stock, further dilution to our existing stockholders will result, and new investors could have rights superior to existing stockholders. For example, in 2006, our chairman received 250,000 warrants in exchange for extending the maturities on subordinated debt.

The number of shares of our common stock eligible for future sale could adversely affect the market price of our stock.

We have reserved 1.5 million shares of our common stock for issuance under our stock option plan, and we had outstanding options to purchase 282,605 shares of our common stock with a weighted average exercise price of $4.51 per share as of December 31, 2006. These shares of common stock are registered for resale on a currently effective registration statement. Can-Med Technology, Inc. d/b/a Green Diamond Oil Corp., which we refer to as Green Diamond, an affiliate of Phillip DeZwirek and Jason DeZwirek, owns warrants to purchase 250,000 shares of common stock that have piggy-back rights, commencing July 1, 2007, granting it the right to require that we register such shares in the event we file any registration statements in the future. We may issue additional restricted securities or register additional shares of common stock under the Securities Act of 1933, as amended, which we refer to as the Securities Act, in the future. The issuance of a significant number of shares of common stock upon the exercise of stock options, or the availability for sale, or sale, of a substantial number of the shares of common stock eligible for future sale under effective registration statements, under Rule 144 or otherwise, could adversely affect the market price of the common stock. Our Board of Directors has approved a 2007 Equity Incentive Plan, which if approved by our stockholders, will replace our current stock option plan. Up to 2,000,000 shares will be reserved for issuance under the new incentive plan, which would include option grants, stock grants and restricted stock grants. We anticipate that we will register all of such shares for resale on a registration statement.

Our ability to issue preferred stock could adversely affect the rights of holders of our common stock.

Our certificate of incorporation authorizes us to issue up to 10,000 shares of preferred stock in one or more series on terms that may be determined at the time of issuance by our Board of Directors. Accordingly, we may issue shares of any series of preferred stock that would rank senior to the common stock as to voting or dividend rights or rights upon our liquidation, dissolution or winding up.

Certain provisions in our charter documents have anti-takeover effects.

Certain provisions of our certificate of incorporation and bylaws may have the effect of delaying, deferring or preventing a change in control of us. Such provisions, including those limiting who may call special stockholders' meetings, together with the possible issuance of our preferred stock without stockholder approval, may make it more difficult for other persons, without the approval of our Board of Directors, to make a tender offer or otherwise acquire substantial amounts of our common stock or to launch other takeover attempts that a stockholder might consider to be in such stockholder's best interest.

Because we have no plans to pay any dividends for the foreseeable future, investors must look solely to stock appreciation for a return on their investment in us.

We have never paid cash dividends on our common stock and do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain any future earnings to support our operations and growth. Any payment of cash dividends in the future will be dependent on the amount of funds legally available, our earnings, financial condition, capital requirements and other factors that our Board of Directors may deem relevant. Additionally, our Bank Facility restricts the payment of dividends. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

Statements in this prospectus and in documents incorporated by reference in this prospectus contain various forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, which represents our management's beliefs and assumptions concerning future events. When used in this prospectus and in documents incorporated by reference, forward-looking statements include, without limitation, statements regarding financial forecasts or projections, and our expectations, beliefs, intentions or future strategies that are signified by the words "expects", "anticipates", "intends", "believes" or similar language. These forward-looking statements are subject to risks, uncertainties and assumptions that could cause our actual results and the timing of certain events to differ materially from those expressed in the forward-looking statements. It is routine for our internal projections and expectations to change as the year or each quarter in the year progress, and therefore you should clearly understand that the internal projections, beliefs and assumptions upon which we base our expectations may change prior to the end of each quarter or the year. Although these expectations may change, we may not inform you if they do.

You should understand that many important factors, in addition to those discussed or incorporated by reference in this prospectus, could cause our results to differ materially from those expressed in the forward-looking statements. Potential factors that could affect our results include those described in this prospectus under "Risk Factors." In light of these risks and uncertainties, the forward-looking events discussed or incorporated by reference in this prospectus might not occur.

USE OF PROCEEDS

We will receive net proceeds of approximately $13.0 million from our sale of 1,000,000 shares of common stock in this offering, or approximately $19.8 million if the underwriters exercise their over-allotment option in full, based upon an assumed public offering price of $14.23 per share (the last sale price of our common stock as reported on The Nasdaq Global Market on April 25, 2007), after deducting the underwriting discount and estimated offering expenses payable by us.

We will use approximately $6.0 million of the net proceeds from this offering to repay all of our subordinated debt and accrued interest payable to Can-Med Technology, Inc. d/b/a Green Diamond Oil Corp. Green Diamond is an affiliate of Phillip DeZwirek, our Chief Executive Officer and Chairman of the Board, and Jason DeZwirek, our Secretary and a member of our Board of Directors. The subordinated debt is evidenced by two promissory notes, both of which have a maturity date of January 1, 2010 and bear interest at 12%. As of April 25, 2007, we owed an aggregate of approximately $6.0 million, including accrued interest, to Green Diamond under the two promissory notes.

We will use the balance of the net proceeds to repay a portion of our outstanding borrowings under our Bank Facility with Fifth Third Bank. Our Bank Facility consists of a $20 million revolving line of credit and two term notes in the amount of $2.4 million and $5 million, respectively. We used approximately $6.7 million of our outstanding borrowings in February of 2007 to finance our purchase of the assets of Effox. The balance of our outstanding borrowings under our Bank Facility was used for general corporate purposes. The revolving line of credit bears interest at LIBOR plus 2% and the term notes bear interest at LIBOR plus 2.25%. As of April 25, 2007, we owed an aggregate of $17.9 million to Fifth Third Bank under the revolving line of credit and the term notes. Pending the use of the net proceeds, we intend to invest the net proceeds in short-term interest-bearing, investment-grade securities.

We will not receive any proceeds from the sale of stock being offered by the selling stockholders. Upon the exercise of the warrants by the selling stockholders identified in this prospectus for the shares of common stock included by them in this offering, we will receive proceeds of $4,687,281, which we will use to repay a portion of our outstanding borrowings under our Bank Facility with Fifth Third Bank.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2006:

- on an actual basis;
- on a pro forma basis, to reflect the acquisition of the assets of Effox; and
- on a pro forma as adjusted basis, to reflect (i) the acquisition of the assets of Effox and (ii) the issuance and sale of 1,000,000 shares of common stock offered by us in this offering at an assumed public offering price of $14.23 per share (the last sale price of our common stock as reported on The Nasdaq Global Market on April 25, 2007), after deducting the underwriting discount and estimated offering expenses, the issuance of 1,749,500 shares of common stock resulting from the exercise of warrants by the selling stockholders for the shares of common stock offered by them in this offering, and our receipt and the application of the estimated net proceeds from this offering and the proceeds from the exercise of the warrants by the selling stockholders as described under the caption "Use of Proceeds."

You should read this table in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes which are incorporated by reference in this prospectus.

	As of December 31, 2006		
	Actual	Pro forma	Pro forma as adjusted
	(unaudited) (dollars in thousands)		
Cash and cash equivalents	$ 445	$ 445	$ 445
Total debt[1]	15,492	22,246	4,511
Stockholders' equity:			
Common stock, $0.01 par value, 100,000,000 shares authorized; 11,507,309 shares issued and outstanding actual and pro forma; 14,256,809 shares issued and outstanding pro forma as adjusted[2]	116	116	144
Additional paid-in capital	20,421	20,421	38,128
Accumulated deficit	(3,978)	(3,978)	(3,978)
Accumulated other comprehensive loss	(1,280)	(1,280)	(1,280)
Less treasury stock, at cost, 137,920 shares actual, pro forma and pro forma as adjusted	(356)	(356)	(356)
Total stockholders' equity	14,923	14,923	32,658
Total capitalization	$30,415	$ 37,169	$ 37,169

(1) In connection with the acquisition of the Effox assets, we incurred an additional $6.7 million of indebtedness under the Bank Facility.

(2) Share amounts do not include:

- 283,000 shares of common stock issuable upon exercise of options outstanding issued under our stock option plan at a weighted average exercise price of $4.51 per share at December 31, 2006; and
- 750,000 shares of common stock issuable upon the exercise of outstanding warrants (other than warrants that are expected to be exercised by the selling stockholders and included in this offering) with a weighted average exercise price of $4.98 per share as of December 31, 2006.

PRICE RANGE OF OUR COMMON STOCK

Since September 19, 2006, our common stock has been quoted on The Nasdaq Global Market under the symbol “CECE.” Prior to that date, our common stock was traded on The Nasdaq SmallCap Market under the same symbol. The following table sets forth the high and low sales prices of our common stock as reported by The Nasdaq Global Market or The Nasdaq SmallCap Market during the periods indicated.

	Price Range	
	Low	High
2005		
First Quarter	$ 2.66	$ 4.15
Second Quarter	$ 1.86	$ 3.60
Third Quarter	$ 2.71	$ 4.51
Fourth Quarter	$ 4.07	$ 7.64
2006		
First Quarter	$ 5.61	$ 10.00
Second Quarter	$ 6.78	$ 12.93
Third Quarter	$ 6.95	$ 10.96
Fourth Quarter	$ 7.60	$ 11.18
2007		
First Quarter	$ 9.50	$ 18.14
Second Quarter (through April 25, 2007)	$ 12.02	$ 15.08

The approximate number of registered stockholder of record of our common stock as of April 9, 2007 was 227. The last reported sales price for our common stock on April 25, 2007 was $14.23.

DIVIDEND POLICY

We have never paid cash dividends on our common stock and we do not anticipate paying any cash dividends in the foreseeable future. We are party to various loan documents which prevent us from paying any dividends.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

On February 28, 2007, we purchased substantially all of the assets of Effox. The purchase price was approximately $12.8 million, consisting of cash paid of approximately $6.7 million and liabilities assumed of approximately $5.8 million. The purchase price is subject to adjustment based on final determined values of certain assets and liabilities as of the closing date. Additionally, the former owners of Effox are entitled to earn-out payments of up to $1 million in the aggregate upon the attainment of specified gross profit amounts through December 31, 2009. The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the date of acquisition (dollars in thousands):

Current assets	$ 8,261
Property and equipment	278
Intangible assets—finite life	231
Goodwill	3,910
Other assets	129
Total assets acquired	12,809
Current liabilities assumed	(4,756)
Other liabilities assumed	(1,048)
Net assets acquired	$ 7,005

The unaudited pro forma consolidated statement of income for the year ended December 31, 2006 has been prepared as if the acquisition had occurred on January 1, 2006. The unaudited pro forma consolidated balance sheet as of December 31, 2006 has been prepared as if the acquisition had occurred on that date.

The unaudited pro forma consolidated financial information is provided for informational purposes only. The pro forma information is not necessarily indicative of what our financial position or results of operations actually would have been had the acquisition been completed at the dates indicated. In addition, the unaudited pro forma consolidated financial information does not purport to project our future financial position or operating results. No effect has been given in the unaudited pro forma consolidated statement of income for synergistic benefits that may be realized through the combination of the two companies or the costs that may be incurred in integrating their operations. The unaudited pro forma consolidated financial information should be read in conjunction with our historical financial statements and related notes and the historical financial statements of Effox, which are included or incorporated by reference in this prospectus.

The following unaudited pro forma consolidated financial information was prepared using the purchase method of accounting as required by FASB Statement of Financial Accounting Standards No. 141, "Business Combinations." The purchase price has been allocated to the assets acquired and liabilities assumed based upon our management's preliminary estimate of their respective fair values as of the date of acquisition. Any differences between the fair value of the consideration issued and the fair value of the assets and liabilities acquired will be recorded as goodwill. The purchase price and fair value estimates for the purchase price allocation may be refined as additional information becomes available.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of December 31, 2006

	Historical		Pro Forma	
	CECO	Effox	Adjustments	Combined
	(Dollars in thousands, except per share data)			
ASSETS				
Cash and cash equivalents	$ 445	$ 2,196	$ (2,196)(A)	$ 445
Accounts receivable, net	26,925	6,655	—	33,580
Costs and estimated earnings in excess of billings on uncompleted contracts	10,766	—	944 (C)	11,710
Inventories	2,755	2,172	(1,083)(C)	3,844
Prepaid expenses and other current assets	1,762	183	—	1,945
Total current assets	42,653	11,206	(2,335)	51,524
Property and equipment, net	8,530	292	—	8,822
Goodwill, net	9,527	—	3,910 (E)	13,437
Intangible assets—finite life, net	576	—	231 (D)	807
Intangible assets—indefinite life	1,395	—	—	1,395
Deferred tax asset	—	—	—	—
Deferred charges and other assets	507	771	(329)(A)	949
	$63,188	$12,269	$ 1,477	$ 76,934
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current portion of debt	$ 620	$ 6,932	$ (6,932)(A)	$ 620
Accounts payable and accrued expenses	17,879	6,797	(1,619)(A)	23,057
Customer advances	—	2,314	(2,314)(C)	—
Billings in excess of costs and estimated earnings on uncompleted contracts	9,559	—	1,814 (C)	— 11,373
Accrued income taxes	284	25	(25)(A)	284
Total current liabilities	28,342	16,068	(9,076)	35,334
Other liabilities	2,524	2,063	(2,063)(A)	2,524
Debt, less current portion	9,971	—	6,754 (F)	16,725
Deferred income tax liability	2,527	—	—	2,527
Related party subordinated notes	4,901	—	—	4,901
Mandatorily redeemable preferred stock	—	3,079	(3,079)(A)	—
Total liabilities	48,265	21,210	(7,464)	62,011
Commitments and contingencies				
Shareholders' equity:				
Preferred stock	—	—	—	—
Common stock	116	794	(794)(A)	116
Capital in excess of par value	20,421	—	—	20,421
Accumulated deficit	(3,978)	(9,735)	9,735 (A)	(3,978)
Accumulated other comprehensive loss	(1,280)	—	—	(1,280)
	15,279	(8,941)	8,941	15,279
Less treasury stock, at cost	(356)	—	—	(356)
Total shareholders' equity	14,923	(8,941)	8,941	14,923
	$63,188	$12,269	$ 1,477	$ 76,934

The accompanying notes to unaudited pro forma consolidated combined financial statements are an integral part of the statements.

Unaudited Pro Forma Condensed Combined Statement of Income
Year ended December 31, 2006

	Historical		Pro Forma	
	CECO	Effox	Adjustments	Combined
	(Dollars in thousands, except per share data)			
Net sales	$ 135,359	$28,640	$ 2,984 (C)	$ 164,297
Costs and expenses:				
Cost of sales, exclusive of items shown separately below	111,261	21,100	224 (C)	132,585
Selling and administrative	16,822	4,720	—	21,542
Depreciation and amortization	1,229	169	154 (D)	1,552
	129,312	25,989	378	155,679
Income from operations	6,047	2,651	(80)	8,618
Other (expense) income	812	(3)	—	809
Interest expense	(1,997)	(828)	337 (B)(F)	(2,488)
	(1,185)	(831)	337	(1,679)
Income before income taxes	4,862	1,820	257	6,939
Income tax expense (benefit)	1,768	707	48 (G)	2,523
Net income	$ 3,094	$ 1,113	$ 209	$ 4,416
Per share data:				
Basic net income	$ 0.27			$ 0.39
Diluted net income	$ 0.24			$ 0.34
Weighted average number of common shares outstanding:				
Basic	11,260,459			11,260,459
Diluted	12,890,401			12,890,401

The accompanying notes to unaudited pro forma consolidated combined financial statements are an integral part of the statements.

Notes to Unaudited Pro Forma Consolidated Combined Financial Statements

(A) Represents the elimination of Effox's equity accounts, as well as assets and liabilities that were excluded from the acquisition.

(Dollars in thousands)	
Cash and cash equivalents	$(2,196)
Deferred tax asset	$ (682)
Deferred charges and other assets	$ (312)
Current portion of debt	$(5,401)
Accounts payable and accrued expenses	$(1,619)
Other liabilities	$(2,046)
Debt, less current portion	$(1,531)
Mandatorily redeemable preferred stock	$(3,079)
Common stock	$ (793)
Accumulated deficit	$ 9,027

(B) Represents the elimination of interest expense totaling $828,000 for debt which was not assumed in the acquisition.

(C) Represents adjustments to convert the Effox accounts from the completed contract method of accounting to the percentage of completion method of accounting for contracts for which costs can reasonably be estimated.

(Dollars in thousands)	
Pro Forma Consolidated Balance Sheet	
Inventories	$(1,083)
Customer advances	$(2,314)
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 944
Billings in excess of costs and estimate earnings on uncompleted contracts	$ 1,814
Pro Forma Consolidated Statement of Income	
Net sales	$ 298
Cost of sales	$ 224

(D) Represents the purchase price allocation to an intangible asset for customer contracts of approximately $231,000 and for related amortization expense of approximately $154,000 based on its estimated useful life of 18 months.

(E) Represents residual goodwill of approximately $3,910,000 resulting from the allocation of the purchase price to acquired assets and assumed liabilities as if the acquisition had occurred at December 31, 2006.

(F) Represents the amount of debt that would have been incurred to finance the acquisition, as if the acquisition had occurred at December 31, 2006. Also represents additional interest expense which would have been associated with the increase in debt bearing an interest rate of LIBOR plus 2.25%.

(Dollars in thousands)	
Pro Forma Consolidated Balance Sheet	
Debt	$6,754
Pro Forma Consolidated Statement of Income	
Interest expense	$ (491)

(G) Represents the adjustment to income tax expense as if the acquisition had occurred at January 1, 2006, using the Company's effective tax rate of 36% for the year ended December 31, 2006.

MANAGEMENT

The following table shows information as of April 25, 2007 with respect to each person who is an executive officer or director.

Name	Age	Position
Phillip DeZwirek	69	Chief Executive Officer, Chairman of the Board and Director
Richard J. Blum	60	President and Director
Dennis W. Blazer	59	Vice President-Finance and Administration and Chief Financial Officer
David D. Blum	51	Senior Vice President
Jason DeZwirek	36	Secretary and Director
Arthur Cape[1]	70	Director
Thomas J. Flaherty[2] [3]	69	Director
Ronald Krieg[1]	64	Director
Donald Wright[1] [2] [3]	69	Director

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Stock Option Committee

Phillip DeZwirek became a director, the Chairman of the Board and the Chief Executive Officer of CECO in August 1979. Mr. DeZwirek also serves as: Chairman of the Board and Vice President of CECO Filters (since 1985); Treasurer and Assistant Secretary of CECO Group (since December 10, 1999); a director of Kirk & Blum and kbd/Technic (since 1999); President of Green Diamond (since 1990); and a director and the Chairman, Chief Executive Officer and Treasurer of API Electronics Group, Corp. (since May, 2002) and a director and the Chairman of its parent, API Nanotronics Corp. (since November, 2006), a publicly traded company (OTCBB:APIO) engaged in the manufacture of electronic components and systems for the defense and communications industries. Mr. DeZwirek is also involved in private investment activities. Mr. DeZwirek is the father of Mr. Jason DeZwirek.

Richard J. Blum became the President and a director of CECO on July 1, 2000 and the Chief Executive Officer and President of CECO Group, Inc. on December 10, 1999. Mr. Blum served as a director and the President of Kirk & Blum from February 28, 1975 until November 12, 2002 and has served as the Chairman and a director of kbd/Technic since November 1988. Mr. Blum is also a director of The Factory Power Company, a company in which CECO owns a minority interest and that has provided steam energy to various companies, including CECO. Mr. Blum is the brother of Mr. David Blum.

Dennis W. Blazer became the Chief Financial Officer and the Vice President-Finance and Administration of CECO on December 13, 2004. From 2003 to 2004, Mr. Blazer served as a financial consultant to GTECH Corporation, a leading global information technology corporation. From 1998 to 2003, he served as the Chief Financial Officer of Interlott Technologies, Inc., which stock traded on the American Stock Exchange and which was a worldwide provider of vending technologies for the lottery industry prior to its acquisition by GTECH Corporation in 2003. From 1973 to 1998, Mr. Blazer also served in varying capacities leading up to the position of Vice President of Finance and Administration for The Plastic Moldings Corporation, a custom manufacturer of precision molded plastic components.

David D. Blum became a Senior Vice President of CECO on July 1, 2000 and the President of Kirk & Blum on November 12, 2002. Mr. Blum served as Vice President of Kirk & Blum from 1997 to 2000 and was Vice President-Division Manager, Louisville at Kirk & Blum from 1984 to 1997. Mr. Blum is the brother of Mr. Richard Blum.

Jason DeZwirek, the son of Phillip DeZwirek, became a director of CECO in February 1994. He became Secretary of CECO on February 20, 1998. He also serves as Secretary of CECO Group (since December 10, 1999).

Mr. DeZwirek's principal occupation since October 1999 has been as an officer and director of Kaboose Inc., an online media company servicing the children and family markets that trades on the Toronto Stock Exchange (TSX:KAB). Mr. DeZwirek currently serves as Chairman and Chief Executive Officer of Kaboose Inc. Mr. DeZwirek also is a director and the Secretary of API Nanotronics Corp. (OTCBB:APIO), a publicly traded company engaged in the manufacture of electronic components and systems for the defense and communications industries.

Arthur Cape has served as a director since May 25, 2005. He has also served on the Audit Committee since such date. Mr. Cape has served the manufacturing industry for over 30 years. Since 1991 he has served as Director of International Sales for Shymac Innovative Marketing, located in Montreal, Canada, and Director of Sales for AJB Continental, located in San Antonio, Texas. Shymac Innovative Marketing manufactures brushes and AJB Continental is a distributor of brushes. Mr. Cape also acts as a consultant for several factories in China in the manufacturing and injection molding of plastic articles. He has been active in youth awareness programs and has served on various youth committees in Canada.

Thomas J. Flaherty became a director of CECO on May 10, 2004. He also serves, as of April 19, 2005, on our Stock Option Committee and as of December 1, 2005, on our Compensation Committee. Mr. Flaherty retired as Chief Operating Officer and board member of Fairchild Corp. in 1999. He spent forty years in various major industrial and aerospace corporations with worldwide responsibilities. His primary expertise is in operations, and in addition to serving as Chief Operating Officer of Fairchild, has served as President and Chief Operating Officer of IMO Industries, Chief Executive Officer, President and board member of Transnational Industries, Senior Vice President of Pratt & Whitney, and Executive Vice President of Hamilton Standard, both divisions of United Technologies. He has served on boards both in the United States and internationally and is currently sitting on four boards of not-for-profit companies.

Ronald E. Krieg has served as a director of CECO since April 20, 2005. Mr. Krieg has served on the Audit Committee since such time and, as of July 11, 2005, has served as Chairman of the Audit Committee. Mr. Krieg is a Certified Public Accountant and has been an audit partner of Jackson, Rolfes, Spurgeon & Co. since August 1, 2004. From 1965 through July 31, 2004, he was with Grant Thornton LLP, other than for two years when he served in the United States Marine Corps. He became a partner of Grant Thornton LLP in 1978. Mr. Krieg has spent nearly 40 years in the practice of public accounting with a national firm, with considerable experience in the areas of Sarbanes-Oxley and internal auditing. He is a past president of the Cincinnati Chapter of the Institute of Internal Auditors and has served on its Board of Governors for over 30 years. He has also served as a director of Pomeroy IT Solutions, Inc. a public company that trades on The Nasdaq Global Market under the symbol "PMRY" since December 9, 2005.

Donald A. Wright became a director of CECO on February 20, 1998. Mr. Wright has also been a member of the Audit Committee since February 20, 1998 and the Compensation Committee since its formation on December 1, 2005. He has also been a member of the Stock Option Committee since January 1, 2002. 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. From November 1996 through January of 2005, Mr. Wright served as a real estate broker with Prudential Dunn Realtors in Pacific Beach, California. Since January 2005, he has been an associate real estate broker with One Source Realty GMAC in San Diego California. On February 15, 2006, Mr. Wright became a director of Rubincon Ventures Inc., now known as API Nanotronics Corp. (OTCBB:APIO).

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

From January 1, 2006 through March 31, 2006, we reimbursed Green Diamond $5,000 per month, and since April 1, 2006 $10,000 per month, for use of the space and other office expenses of our Toronto office. Green Diamond is owned 50.1% by Icarus Investment Corp., which is controlled by Phillip DeZwirek, our Chief Executive Officer and Chairman of the Board, and Jason DeZwirek, our Secretary and member of our Board of Directors.

During the fiscal year ended December 31, 2006, we paid fees of $340,000 to Green Diamond for management consulting services. The services were provided by Phillip DeZwirek, our Chief Executive Officer and Chairman of the Board, through Green Diamond. We continue to pay consulting fees in the amount of $30,000 per month to Green Diamond under a consulting agreement dated March 26, 2007. Mr. DeZwirek does not receive a salary or other benefits from us as he is compensated by Green Diamond.

In December 1999, Green Diamond provided us $4,000,000 of subordinated debt evidenced by a promissory note, which we refer to as the 1999 note. Such amount was borrowed in connection with our acquisition of Kirk & Blum. On September 30, 2003, Green Diamond provided an additional $1,200,000 of subordinated debt evidenced by a promissory note, which we refer to as the 2003 note, which amount was used for working capital purposes. Our loan documents prevented us from paying interest on either note until January 6, 2006, when we made a payment of accrued interest to Green Diamond of $1,551,350 on the 1999 note and $167,400 on the 2003 note.

The maturity dates of the notes were extended on December 28, 2006 to July 1, 2008. In consideration of such extension, the interest rate of the 2003 note was increased from 6% to 12% and we issued 250,000 warrants to Green Diamond at an exercise price of $9.07 per share. The warrants are exercisable immediately and expire on December 28, 2016. The maturity dates of the notes were extended to January 1, 2010 pursuant to a fourth amended and restated promissory note in the principal amount of $1,200,000 and a sixth amended and restated replacement promissory note in the principal amount of $4,542,270, both dated March 26, 2007. We intend to use a portion of the net proceeds from this offering to repay these borrowings in full. When the subordinated debt is repaid, we will recognize a non-cash charge of approximately $750,000 related to the unamortized discount on the notes resulting from the issuance of the warrants. This will be a one-time, non-recurring, non-cash charge included in interest expense for the quarter in which the debt is repaid.

In December 1999, Harvey Sandler, who since April 2005 has beneficially owned, through the Harvey Sandler Revocable Trust, in excess of 10% of our common stock, provided us $500,000 of subordinated debt. On February 2, 2006, Mr. Sandler agreed to extend the maturity date of the note evidencing the debt from June 7, 2006 to April 1, 2007. We paid $240,000 in accrued interest in May 2006 and repaid his note in full on May 31, 2006, in an amount of approximately $525,000 in principal and remaining accrued interest.

Lawrence J. Blum, a brother of Richard Blum, our President, and David Blum, our Senior Vice President, is a Vice President of Kirk & Blum. Mr. Lawrence Blum’s salary in 2006 was $128,750, which is comparable to other officers at a similar level.

PRINCIPAL AND SELLING STOCKHOLDERS

Phillip DeZwirek, Jason DeZwirek, Richard Blum, David Blum and Lawrence Blum are the selling stockholders in this offering. Phillip DeZwirek is our Chief Executive Officer and Chairman of the Board; Jason DeZwirek is our Secretary and a member of our Board of Directors; Richard Blum is our President and a member of our Board of Directors; David Blum is our Senior Vice President; and Lawrence J. Blum is Vice President of Kirk & Blum. The selling stockholders are offering an aggregate of 2,348,166 shares of our common stock in this offering. We will not receive any of the proceeds from the shares offered by the selling stockholders.

We will receive $4,687,281 in proceeds from the exercise of the warrants held by Phillip DeZwirek, Richard Blum, David Blum and Lawrence Blum for 1,749,500 shares of common stock included in this prospectus. Richard Blum holds a warrant to purchase 448,000 shares, 224,000 shares of which are included in this prospectus; David Blum holds a warrant to purchase 335,000 shares, 167,000 shares of which are included in this prospectus; and Lawrence Blum holds a warrant to purchase 217,000 shares, 108,500 shares of which are included in this prospectus. All of these warrants, which refer to as the Blum warrants, were granted on December 7, 1999, and have an exercise price of $2.9375.

Phillip DeZwirek holds three separate warrants for (i) 500,000 shares with an exercise price of $2.065 per share, (ii) 250,000 shares with an exercise price of $2.75 per share and (iii) 500,000 shares with an exercise price of $3.00 per share, all of which are included in this prospectus. We refer to these warrants as the DeZwirek warrants.

Based solely upon information provided to us by either the named selling stockholder, our transfer agent or our review of reports filed pursuant to Section 16(a) of the Exchange Act, the following table sets forth certain information regarding the beneficial ownership of our common stock as of April 25, 2007 by:

- the selling stockholders;
- each of our directors;
- each of our named executive officers;
- all of our directors and officers as a group; and
- each person, or group of affiliated persons, known to us to beneficially own 5% or more of our outstanding common stock.

Except as otherwise indicated, the beneficial owners named in the table below have sole voting and investment control with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the SEC. The table includes shares of common stock that may be acquired pursuant to the exercise of warrants and options exercisable within 60 days of April 25, 2007. Percentage beneficial ownership before the offering is based on 11,507,309 shares of common stock outstanding as of April 25, 2007. The percentage of our common stock outstanding after the offering assumes the sale by us of 1,000,000 newly issued shares of our common stock in this offering and the issuance 1,749,500 shares of common stock upon the exercise of DeZwirek and Blum warrants by the selling stockholders and the sale of such shares in this offering.

Name and Address	Shares of Common Stock Beneficially Owned Prior to the Offering		Number of Shares Being Offered	Shares of Common Stock Beneficially Owned After the Offering[1]	
	Number	Percent		Number	Percent
Jason DeZwirek[2] 505 University Avenue, Suite 1400 Toronto, Ontario M56 1X3	3,306,359	28.1%	598,666	2,707,693	18.7%
Phillip DeZwirek[3] 505 University Avenue, Suite 1400 Toronto, Ontario M56 1X3	3,268,390	25.1%	1,250,000	2,018,390	13.9%
Icarus Investment Corp.[4] 505 University Avenue Suite 1400 Toronto, Ontario M5G 1X3	1,707,693	14.5%	—	1,707,693	11.8%
Harvey Sandler Revocable Trust[5] 21170 NE 22nd Court North Miami Beach FL 33180	1,477,517	12.8%	—	1,477,517	10.4%
Tontine Capital Partners, L.P.[6] 55 Railroad Avenue Third Floor Greenwich, Connecticut 0683	985,874	8.6%	—	985,874	6.9%
Unicredito Italiano S.p.A.[7] Piazza Cordusio 2 20123 Milan, Italy	600,852	5.2%	—	600,852	4.2%
Richard J. Blum[8] 3120 Forrer Street Cincinnati, Ohio 45209	499,241	4.2%	224,000	275,241	1.9%
David D. Blum[9] 3120 Forrer Street Cincinnati, Ohio 45209	345,000	2.9%	167,000	178,000	1.2%
Lawrence J. Blum[10] 3120 Forrer Street Cincinnati, Ohio 45209	227,279	1.9%	108,500	118,779	*
Thomas J. Flaherty[11] 6 Heron Rd. Mystic, Connecticut 06355	50,105	*	—	50,105	*
Donald Wright[12] 3562 Ethan Allen Ave San Diego, California 92117	45,400	*	—	45,400	*
Dennis W. Blazer[13] 3120 Forrer Street Cincinnati, Ohio 45209	30,000	*	—	30,000	*
Ronald Krieg[14] 20720 State Route 1 Guilford, Indiana 47022	15,000	*	—	15,000	*
Arthur Cape[15] 4832 Melrose Avenue Montreal, Canada H3X 3P5	11,000	*	—	11,000	*
All directors and officers as a group of nine persons	5,862,802	42.1%	2,348,166	3,623,136	24.1%

* Less than 1%

1 Assumes the sale of all of the shares of common stock offered hereby and the exercise of warrants to purchase 1,749,500 shares of common stock by the selling stockholders.

2 Jason DeZwirek has served as our Secretary since 1998 and a member of our Board of Directors since 1994. The number of shares listed includes 1,334,360 shares owned by Icarus Investment Corp., which we refer to as Icarus, 123,333 shares of common stock owned by Green Diamond, and 250,000 shares of common stock that may be purchased pursuant to warrants granted to Green Diamond on December 28, 2006. See footnote 4 below. Mr. DeZwirek is the son of Mr. Phillip DeZwirek.

3 Phillip DeZwirek has served as our Chief Executive Officer and Chairman of the Board since 1979. The number of shares listed includes (i) the 1,250,000 shares of common stock issuable upon exercise of the DeZwirek warrants, which shares are included in this prospectus, (ii) 250,000 shares of common stock issuable upon the exercise of warrants held by Green Diamond, (iii) 123,333 shares of common stock owned by Green Diamond, and (iv) 1,334,360 shares of common stock held by Icarus. See footnote 4 below. Mr. DeZwirek is the father of Mr. Jason DeZwirek.

4 Includes 123,333 shares of common stock owned by Green Diamond and 250,000 shares that may be purchased pursuant to warrants granted to Green Diamond on December 28, 2006. Icarus owns 50.1% of the outstanding shares of Green Diamond. Icarus is owned 50% by Phillip DeZwirek and 50% by Jason DeZwirek. Mr. Phillip DeZwirek and Mr. Jason DeZwirek are deemed to have shared voting and investment control over the shares beneficially owned by Icarus, including the shares of common stock beneficially owned by Green Diamond. Ownership of our shares of common stock owned by Icarus, including the shares of common stock beneficially owned by Green Diamond, is attributed to both Phillip DeZwirek and Jason DeZwirek.

5 This information was obtained from a Form 4 filed with the SEC on March 22, 2007.

6 This information was obtained from a Schedule 13G/A filed with the SEC on February 4, 2005.

7 This information was obtained from a Schedule 13G filed with the SEC on April 11, 2007.

8 Richard J. Blum is our President and member of our Board of Directors. The number of shares listed includes 448,000 shares of our common stock that Mr. Blum has the right to purchase pursuant to a warrant, of which 224,000 shares of our common stock are included in this offering. Also includes 25,000 shares that may be purchased pursuant to options granted to Mr. Blum on October 5, 2001.

9 David D. Blum is a Senior Vice President of CECO. The number of shares listed includes 335,000 shares of our common stock that Mr. Blum has the right to purchase pursuant to a warrant, of which 167,000 shares of our common stock are included in this offering.

10 Lawrence J. Blum is a Vice President of Kirk & Blum. The number of shares listed includes 217,000 shares of our common stock that Mr. Blum has the right to purchase pursuant to a warrant, of which 108,500 shares of our common stock are included in this offering.

11 Thomas Flaherty has served as member of our Board of Directors since 2004. The number of shares listed includes (i) 40,105 shares of our common stock Mr. Flaherty has the right to purchase pursuant to options granted to Mr. Flaherty on May 10, 2004, (ii) 5,000 shares that may be purchased pursuant to options granted January 5, 2005, and (iii) 5,000 shares of our common stock that may be purchased pursuant to options granted June 21, 2006.

12 Donald Wright has served as a member of our Board of Directors since 1998. The number of shares listed includes 10,000 shares of our common stock that may be purchased pursuant to options granted January 5, 2005 and 5,000 shares of our common stock that may be purchased pursuant to options granted June 21, 2006.

13 Dennis Blazer has been our Chief Financial Officer and Vice President—Finance and Administration since December 2004. Includes 5,000 shares of our common stock that may be purchased pursuant to options granted June 21, 2006

14 Ronald Krieg has served as a member of our Board of Directors since April 20, 2005. Mr. Krieg has served on the Audit Committee since such time and, as of July 11, 2005, has served as Chairman of the Audit Committee. The number of shares listed includes options to purchase 10,000 shares of our common stock pursuant to an option granted April 20, 2005 and 5,000 shares of our common stock that may be purchased pursuant to options granted June 21, 2006.

15 Arthur Cape has served as a member of our Board of Directors since 2005. The number of shares listed includes options to purchase 5,000 shares of our common stock pursuant to an option granted May 25, 2005 and 5,000 shares of our common stock that may be purchased pursuant to options granted June 21, 2006.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement that we expect to enter into with the underwriters, the underwriters will be committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised. Subject to certain conditions to be contained in the underwriting agreement, each underwriter will severally agree to purchase the number of shares indicated in the following table. Oppenheimer & Co. Inc. will be the representative of the underwriters.

Underwriters	Number of Shares
Oppenheimer & Co. Inc.	
Needham & Company, LLC.	
	3,348,166

Shares sold by the underwriters to the public will initially be offered at the offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the offering price. Any such securities dealers may resell any shares purchased from the underwriters to certain other brokers or dealers at a discount of up to $ per share from the offering price.

Over-Allotment Option

If the underwriters sell more shares than the total number set forth in the table above, the underwriters will have an option to buy up to an additional 502,225 shares from us to cover such sales, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus. They may exercise that option in whole or in part for 30 days from the date of the underwriting agreement. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above. The underwriters may exercise the over-allotment option only to cover over-allotments made in connection with the sale of the shares of commons stock offered in this offering.

Discounts and Expenses

The following table shows the amount per share and total underwriting discounts and commissions to be paid to the underwriters by us and the selling stockholders. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase an aggregate of 502,225 additional shares from us.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price by us			
Underwriting discounts and commissions to be paid by us			
Proceeds, before expenses, to us			
Public offering price by the selling stockholders			
Underwriting discounts and commissions to be paid by the selling stockholders			
Proceeds, before expenses, to be paid by the selling stockholders			

We estimate that the total expenses payable by us in connection with this offering, exclusive of underwriting discounts and commissions, will be approximately $400,000.

Lock-up Agreements

We and the selling stockholders will agree that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of

our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of Oppenheimer & Co. Inc. for a period of 90 days after the date of this prospectus. This agreement will not apply (i) as to us, to the filing of a registration statement on Form S-8 under the Securities Act to register securities issuable under our existing employee benefit plans, our issuance of common stock upon exercise of an existing option or warrant, our granting of awards pursuant to our existing employee benefit plans or the transfer of any shares of common stock pursuant to a tender offer, exchange offer, merger, business combination or similar transaction that will result in the holders of our common stock outstanding immediately prior to such transaction failing to continue to represent at least 50% percent of the combined voting power of our common stock or such surviving or other entity outstanding immediately after such transaction and (ii) as to the selling stockholders, to the shares offered pursuant to this prospectus or transfers to family members or affiliates or transfers following the death of a selling stockholder.

Our officers and directors will agree that they will not, other than as contemplated by this prospectus, offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose, unless required by law, the intention to make any offer, sale, pledge or disposition or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Oppenheimer & Co. Inc. for a period of 90 days after the date of this prospectus. These agreements will be subject to several exceptions.

Notwithstanding the foregoing, if (i) we issue an earnings release or material news or a material event relating to us occurs during the last 17 days of such 90-day restricted period, or (ii) prior to the expiration of such 90-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of such 90-day restricted period, the restrictions imposed by the lock-up agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Stabilization

In connection with this offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional shares from us in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option granted to them. “Naked” short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position. Stabilizing transactions consist of various bids for, or purchases of, common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discounts received by it because the representative has repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our common stock. As a result, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on The Nasdaq Global Market or otherwise.

Indemnification

We and the selling stockholders will agree to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act for certain errors or omissions in this prospectus or the registration statement of which this prospectus is a part. However, neither we nor the selling stockholders will indemnify the underwriters if the error or omission was the result of information the underwriters supplied in writing for inclusion in this prospectus or the registration statement. If we or the selling stockholders cannot indemnify the underwriters, we and the selling stockholders have agreed to contribute to payments the underwriters may be required to make in respect of those liabilities. The contribution by us or the selling stockholders would be in the proportion that the proceeds (after underwriting discounts and commissions) that we or the selling stockholders receive from this offering bear to the proceeds (from underwriting discounts and commissions) that the underwriters receive. If we or the selling stockholders cannot contribute in this proportion, we or the selling stockholders will contribute based on our fault and benefit, as set forth in the underwriting agreement.

Listing

Our common stock is listed on The Nasdaq Global Market under the symbol “CECE.” We will apply to have the shares of common stock to be issued in this offering approved for listing on The Nasdaq Global Market.

Electronic Prospectus

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their own online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter’s or any selling group member’s website and any information contained in any other website maintained by the underwriters or any selling group member is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriters or any selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Affiliations

Certain of the underwriters and their respective affiliates may in the future perform various financial advisory and investment banking services for our company and our affiliates for which they will receive customary fees and expenses.

LEGAL MATTERS

The validity of the common stock offered under this prospectus will be passed upon for us by Sugar, Friedberg & Felsenthal LLP, Chicago, Illinois. Certain legal matters in connection with the common stock offered under this prospectus will be passed upon for the underwriters by Porter & Hedges, L.L.P., Houston, Texas.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference from the CECO Environmental Corp. Annual Report on Form 10-K as of December 31, 2006 and for the two years ended December 31, 2006 have been audited by Battelle and Battelle LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements incorporated in this prospectus by reference from the CECO Environmental Corp. Annual Report on Form 10-K for the year ended December 31, 2004 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of Effox, Inc. for the year ended December 31, 2006 incorporated in this prospectus by reference from the CECO Form 8-K/A filed April 5, 2007 have been audited by Greenwalt Sponsel & Co., Inc., an independent public accounting firm, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of Effox, Inc. for the years ended December 31, 2005 and December 31, 2004, incorporated in this prospectus by reference from the CECO Form 8-K/A filed April 5, 2007 have been audited by Jackson, Rolfes, Spurgeon & Co., an independent public accounting firm, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a Registration Statement on Form S-3 under the Securities Act, with respect to the shares offered hereby. This prospectus is part of the registration statement. This prospectus does not contain all the information set forth in the registration statement and the exhibits and schedules thereto, to which reference is hereby made for further information. This prospectus does not contain all the information included in a registration statement because we have omitted parts of the registration statement as permitted by the SEC's rules and regulations. For further information about us, you should refer to the registration statement. Statements contained in this prospectus as to any contract, agreement or other document referred to are not necessarily complete. Where the contract or other document is an exhibit to the registration statement, each statement is qualified by the provisions of that exhibit.

We are a reporting company and also file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy all or any portion of the registration statement or any reports, proxy statements, or other information that we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the public reference rooms. In addition, our SEC filings are available from the SEC's Internet site at http://www.sec.gov, which contains reports, proxy and information statements, and other information regarding issuers that file electronically.

The SEC allows us to "incorporate by reference" information that we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below (other than those furnished pursuant to Item 2.02 or Item 7.01 on Form 8-K) and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than those furnished pursuant to Item 2.02 or Item 7.01 on Form 8-K) after the date of this prospectus and prior to the termination of this offering:

- Annual Report on Form 10-K for the year ended December 31, 2006; and
- Our Current Reports on 8-K filed with the SEC on January 9, 2007, March 6, 2007, March 19, 2007, March 23, 2007, March 30, 2007, April 5, 2007 and April 12, 2007; and
- The description of our common stock contained in the registration statement on Form 10 filed with the SEC on December 13, 1992 pursuant to Section 12(g) of the Exchange Act, together with all amendments or reports filed for the purpose of updating such description.

We will provide to each person to whom a prospectus is delivered, including any beneficial owner, a copy of all the information that has been incorporated by reference in this prospectus but not delivered with this prospectus at no cost, upon written or oral request at the following address or telephone number:

CECO Environmental Corp.
Attn: Dennis W. Blazer
3120 Forrer Street
Cincinnati, Ohio 45209
(513) 458-2600

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CECO ENVIRONMENTAL CORP.

3,348,166 Shares

Common Stock

PROSPECTUS

Oppenheimer & Co.

Needham & Company, LLC

, 2007

PART II—INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION*

The following is a statement of estimated expenses of the issuance and distribution of the securities being registered (other than underwriting discounts and commissions), all of which are being paid by the Registrant.

SEC Registration Fee	$ 1,656
Accounting Fees and Expenses	65,000
Legal Fees and Expenses.	125,000
Printing Expenses	125,000
Roadshow Expenses	50,000
Miscellaneous	33,344
Total	$ 400,000

* All amounts are estimates except for the SEC Registration Fee.

Item 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law, our certificate of incorporation and our bylaws provide for indemnification of our directors, officers, employees and other agents to the extent permitted by the Delaware General Corporation Law. Mandatory indemnification is required for directors and executive officers, and we provide for permissive indemnification for other officers, employees and agents. Also, we are authorized to purchase insurance on behalf of an individual for liabilities incurred whether or not we would have the power or obligation to indemnify him under our bylaws.

Item 16. EXHIBITS

1.1	Form of Underwriting Agreement.
5.1	Opinion of Sugar, Friedberg & Felsenthal LLP.
23.1	Consent of Independent Registered Public Accounting Firm of Battelle & Battelle LLP.
23.2	Consent of Independent Registered Public Accounting Firm of Deloitte & Touche LLP.
23.3	Consent of Greenwalt Sponsel & Co., Inc.
23.4	Consent of Jackson, Rolfes, Spurgeon & Co.
24.1	Power of Attorney.(1)

(1) Previously filed on April 11, 2007.

Item 17. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and

contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be a part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Amendment No . 1 to Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Cincinnati, Ohio on April 26, 2007.

CECO Environmental Corp.

By: /S/ DENNIS W. BLAZER
Dennis W. Blazer
Vice President-Finance and Administration
Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

*	April 26, 2007
Phillip DeZwirek, **Chairman of the Board, Director** **and Chief Executive Officer** **(Principal Executive Officer)**	
/S/ DENNIS W. BLAZER	April 26, 2007
Dennis W. Blazer, **Vice President-Finance** **and Administration;** **Chief Financial Officer** **(Principal Accounting and Financial Officer)**	
/S/ RICHARD J. BLUM	April 26, 2007
Richard J. Blum, **President, Director**	
*	April 26, 2007
Jason DeZwirek, Director	

*	April 26, 2007
Ronald E. Krieg, Director	
*	April 26, 2007
Thomas J. Flaherty, Director	
*	April 26, 2007
Donald A. Wright, Director	
*	April 26, 2007
Arthur Cape, Director	

*By: /S/ DENNIS W. BLAZER
Dennis W. Blazer
Attorney-in-fact

Exhibit 1.1

3,348,166
CECO Environmental Corp.
Common Stock
UNDERWRITING AGREEMENT

May __, 2007

OPPENHEIMER & CO. INC.
125 Broad Street
New York, New York 10004

As Representative of the several
Underwriters named in Schedule A hereto

Ladies and Gentlemen:

Introductory. CECO Environmental Corp., a Delaware corporation (the "**Company**"), proposes to issue and sell to the several underwriters named in Schedule A (the "**Underwriters**") an aggregate of 1,000,000 shares of its common stock, par value $0.01 per share (the "**Shares**"), and the stockholders of the Company named in Schedule B (collectively, the "**Selling Stockholders**") severally propose to sell to the Underwriters an aggregate of 2,348,166 Shares. The 1,000,000 Shares to be sold by the Company and the 2,348,166 Shares to be sold by the Selling Stockholders are collectively called the "**Firm Shares**." In addition, the Company has granted to the Underwriters an option to purchase up to an additional 502,250 Shares (the "**Optional Shares**"), as provided in Section 2. The Firm Shares and, if and to the extent such option is exercised, the Optional Shares are collectively called the "**Offered Shares**." Oppenheimer & Co. Inc. ("**Oppenheimer**") has agreed to act as representative of the several Underwriters (in such capacity, the "**Representative**") in connection with the offering and sale of the Offered Shares.

The Company has prepared and filed with the Securities and Exchange Commission (the "**Commission**") a registration statement on Form S-3 (File No. 333-142052), and amendments thereto, and related preliminary prospectuses to be used in connection with the public offering and sale of the Offered Shares. Such registration statement, as amended, including the prospectus, financial statements, exhibits and schedules thereto, in the form in which it was declared effective by the Commission under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (collectively, the "**Securities Act**"), including all documents incorporated or deemed to be incorporated by reference therein and any information deemed to be a part thereof at the time of effectiveness pursuant to Rule 430A under the Securities Act or the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the "**Exchange Act**"), is called the "**Registration Statement**." Any registration statement filed by the Company pursuant to Rule 462(b) under the Securities Act is called the "**Rule 462(b) Registration Statement**," and from and after the date and time of filing of the Rule 462(b) Registration Statement the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The prospectus, in the form first used by the Underwriters to confirm sales of the Offered Shares or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act, is called the "**Prospectus.**" Any preliminary prospectus included in the Registration Statement or filed with the

Commission pursuant to Rule 424 under the Securities Act is called a "**preliminary prospectus**." As used herein, "**free writing prospectus**" has the meaning set forth in Rule 405 under the Securities Act, and "**Time of Sale Prospectus**" means any preliminary prospectus, together with the free writing prospectuses, if any, identified on Schedule C, including each "road show" (as defined in Rule 433 under the Act), if any, related to the offering of the Shares contemplated hereby that is a "written communication" (as defined in Rule 405 under the Act) (each such road show, a "**Road Show**"). As used herein, the terms "Registration Statement," "preliminary prospectus" and Prospectus shall include the documents, if any, incorporated by reference therein pursuant to Item 12 of Form S-3, which were filed under the Exchange Act on or before the effective date of the Registration Statement or the date of any preliminary prospectus or the Prospectus, as the case may be, and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement, any preliminary prospectus or the Prospectus shall be deemed to refer to and include (i) the filing of any document under the Exchange Act after the effective date of the Registration Statement or the date of any preliminary prospectus or the Prospectus, as the case may be, which is incorporated therein by reference and (ii) any such document so filed. All references in this Agreement to (i) the Registration Statement, 462(b) Registration Statement, a preliminary prospectus, or the Prospectus, or any amendments or supplements to any of the foregoing, shall include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System ("**EDGAR**") and (ii) the Prospectus shall be deemed to include the "**electronic Prospectus**" provided for use in connection with the offering of the Offered Shares as contemplated by Section 3(A)(n) of this Agreement. All references in this Agreement to financial statements and schedules and other information which are "**contained**," "**included**" or "**stated**" in the Registration Statement or the Prospectus (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement or the Prospectus pursuant to Item 12 of Form S-3, which were filed under the Exchange Act on or before the effective date of the Registration Statement or the date of any preliminary prospectus or the Prospectus, as the case may be.

The Company and each of the Selling Stockholders hereby confirm their respective agreements with the Underwriters as follows:

Section 1. Representations and Warranties

A. Representations and Warranties of the Company. The Company hereby represents, warrants and covenants to each Underwriter as follows:

(a) *Compliance with Registration Requirements*. The Registration Statement and any Rule 462(b) Registration Statement have been declared effective by the Commission under the Securities Act. The Company has complied with all requests of the Commission for additional or supplemental information. No stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement is in effect and no proceedings for such purpose have been instituted or are pending or, to the best knowledge of the Company, are contemplated or threatened by the Commission.

Each preliminary prospectus and the Prospectus when filed complied in all material respects with the Securities Act and, if filed by electronic transmission pursuant to EDGAR (except as may be permitted by Regulation S-T under the Securities Act), was identical to the copy thereof delivered to the Underwriters for use in connection with the offer and sale of the Offered Shares. Each of the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendment thereto, at the time it became effective complied and, as amended or supplemented, if applicable, will, as of the date of such amendment or supplement, as applicable, comply in all material respects with the Securities Act and did not and, as amended or supplemented, if applicable, will not, as of the date of such amendment or supplement, as applicable, contain any untrue statement of a material fact or omit to state a

material fact required to be stated therein or necessary to make the statements therein not misleading. The Time of Sale Prospectus does not, and at the time of each sale of the Shares in connection with the offering and at the First Closing Date (as defined in Section 2), the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Prospectus, as of its date, did not and, as amended or supplemented, if applicable, will not, as of the date of such amendment or supplement, as applicable, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties set forth in the three immediately preceding sentences do not apply to statements in or omissions from the Registration Statement, any Rule 462(b) Registration Statement, or any post-effective amendment thereto, or the Prospectus or Time of Sale Prospectus, or any amendments or supplements thereto, made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by the Representative expressly for use therein, it being understood and agreed that the only such information furnished by the Representative to the Company consists of the information described in Section 9(c) below. There are no contracts or other documents required to be described in the Prospectus or to be filed as exhibits to the Registration Statement which have not been described or filed as required.

The Company meets, and at the time the Registration Statement was originally declared effective the Company met, the applicable requirements for use of Form S-3 under the Securities Act. The Company also meets the requirements for use of Form S-3 under the Securities Act referenced in Conduct Rule 2710(b)(7)(C)(i) of the National Association of Securities Dealers Inc. (the "**NASD**").

The documents incorporated or deemed to be incorporated by reference in the Prospectus, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the applicable requirements of the Exchange Act, and, when read together with the other information in the Prospectus, at the time the Registration Statement and any amendments thereto become effective and at the First Closing Date and the applicable Option Closing Date, as the case may be, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the facts required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The Company is not an "ineligible issuer" (as defined in Rule 405 under the Securities Act) in connection with the offering pursuant to Rules 164, 405 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or on behalf of or used or referred to by the Company complies or will comply in all material respects with the requirements of the Securities Act. Except for the free writing prospectuses, if any, identified on Schedule C, and electronic road shows, if any, furnished to you before first use, the Company has not prepared, used or referred to, and will not, without your prior consent, prepare, use or refer to, any free writing prospectus.

(b) *Offering Materials Furnished to Underwriters*. The Company has delivered to the Representative one complete manually signed copy of the Registration Statement and of each consent and certificate of experts filed as a part thereof, and conformed copies of the Registration Statement (without exhibits) and preliminary prospectuses, Time of Sale Prospectus, and the Prospectus, as amended or supplemented, in such quantities and at such places as the Representative has reasonably requested for each of the Underwriters.

(c) *Distribution of Offering Material By the Company*. The Company has not distributed and will not distribute, prior to the later of (i) the expiration or termination of the option granted to the several Underwriters in Section 2 and (ii) the completion of the Underwriters' distribution of the Offered Shares, any offering material in connection with the offering and sale of the Offered Shares other than a preliminary prospectus, Time of Sale Prospectus, the Prospectus or the Registration Statement or any other document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Securities Act or Rule 134 under the Securities Act.

(d) *Independent Accountants*. Batelle & Batelle LLP (i) was listed as an independent registered public accounting firm with the Public Company Accounting Oversight Board as of the date hereof and, to the knowledge of the Company, continues to hold this status and (ii) to the knowledge of the Company, is, with respect to the Company, in compliance with subsections (g) through (l) of Section 10A of the Exchange Act. Deloitte & Touche LLP (i) was listed as an independent registered public accounting firm with the Public Company Accounting Oversight Board as of the date hereof and, to the knowledge of the Company, continues to hold this status and (ii) to the knowledge of the Company, is, with respect to the Company, in compliance with subsections (g) through (l) of Section 10A of the Exchange Act.

(e) *Financial Statements*. The financial statements filed with the Commission as a part of or incorporated by reference into the Registration Statement, the Prospectus and Time of Sale Prospectus present fairly in all material respects the financial condition of the Company as of and at the dates indicated, and the statements of operations, stockholders' equity and comprehensive income and cash flows of the Company for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("**GAAP**") applied on a consistent basis throughout the periods involved except to the extent disclosed in the notes thereto. The pro forma financial information and the related notes thereto included or incorporated by reference in the Registration Statement, the Time of Sale Prospectus and the Prospectus have been prepared in accordance with the Commission's rules and guidance with respect to pro forma financial information, and the assumptions underlying such pro forma financial information are reasonable and are set forth in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus. The selected historical financial data and the summary financial data included in the Prospectus present fairly, in all material respects, the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included or incorporated by reference into the Registration Statement. The other financial and statistical data set forth in the Registration Statement and included in either the Prospectus or the Time of Sale Prospectus are accurately presented and prepared on a basis consistent with the financial statements and books and records of the Company. There are no financial statements (historical or pro forma) that are required to be included in the Registration Statement and either the Prospectus or the Time of Sale Prospectus that are not included as required. Neither the Company nor any Subsidiary or Joint Venture has engaged in or effected any transaction or arrangement that would constitute an "off-balance sheet arrangement" (as defined in Item 303 of Regulation S-K of the Commission ("**Regulation S-K**")). All non-GAAP financial measures (as defined in Regulation G of the Commission) and ratios derived using non-GAAP financial measures have been presented in compliance with Item 10 of Regulation S-K.

(f) *No Material Adverse Change in Business*. Except as disclosed in the Time of Sale Prospectus, subsequent to the respective dates as of which information is given in the Time of Sale Prospectus, there has been no (i) material adverse change in the condition, financial or otherwise, results of operations or prospects of the Company and its Subsidiaries and Joint Ventures, each as defined below, taken as a whole (the "**Enterprise**"), whether or not arising in the ordinary course of business (a "**Material Adverse Change**"), (ii) transaction which is material to the Enterprise, (iii) any obligation, direct or contingent (including any off-balance sheet obligations), incurred by the Company or any

Subsidiary or Joint Venture, which is material to the Enterprise, (iv) change in the capital stock of the Company or any Subsidiary or Joint Venture, (v) material change in the outstanding indebtedness of the Company or any Subsidiary or Joint Venture or (vi) dividend or distribution of any kind declared, paid or made on the capital stock of the Company.

(g) *Good Standing of the Company*. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and Time of Sale Prospectus and to enter into and perform its obligations under this Agreement. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Change.

(h) *Good Standing of Subsidiaries and Joint Ventures*. Each subsidiary (as such term is defined in Rule 1-02 of Regulation S-X) of the Company (each, a "**Subsidiary**," and together, the "**Subsidiaries**") and each joint venture of the Company (each, a "**Joint Venture**," and together, the "**Joint Ventures**") is identified in Schedule D to this Agreement. Each Subsidiary and Joint Venture has been duly organized and is validly existing as a business entity in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to own, lease and operate its properties and to conduct its business as described in the Time of Sale Prospectus, and is duly qualified as a foreign business entity (corporate or otherwise) to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Change. All of the issued and outstanding equity interests of each Subsidiary and Joint Venture has been duly authorized and validly issued, and are fully paid and non-assessable; except in the case of the Joint Ventures or as otherwise disclosed in the Time of Sale Prospectus, all such shares are wholly owned by the Company, directly or through its Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity, and none of the outstanding equity interests of any Subsidiary was issued in violation of the preemptive or similar rights of any security holder of such Subsidiary, except that the shares of kbd/Technic, Inc. are held in a voting trust of which Richard J. Blum, as the president of the Company, is the trustee to satisfy the requirements for such subsidiary to be a professional engineering firm.

(i) *Capitalization.* The authorized capital stock of the Company, and the issued and outstanding capital stock of the Company as of the date hereof after giving effect to the offering of the Shares and the other transactions contemplated by this Agreement and assuming the exercise by the Underwriters of the option to purchase the Optional Shares, as provided in Section 2, is as set forth in the Time of Sale Prospectus under the caption "Capitalization" under the "Pro Forma As Adjusted" column (other than for subsequent issuances, if any, pursuant to employee benefit plans described in the Time of Sale Prospectus or upon exercise of outstanding options described in the Time of Sale Prospectus). The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable and none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or similar rights of any security holder of the Company. The description of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, as described in the Registration Statement or in the Time of Sale Prospectus accurately and fairly present in all material respects the information required to be shown with respect to such plans, arrangements, options and rights.

(j) *Other Securities*. Except as disclosed in the Time of Sale Prospectus, there are no outstanding (i) securities or obligations of the Company or any Subsidiary or Joint Venture convertible

into or exchangeable for any equity interests of the Company or any Subsidiary or Joint Venture, (ii) warrants, rights or options to subscribe for or purchase from the Company or any Subsidiary or Joint Venture any equity interests or any such convertible or exchangeable securities or obligations, or (iii) obligations of the Company or any Subsidiary or Joint Venture to issue any equity interests, any such convertible or exchangeable securities or obligations, or any such warrants, rights or options.

(k) *Stock Exchange Listing*. The Shares are registered pursuant to Section 12(b) of the Exchange Act and are listed on the Nasdaq Global Market and the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Shares under the Exchange Act or delisting the Shares from the Nasdaq Global Market, nor has the Company received any notification that the Commission or the Nasdaq Global Market is contemplating terminating such registration of listing. The Company is in compliance with all applicable corporate governance requirements set forth under the rules of the NASD.

(l) *Compliance with Laws*. The Company and each Subsidiary and Joint Venture are in compliance with all laws as in effect on the date hereof applicable to the conduct of their business or operations, or applicable to their employees, except where the failure to be in compliance would not cause a Material Adverse Change. None of the Company or any Subsidiary or Joint Venture has received notice of any violation of any law, or any potential liability under any law, relating to the operation of its business or to its employees or to any of the assets, operations, processes, employees or products of the Company or any Subsidiary or Joint Venture.

(m) *Authorization of Agreement and Binding Effect*. This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable in accordance with its terms except as enforcement may be limited by bankruptcy, insolvency or other laws or court decisions relating to or affecting creditor's rights generally, and except to the extent that enforcement of the indemnification and contribution obligations provided for herein may be limited by federal or state securities laws or the public policies underlying such laws.

(n) *Authorization and Description of Firm Shares and Optional Shares*. The Firm Shares to be issued by the Company and the Optional Shares have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement. When the Company issues and delivers the Firm Shares to be issued by the Company and the Optional Shares pursuant to this Agreement against payment of the consideration set forth herein, the Firm Shares to be issued by the Company and the Optional Shares will be validly issued, fully paid and non-assessable; the capital stock of the Company conforms in all material respects to the description thereof contained in the Time of Sale Prospectus, and such descriptions conform in all material respects to the rights set forth in the instruments defining the same; the issuance by the Company of the Firm Shares to be issued by the Company and the Optional Shares is not subject to preemptive or other similar rights of any security holder of the Company; and the Company has authorized and available a sufficient number of Shares for issuance of the Firm Shares to be issued by the Company and the Optional Shares pursuant to this Agreement and for issuance upon the exercise, conversion or exchange of all outstanding options and other securities of the Company that are convertible into or exchangeable for Shares.

(o) *Absence of Defaults and Conflicts*. Neither the Company nor any Subsidiary or Joint Venture is (i) in violation of its certificate of incorporation or by-laws, or (ii) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which it is a party or by which it may be bound, or to which any of the property or assets of the Company or any Subsidiary or Joint Venture is subject (collectively, "**Agreements and Instruments**") except, in the case of clause (ii), for any defaults which, singularly or in the aggregate, would not result in

a Material Adverse Change; and the execution, delivery and performance of this Agreement, the consummation of the transactions contemplated by this Agreement and in the Time of Sale Prospectus including the issuance and sale of the Offered Shares and the use of the proceeds from the sale of the Offered Shares as described therein, and the compliance by the Company with its obligations under this Agreement (except as contemplated by the Time of Sale Prospectus) do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company or any Subsidiary or Joint Venture pursuant to the Agreements and Instruments except for such conflicts, breaches, defaults, liens, charges or encumbrances which, singularly or in the aggregate, would not result in a Material Adverse Change, nor will such action result in any violation of the provisions of the certificate of incorporation or by-laws of the Company or any Subsidiary or Joint Venture or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Subsidiary or Joint Venture or any of their assets, properties or operations. As used herein, a "**Repayment Event**" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any Subsidiary or Joint Venture.

(p) *Absence of Labor Dispute*. No labor dispute with the employees of the Company or any Subsidiary or Joint Venture exists or to the knowledge of the Company is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its Subsidiaries, Joint Ventures, principal operators, contractors, suppliers or customers, which, in either case, would result in a Material Adverse Change. The Company is not aware that any key employee or significant group of employees of the Company or any Subsidiary or Joint Venture plans to terminate employment with the Company or such Subsidiary or Joint Venture.

(q) *Absence of Proceedings*. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any Subsidiary or Joint Venture, which is required to be disclosed in the Registration Statement (other than as disclosed in the Time of Sale Prospectus), or which might result in a Material Adverse Change, or which might materially and adversely affect the properties or assets of the Enterprise or the consummation of the transactions contemplated in this Agreement or the performance by the Company of its obligations hereunder; the aggregate of any and all pending legal or governmental proceedings to which the Company or any Subsidiary or Joint Venture is a party or of which any of their property or assets is the subject which are not described in the Time of Sale Prospectus, including ordinary routine litigation incidental to the business, could not result in a Material Adverse Change.

(r) *Accuracy of Exhibits*. There are no contracts or documents which are required to be described in the Registration Statement or the Prospectus pursuant to Form S-3 or to be filed as exhibits to the Registration Statement pursuant to Item 601 of Regulation S-K or incorporated by reference therein which have not been so described, filed or incorporated as required.

(s) *Possession of Intellectual Property*. The Company and the Subsidiaries and Joint Ventures own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "**Intellectual Property**") necessary to carry on the business now operated by them, except where the failure to own or possess, or have the ability to acquire on reasonable terms such Intellectual Property would not, singularly or in the aggregate, cause a Material

Adverse Change. Neither the Company nor any Subsidiary or Joint Venture has received any notice and is not otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any Subsidiary or Joint Venture therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Change.

(t) *Absence of Further Requirements*. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, or in connection with the offering, issuance or sale of the Offered Shares under this Agreement or the consummation of the transactions contemplated by this Agreement except such as have been already obtained or as may be required under the Securities Act or the regulations promulgated thereunder or state securities laws or by the NASD.

(u) *No Price Stabilization or Manipulation; Compliance with Regulation M*. Neither the Company nor any Subsidiary has taken, directly or indirectly, any action designed to or that would be reasonably expected to cause or result in stabilization or manipulation of the price of the Shares or any other "reference security" (as defined in Rule 100 of Regulation M under the Exchange Act ("**Regulation M**")) whether to facilitate the sale or resale of the Offered Shares or otherwise, and has taken no action which would directly or indirectly violate Regulation M. The Company acknowledges that the Underwriters may engage in passive market making transactions in the Offered Shares on the Nasdaq Global Market in accordance with Regulation M.

(v) *Possession of Licenses and Permits*. The Company and each Subsidiary and Joint Venture possess such permits, licenses, certificates, approvals, consents and other authorizations (collectively, "**Governmental Licenses**") issued by appropriate federal, state, local or foreign regulatory bodies necessary for the ownership of their respective assets and to conduct the business now operated by them, except where the failure to have obtained the same would not cause a Material Adverse Change; the Company and each Subsidiary and Joint Venture are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure to so comply would not singly or in the aggregate cause a Material Adverse Change; all of the Governmental Licenses are valid and in full force and effect, except where the invalidity or the failure to be in full force and effect would not singly or in the aggregate cause a Material Adverse Change; and neither Company nor any Subsidiary or Joint Venture has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding would result in a Material Adverse Change.

(w) *Title to Property*. The Company and each Subsidiary and Joint Venture have good and marketable title to all real property reflected in the financial statements hereinabove described as owned by them and good title to all other properties reflected in the financial statements hereinabove described as owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (i) are described in the Time of Sale Prospectus or (ii) do not, singly or in the aggregate, materially affect the value of such property and do not materially interfere with the use made or to be made of such property by the Company or any Subsidiary or Joint Venture, as applicable; and all of the leases and subleases material to the business of the Enterprise, and under which the Company or any Subsidiary or Joint Venture holds properties described in the Time of Sale Prospectus, are in full force and effect, and neither the Company nor any Subsidiary or Joint Venture has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any Subsidiary or Joint Venture under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or any Subsidiary or Joint Venture to the continued possession of the leased or subleased premises under any such lease or sublease.

(x) *Insurance*. Except as otherwise set forth in the Registration Statement, the Prospectus or the Time of Sale Prospectus, the Company and each Subsidiary and Joint Venture are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are adequate for the conduct of their businesses and as are customary for the business in which they are engaged; all such policies of insurance insuring the Company and each Subsidiary and Joint Venture are in full force and effect and the Company and each Subsidiary and Joint Venture has no reason to believe that any of them will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business. Except as otherwise set forth in the Registration Statement, the Prospectus or the Time of Sale Prospectus, there are no claims by the Company or any Subsidiary or Joint Venture under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause. Neither the Company nor any Subsidiary or Joint Venture has been refused any insurance coverage sought or applied for or for which a renewal was sought or applied for, except where the Company or such Subsidiary obtained similar coverage from similar insurers.

(y) *Taxes*. The Company and each of the Subsidiaries and Joint Ventures has filed on a timely basis all foreign, federal, state and local tax returns that are required to be filed or have requested extensions thereof (except in any case in which the failure so to file would not cause a Material Adverse Change) and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it to the extent due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or would not cause a Material Adverse Change.

(z) *Investment Company Act*. Neither the Company nor any Subsidiary or Joint Venture is required, and upon the issuance and sale of the Offered Shares as herein contemplated and the application of the net proceeds therefrom as described in the Time of Sale Prospectus will not be required, to register as an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission promulgated thereunder.

(aa) *Environmental Laws*. There has been no storage, disposal, generation, manufacture, refinement, transportation, handling or treatment of hazardous substances or hazardous wastes by the Company or any Subsidiary or Joint Venture (or, to the knowledge the Company or any of its predecessors in interest), at, upon or from any of the property now or previously owned, leased or operated by the Company or any Subsidiary in violation of any applicable law, ordinance, rule, regulation, order, judgment, decree or permit that would require the Company or any Subsidiary or Joint Venture to undertake any remedial action under any applicable law, ordinance, rule, regulation, order, judgment, decree or permit, except for any violation or remedial action that would not, individually or in the aggregate with all such violations and remedial actions, cause a Material Adverse Change. Except for abandonment and similar costs incurred or to be incurred in the ordinary course of business of the Company or any Subsidiary or Joint Venture, there has been no material spill, discharge, leak, emission, injection, escape, dumping or release of any kind onto any property now or previously owned, leased or operated by the Company or any Subsidiary or Joint Venture or into the environment surrounding such property of any hazardous substances or hazardous wastes due to or caused by the Company or any Subsidiary or Joint Venture (or, to the knowledge of the Company, any of its predecessors in interest), except for any such spill, discharge, leak, emission, injection, escape, dumping or release that would not, singularly or in the aggregate with all such spills, discharges, leaks, emissions, injections, escapes, dumpings and releases, result in a Material Adverse Change; and the terms "hazardous substances," and "hazardous wastes" shall be construed broadly to include such terms and similar terms, all of which shall have the meanings specified in any applicable local, state and federal laws or regulations with respect to

environmental protection. Except as set forth in the Time of Sale Prospectus, neither the Company nor any Subsidiary or Joint Venture has been named as a "potentially responsible party" under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

(bb) *Registration Rights*. There are no persons with registration rights or other similar rights to have any securities of the Company registered pursuant to the Registration Statement or sold in the offering contemplated by this Agreement, other than as included in the Registration Statement, except for (i) such rights as have been duly waived and (ii) the registration rights of the Harvey Sandler Revocable Trust under a Warrant Agreement dated December 7, 1999, and ICS Trustee Services, Ltd under Warrant Agreement dated December 7, 1999, which registration rights have been satisfied by the Company's currently effective registration statement on Form S-3, Registration No. 333-130294 (the "**Selling Stockholder Form S-3**") and (ii) Green Diamond Oil Corp. under a Warrant Agreement dated December 7, 2006, which registration rights are with respect to 250,000 shares and do not become effective until July 1, 2007.

(cc) *Internal Accounting*. Subject to such exceptions, if any, as could not reasonably be expected to cause a Material Adverse Change, the Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(dd) *Disclosure Controls and Procedures*. The Company has established and maintains disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), which (i) are designed to ensure that material information relating to the Company is made known to the Company's principal executive officer and its principal financial officer by others within the Company, particularly during the periods in which the periodic reports required under the Exchange Act are being prepared; (ii) have been evaluated for effectiveness as of a date within 90 days prior to the earlier of the date that the Company filed its most recent annual or quarterly report with the Commission and the date of the Time of Sale Prospectus; and (iii) are effective in all material respects to perform the functions for which they were established. Based on the most recent evaluation of its disclosure controls and procedures, the Company is not aware of (i) any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information or (ii) the Company is not aware of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting. The Company's audit committee of the Company's board of directors and the Company's independent registered public accounting firm have been made aware of any significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information. The Company is not aware of any change in its internal control over financial reporting that has occurred during its most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(ee) *Certain Relationships and Related Transactions*. No relationship, direct or indirect, exists between or among the Company or any Subsidiary or Joint Venture on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or any Subsidiary or Joint Venture on the other hand, which is required to be described or incorporated by reference in the Prospectus and which is not so described or incorporated. The Time of Sale Prospectus contains in all material respects the same description of the matters set forth in the preceding sentence contained in the Prospectus.

(ff) *Brokers*. Neither the Company nor any Subsidiary or Joint Venture is not a party to any contract, agreement or understanding with any person that would give rise to a valid claim against the Company or the Underwriters for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Offered Shares.

(gg) *Sarbanes-Oxley Act of 2002*. The Company is in compliance, in all material respects, with all applicable provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder or implementing the provisions thereof now applicable to it.

(hh) *Certain Payments*. Neither the Company, any Subsidiary or Joint Venture nor, to the best knowledge of the Company, any director, officer, agent, employee or other person associated with or acting on behalf of the Company, any Subsidiary or Joint Venture, (i) has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (ii) violated or is in violation of any provisions of the Foreign Corrupt Practices Act of 1977, or (iii) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(ii) *ERISA*. The minimum funding standard under Section 302 of the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder ("**ERISA**"), has been satisfied by each "pension plan" (as defined in Section 3(2) of ERISA) which has been established or maintained by the Company, and the trust forming part of each such plan which is intended to be qualified under Section 401 of the Internal Revenue Code of 1986, as amended, is so qualified; each of the Company and the Subsidiaries and Joint Ventures has fulfilled its obligations, if any, under Section 515 of ERISA; neither the Company nor any Subsidiary or Joint Venture maintains and is required to contribute to a "welfare plan" (as defined in Section 3(1) of ERISA) which provides retiree or other post-employment welfare benefits or insurance coverage (other than "continuation coverage" (as defined in Section 602 of ERISA)); each pension plan and welfare plan established or maintained by the Company and/or one of the Subsidiaries or Joint Ventures is in compliance with the currently applicable provisions of ERISA, except where the failure to comply would not cause a Material Adverse Change; and neither the Company nor any Subsidiary or Joint Venture has incurred or could reasonably be expected to incur any withdrawal liability under Section 4201 of ERISA, any liability under Section 4062, 4063, or 4064 of ERISA, or any other liability under Title IV of ERISA.

(jj) *Corporate Records*. The minute books of the Company and each Subsidiary and Joint Venture have been made available to the Underwriters and counsel for the Underwriters, and such books (i) reflects all meetings and actions of the board of directors (including each board committee) and stockholders (or analogous governing bodies or interest holders) of the Company and each Subsidiary and Joint Venture since the time of its respective organization through the date of the latest meeting and action, and (ii) accurately in all material respects reflect all transactions referred to in such minutes.

(kk) *Margin Securities*. Neither the Company or any Subsidiary or Joint Venture owns any "margin securities" as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**"), and none of the proceeds of the sale of the Offered Shares will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Offered Shares to be considered a "purpose credit" within the meanings of Regulation T, U or X of the Federal Reserve Board.

(II) *Prospectus Statements.* The statements set forth in the Time of Sale Prospectus under the captions "Risk Factors" and "Prospectus Summary" insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate and complete in all material respects.

(mm) *Transfer Taxes*. There are no transfer taxes or other similar fees or charges under federal law or laws of any state or any political subdivision thereof, required to be paid in connection with the execution and delivery of this Agreement or the issuance by the Company or the sale by the Company of the Offered Shares.

Any certificate signed by any officer of the Company that is delivered to the Representative or to counsel for the Underwriters pursuant to this Agreement shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

B. Representations and Warranties of the Selling Stockholders. Each Selling Stockholder represents, warrants and covenants to each Underwriter as follows:

(a) *Authorization of Agreement and Binding Effect*. This Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder and constitutes a valid and binding obligation of such Selling Stockholder enforceable in accordance with its terms except as enforcement may be limited by bankruptcy, insolvency or other laws or court decisions relating to or affecting creditor's rights generally, and except to the extent that enforcement of the indemnification and contribution obligations provided for herein may be limited by federal or state securities laws or the public policies underlying such laws.

(b) *The Custody Agreement and Power of Attorney*. Each of the (i) Custody Agreement signed by such Selling Stockholder and the Company, as custodian (the "**Custodian**"), relating to the deposit of the Offered Shares to be sold by such Selling Stockholder (the "**Custody Agreement**") and (ii) Power of Attorney appointing certain individuals named therein as such Selling Stockholder's attorneys-in-fact (each, an "**Attorney-in-Fact**") to the extent set forth therein relating to the transactions contemplated hereby and by the Prospectus (the "**Power of Attorney**"), of such Selling Stockholder has been duly authorized, executed and delivered by such Selling Stockholder and is a valid and binding agreement of such Selling Stockholder, enforceable in accordance with its terms, except as rights to indemnification thereunder may be limited by applicable law and except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles.

(c) *Title to Offered Shares to be Sold*. Such Selling Stockholder has, and on the First Closing Date will have, good and valid title to all of the Offered Shares which may be sold by such Selling Stockholder pursuant to this Agreement on such date and the legal right and power to sell, transfer and deliver all of the Offered Shares which may be sold by such Selling Stockholder pursuant to this Agreement and to comply with its other obligations hereunder and thereunder.

(d) *Delivery of the Offered Shares to be Sold*. Delivery of the Offered Shares which are sold by such Selling Stockholder pursuant to this Agreement will pass good and valid title to such Offered Shares, free and clear of any security interest, mortgage, pledge, lien, encumbrance or other adverse claim.

(e) *No Price Stabilization or Manipulation; Compliance with Regulation M.* Such Selling Stockholder has not taken, directly or indirectly, any action designed to or that would be reasonably expected to cause or result in stabilization or manipulation of the price of the Shares or any other reference security, whether to facilitate the sale or resale of the Offered Shares or otherwise, and has taken no action which would directly or indirectly violate any provision of Regulation M.

(f) *Absence of Further Requirements.* No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by such Selling Stockholder of its obligations hereunder, or in connection with the offering or sale of the Offered Shares under this Agreement or the consummation of the transactions contemplated by this Agreement except such as have been already obtained or as may be required under the Securities Act or the regulations promulgated thereunder, state securities laws or by the NASD.

(g) *Absence of Defaults and Conflicts*. Neither the sale of the Shares being sold by such Selling Stockholder nor the consummation of any other of the transactions herein contemplated by such Selling Stockholder or the fulfillment of the terms hereof by such Selling Stockholder will conflict with, result in a breach or violation of, or constitute a default under any law or, if such Selling Stockholder is a corporation, association or other entity, the charter, by-laws or similar organizational documents of such Selling Stockholder or, as to all such Selling Stockholders, the terms of any indenture or other agreement or instrument to which such Selling Stockholder is a party or bound, or any judgment, order or decree applicable to such Selling Stockholder of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over such Selling Stockholder.

(h) *Selling Stockholder Information.* In respect of any statements in or omissions from the Registration Statement or the Time of Sale Prospectus or any supplements thereto made in reliance upon and in conformity with information furnished in writing to the Company by such Selling Stockholder specifically for use in connection with the preparation thereof, such information does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make such statements not misleading. The parties acknowledge that the only information furnished by or on behalf of such Selling Stockholder in writing expressly for use in connection with the preparation of the Registration Statement or the Time of Sale Prospectus or any supplements thereto is the information as to its name, address, the amount of shares of the Company held by such Selling Stockholder prior to the offering and to be offered for such Selling Stockholder's account.

(i) *No Registration, Pre-emptive, Co-Sale or Other Similar Rights*. Such Selling Stockholder (i) does not have any registration or other similar rights to have any equity or debt securities registered for sale by the Company under the Registration Statement or included in the offering contemplated by this Agreement except to the extent exercised and so included or hereby waived, (ii) does not have any preemptive right, co-sale right or right of first refusal or other similar right to purchase any of the Offered Shares that are to be sold by the Company to the Underwriters pursuant to this Agreement, except for such rights as such Selling Stockholder has waived prior to the date hereof and as have been described in the Registration Statement and Time of Sale Prospectus, and (iii) does not own any warrants, options or similar rights to acquire, and does not have any right or arrangement to acquire, any capital stock, right, warrants, options or other securities from the Company, other than those, in each instance, described in the Registration Statement and the Time of Sale Prospectus.

(j) *No Transfer Taxes or Other Fees.* There are no transfer taxes or other similar fees or charges under Federal law or the laws of any state, or any political subdivision thereof, required to be paid in connection with the execution and delivery of this Agreement or the sale by such Selling Stockholder of the Offered Shares.

(k) *Distribution of Offering Materials by the Selling Stockholders*. Such Selling Stockholder has not distributed and will not distribute, prior to the later of (i) the expiration or termination of the option granted to the several Underwriters under Section 2 and (ii) the completion of the Underwriters' distribution of the Offered Shares, any offering material in connection with the offering and sale of the Offered Shares other than a preliminary prospectus, the Time of Sale Prospectus or the Registration Statement.

Such Selling Stockholder acknowledges that the Underwriters and, for purposes of the opinion to be delivered pursuant to Section 6 hereof, counsel to such Selling Stockholder and counsel to the Underwriters, will rely upon the accuracy and truthfulness of the foregoing representations and hereby consents to such reliance.

Section 2. Purchase, Sale and Delivery of the Offered Shares

(a) *The Firm Shares*. Upon the terms herein set forth, (i) the Company agrees to issue and sell to the several Underwriters an aggregate of 1,000,000 Firm Shares and (ii) each Selling Stockholder agrees to sell to the several Underwriters the number of Firm Shares set forth opposite its name on Schedule A, for an aggregate of 2,348,166 Firm Shares. On the basis of the representations, warranties and agreements herein contained, and upon the terms but subject to the conditions herein set forth, the Underwriters agree, severally and not jointly, to purchase from the Company and the Selling Stockholders the respective number of Firm Shares set forth opposite their names on Schedule A. The purchase price per Firm Share to be paid by the several Underwriters to the Company and the Selling Stockholders shall be $_____ per share.

(b) *The First Closing Date*. Delivery of certificates for the Firm Shares to be purchased by the Underwriters and payment therefor shall be made at the offices of Porter & Hedges, L.L.P., 1000 Main Street, Suite 3600, Houston, Texas 77002 (or such other place as may be agreed to by the Company and the Representative) at 9:00 a.m. New York time, on May __, 2007, or such other time and date as shall be agreed upon by the Representative and the Company (the time and date of such closing are called the "**First Closing Date**"). The Company and the Selling Stockholders hereby acknowledge that circumstances under which the Representative may provide notice to postpone the First Closing Date as originally scheduled include, but are in no way limited to, any determination by the Company, the Selling Stockholders or the Representative to recirculate to the public copies of an amended or supplemented Prospectus or a delay as contemplated by the provisions of Section 11.

(c) *The Optional Shares; Option Closing Date*. In addition, on the basis of the representations, warranties and agreements herein contained, and upon the terms but subject to the conditions herein set forth, the Company hereby grants an option to the several Underwriters to purchase, severally and not jointly, up to an aggregate of 502,250 Optional Shares from the Company at the purchase price per share to be paid by the Underwriters for the Firm Shares. The option granted hereunder is for use by the Underwriters solely in covering any over-allotments in connection with the sale and distribution of the Firm Shares. The option granted hereunder may be exercised at any time and from time to time in whole or in part upon notice by the Representative to the Company, which notice may be given at any time within 30 days from the date of this Agreement. Such notice shall set forth (i) the aggregate number of Optional Shares as to which the Underwriters are exercising the option, (ii) the names and denominations in which the certificates for the Optional Shares are to be registered and (iii) the time, date and place at which such certificates will be delivered (which time and date may be simultaneous with, but not earlier than, the First Closing Date; and in such case the term "**First Closing Date**" shall refer to the time and date of delivery of certificates for the Firm Shares and such Optional Shares). Such time and date of delivery, if subsequent to the First Closing Date, is called an "**Option Closing Date**" and shall be determined by the Representative and shall not be earlier than two nor later

than five full business days after delivery of such notice of exercise. If any Optional Shares are to be purchased, each Underwriter agrees, severally and not jointly, to purchase the number of Optional Shares (subject to such adjustments to eliminate fractional shares as the Representative may determine) that bears the same proportion to the total number of Optional Shares to be purchased as the number of Firm Shares set forth on Schedule A opposite the name of such Underwriter bears to the total number of Firm Shares. The Representative may cancel the option at any time prior to its expiration by giving written notice of such cancellation to the Company.

(d) *Public Offering of the Offered Shares*. The Representative hereby advises the Company and the Selling Stockholders that the Underwriters intend to offer for sale to the public, initially on the terms set forth in the Prospectus, their respective portions of the Offered Shares as soon after this Agreement has been executed and the Registration Statement has been declared effective as the Representative, in its judgment, have determined is advisable and practicable.

(e) *Payment for the Offered Shares*. Payment for the Offered Shares to be sold by the Company shall be made at the First Closing Date (and, if applicable, at each Option Closing Date) by wire transfer of immediately available funds to the order of the Company. Payment for the Offered Shares to be sold by the Selling Stockholders shall be made at the First Closing Date (and, if applicable, at each Option Closing Date) by wire transfer of immediately available funds to the order of the Custodian.

It is understood that the Representative has been authorized, for its own account and the accounts of the several Underwriters, to accept delivery of and receipt for, and make payment of the purchase price for, the Firm Shares and any Optional Shares the Underwriters have agreed to purchase. Oppenheimer, individually and not as the Representative, may (but shall not be obligated to) make payment for any Offered Shares to be purchased by any Underwriter whose funds shall not have been by the Representative received by the First Closing Date or the applicable Option Closing Date, as the case may be, for the account of such Underwriter, but any such payment shall not relieve such Underwriter from any of its obligations under this Agreement.

Each Selling Stockholder hereby agrees that (i) it will pay all stock transfer taxes, stamp duties and other similar taxes, if any, payable upon the sale or delivery of the Offered Shares to be sold by such Selling Stockholder to the several Underwriters, or otherwise in connection with the performance of such Selling Stockholder's obligations hereunder and (ii) the Custodian is authorized to deduct for such payment any such amounts from the proceeds to such Selling Stockholder hereunder and to hold such amounts for the account of such Selling Stockholder with the Custodian under the Custody Agreement.

(f) *Delivery of the Offered Shares*. The Company and Selling Stockholders shall deliver, or cause to be delivered, to the Representative for the accounts of the several Underwriters certificates for the Firm Shares to be sold by them at the First Closing Date, against the irrevocable release of a wire transfer of immediately available funds for the amount of the purchase price therefor. The Company shall deliver, or cause to be delivered, to the Representative for the accounts of the several Underwriters, certificates for the Optional Shares the Underwriters have agreed to purchase at the First Closing Date or the applicable Option Closing Date, as the case may be, against the irrevocable release of a wire transfer of immediately available funds for the amount of the purchase price therefor. The certificates for the Offered Shares shall be in definitive form and registered in such names and denominations as the Representative shall have requested at least two full business days prior to the First Closing Date (or the applicable Option Closing Date, as the case may be) and shall be made available for inspection on the business day preceding the First Closing Date (or the applicable Option Closing Date, as the case may be) at a location in New York City as the Representative may designate. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Underwriters.

Section 3. Additional Covenants.

A. Covenants of the Company. The Company further covenants and agrees with each Underwriter as follows:

(a) Delivery of Registration Statement, Time of Sale Prospectus and Prospectus. Upon request, the Company shall furnish to you, without charge, signed copies of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and to furnish to you in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 3(A)(e) or 3(A)(g) below, as many copies of the Time of Sale Prospectus, the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(b) *Representative's Review of Proposed Amendments and Supplements.* Prior to amending or supplementing the Registration Statement (including any registration statement filed under Rule 462(b) under the Securities Act), the Time of Sale Prospectus or the Prospectus, including any amendment or supplement through incorporation by reference of any report filed under the Exchange Act, the Company shall furnish to the Representative for review a copy of each such proposed amendment or supplement, and the Company shall not file any such proposed amendment or supplement to which the Representative shall have objected in writing, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) *Free Writing Prospectuses.* The Company shall furnish to you a copy of each proposed free writing prospectus to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed free writing prospectus to which you reasonably object.

(d) *Filing of Underwriter Free Writing Prospectuses.* The Company shall not take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of the Underwriter that the Underwriter otherwise would not have been required to file thereunder.

(e) *Amendments to Time of Sale Prospectus.* If the Time of Sale Prospectus is being used to solicit offers to buy the Offered Shares at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(f) *Securities Act Compliance.* After the date of this Agreement, the Company shall promptly advise the Representative in writing (i) of the receipt of any comments of, or requests for additional or supplemental information from, the Commission, (ii) of the time and date of any filing of any post-effective amendment to the Registration Statement or any amendment or supplement to any preliminary prospectus or the Prospectus, (iii) of the time and date that any post-effective amendment to the Registration Statement becomes effective and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or of any order preventing or suspending the use of any preliminary prospectus or the Prospectus, or of any proceedings to remove, suspend or terminate from listing or quotation the Shares from any securities exchange upon which it is listed for trading or included or designated for quotation, or of the threatening or initiation of any proceedings for any of such purposes. If the Commission shall enter any such stop order at any time, the Company will use its best efforts to obtain the lifting of such order at the earliest possible moment. Additionally, the Company agrees that it shall comply with the provisions of Rules 424(b) and 430A, as applicable, under the Securities Act and will use its reasonable efforts to confirm that any filings made by the Company under such Rule 424(b) were received in a timely manner by the Commission.

(g) *Amendments and Supplements to the Prospectus and Other Securities Act Matters.* If the delivery of a prospectus is required at any time after the date hereof and if at such time any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if in the opinion of the Representative or counsel for the Underwriters it is otherwise necessary to amend or supplement the Prospectus to comply with law, the Company agrees to promptly prepare (subject to Section 3(A)(a) hereof), file with the Commission and furnish at its own expense to the Underwriters and to dealers, amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with law. Neither the Representative's consent to, or delivery of, any such amendment or supplement shall constitute a waiver of any of the Company's obligations under this Section 3(A)(g).

(h) *Blue Sky Compliance*. The Company shall cooperate with the Representative and counsel for the Underwriters to qualify or register the Offered Shares for sale under (or obtain exemptions from the application of) the state securities or blue sky laws of those jurisdictions designated by the Representative, shall comply with such laws and shall continue such qualifications, registrations and exemptions in effect so long as required for the distribution of the Offered Shares. The Company shall not be required to qualify as a foreign corporation or to take any action that would subject it to general service of process in any such jurisdiction where it is not presently qualified or where it would be subject to taxation as a foreign corporation. The Company will advise the Representative promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Offered Shares for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(i) *Use of Proceeds*. The Company shall apply the net proceeds, if any, from the sale of the Offered Shares sold by it in the manner described under the caption "Use of Proceeds" in the Prospectus.

(j) *Transfer Agent*. The Company shall continue to engage and maintain, at its expense, a registrar and transfer agent for the Shares.

(k) *Earnings Statement*. As soon as practicable, the Company will make generally available to its security holders and to the Representative an earnings statement (which need not be audited) covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the date of this Agreement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(l) *Periodic Reporting Obligations*. The Company, during the period when the Prospectus is required to be delivered under the Securities Act, shall file, on a timely basis, with the Commission and, where required, the Nasdaq Global Market all reports and documents required to be filed under the Exchange Act.

(m) *Listing*. The Company will use its best efforts to effect and maintain the inclusion and quotation of the Offered Shares on the Nasdaq Global Market and to maintain the inclusion and quotation of the Shares on the Nasdaq Global Market unless and until such security is listed on another exchange or automated quotation system of at least comparable reputation.

(n) *Company to Provide Copy of the Prospectus in Form That May be Downloaded from the Internet*. The Company shall cause to be prepared and delivered, at its expense, within one business day from the effective date of this Agreement, to Oppenheimer an "electronic Prospectus" to be used by the Underwriters in connection with the offering and sale of the Offered Shares. As used herein, the term "**electronic Prospectus**" means a form of Time of Sale Prospectus, and any amendment or supplement thereto, that meets each of the following conditions: (i) it shall be encoded in an electronic format, satisfactory to Oppenheimer, that may be transmitted electronically by Oppenheimer and the other Underwriters to offerees and purchasers of the Offered Shares; (ii) it shall disclose the same information as the paper Time of Sale Prospectus, except to the extent that graphic and image material cannot be disseminated electronically, in which case such graphic and image material shall be replaced in the electronic Prospectus with a fair and accurate narrative description or tabular representation of such material, as appropriate; and (iii) it shall be in or convertible into a paper format or an electronic format, satisfactory to Oppenheimer, that will allow investors to store and have continuously ready access to the Time of Sale Prospectus at any future time, without charge to investors (other than any fee charged for subscription to the Internet as a whole and for on-line time). The Company hereby confirms that it has included or will include in the Prospectus filed pursuant to EDGAR or otherwise with the Commission and in the Registration Statement at the time it was declared effective an undertaking that, upon receipt of a request by an investor or his or her representative, the Company shall transmit or cause to be transmitted promptly, without charge, a paper copy of the Time of Sale Prospectus.

(o) *Agreement Not to Offer or Sell Additional Shares*. During the period commencing on the date hereof and ending on the 90th day following the date of the Prospectus (the "**Lock-up Period**"), the Company will not, without the prior written consent of Oppenheimer (which consent may be withheld at the sole discretion of Oppenheimer), directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, or otherwise dispose of or transfer, or announce the offering of, or file any registration statement under the Securities Act in respect of, any Shares, options or warrants to acquire Shares or securities exchangeable or exercisable for or convertible into Shares (other than as contemplated by this Agreement with respect to the Offered Shares); provided, however, that (1) the Company may issue Shares or options to purchase its Shares, or Shares upon exercise of options, pursuant to any stock option, stock bonus or other stock plan or arrangement described in the Prospectus or any amendment to or replacement of such plan, (2) file one or more registration statements on Form S-8 or amendments thereto relating to the issuance of Shares or the issuance and exercise of options to purchase Shares granted under the employee benefit plans of the Company existing on the date of the Prospectus or the Company's 2007 Equity Incentive Plan or any amendment to or replacement of such

plan, (3) the Company may issue shares upon the exercise of warrants outstanding on the date hereof, (4) file any required amendments to the Selling Stockholder S-3, and (5) the transfer of any Shares pursuant to a tender offer, exchange offer, merger, business combination or similar transaction that will result in the holders of the Shares outstanding immediately prior to such transaction failing to continue to represent at least 50% percent of the combined voting power of the Shares or such surviving or other entity outstanding immediately after such transaction. Notwithstanding the foregoing, if (i) during the last 17 days of the Lock-up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs or (ii) prior to the expiration of the Lock-up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the Lock-up Period, then in each case the Lock-up Period will be extended until the expiration of the 18-day period beginning on the date of the issuance of the earnings release or the occurrence of the material news or material event, as applicable, except that such extension will not apply if, (i) within three business days prior to the expiration of the Lock-up Period, the Company delivers to Oppenheimer a certificate, signed by the Chief Financial Officer or Chief Executive Officer of Company, certifying on behalf of the Company that the Shares are "actively traded securities" (as defined in Regulation M) and (ii) that the Company meets the applicable requirements of paragraph (a)(1) of Rule 139 under the Securities Act of 1933, as amended, in the manner contemplated by Rule 2711(f)(4) of NASD. The Company will provide the Representative with prior notice of any such announcement that gives rise to an extension of the restricted period.

(p) *Investment Limitation*. The Company shall not invest, or otherwise use the proceeds received by the Company from its sale of the Offered Shares in such a manner as would require the Company to register as an investment company under the Investment Company Act.

(q) *Future Reports to the Representative.* During the period of five years hereafter the Company will furnish to the Representative at 125 Broad Street, New York, New York 10004 Attention: Henry P. Williams as soon as available, copies of any report or communication of the Company mailed generally to holders of its capital stock. In addition, the Company will furnish to the Representative by e-mail at henry.williams@opco.com electronic copies of (i) as soon as practicable after the end of each fiscal year, copies of the Annual Report of the Company containing the balance sheet of the Company as of the close of such fiscal year and statements of income, stockholders' equity and cash flows for the year then ended and the opinion thereon of the Company's independent public or certified public accountants and (ii) as soon as practicable after the filing thereof, copies of each proxy statement, Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K or other report filed by the Company with the Commission, the NASD or any securities exchange.

(r) *No Stabilization or Manipulation; Compliance with Regulation M*. Prior to the completion of the distribution of the Offered Shares, the Company will not take, directly or indirectly, any action designed to or that might be reasonably expected to cause or result in stabilization or manipulation of the price of the Shares or any other reference security, whether to facilitate the sale or resale of the Offered Shares or otherwise, and the Company will, and shall cause each of its affiliates to, comply with all applicable provisions of Regulation M. Prior to the completion of the distribution of the Offered Shares, if the limitations of Rule 102 of Regulation M ("**Rule 102**") do not apply with respect to the Offered Shares or any other reference security pursuant to any exception set forth in Section (d) of Rule 102, then promptly upon notice from the Representative (or, if later, at the time stated in the notice), the Company will, and shall cause each of its affiliates to, comply with Rule 102 as though such exception were not available but the other provisions of Rule 102 (as interpreted by the Commission) did apply.

B. Covenants of the Selling Stockholders. Each Selling Stockholder further covenants and agrees with each Underwriter:

(a) [Intentionally Omitted]

(a) *No Stabilization or Manipulation; Compliance with Regulation M* . Prior to the completion of the distribution of the Offered Shares, such Selling Stockholder will not take, directly or indirectly, any action designed to or that might be reasonably expected to cause or result in stabilization or manipulation of the price of the Shares or any other reference security, whether to facilitate the sale or resale of the Offered Shares or otherwise, and such Selling Stockholder will, and shall cause each of its affiliates to, comply with all applicable provisions of Regulation M. Prior to the completion of the distribution of the Offered Shares, if the limitations of Rule 102 do not apply with respect to the Offered Shares or any other reference security pursuant to any exception set forth in Section (d) of Rule 102, then promptly upon notice from the Representative (or, if later, at the time stated in the notice), such Selling Stockholder will, and shall cause each of its affiliates to, comply with Rule 102 as though such exception were not available but the other provisions of Rule 102 (as interpreted by the Commission) did apply.

(b) *Delivery of Forms W-9* . To deliver to the Representative prior to the First Closing Date a properly completed and executed United States Treasury Department Form W-9.

C. Oppenheimer, on behalf of the several Underwriters, may, in its sole discretion, waive in writing the performance by the Company or any Selling Stockholder of any one or more of the foregoing covenants or extend the time for their performance.

Section 4. Payment of Expenses . The Company agrees to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including without limitation (i) all expenses incident to the issuance and delivery of the Offered Shares (including all printing and engraving costs), (ii) all fees and expenses of the registrar and transfer agent of the Shares, (iii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Offered Shares to the Underwriters, (iv) all fees and expenses of the Company's counsel, independent public or certified public accountants and other advisors, (v) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of the Registration Statement (including financial statements, exhibits, schedules, consents and certificates of experts), the Time of Sale Prospectus, the Prospectus, any free writing prospectus prepared by or on behalf of, used by, or referred to by the Company, and each preliminary prospectus, and all amendments and supplements thereto, and this Agreement, (vi) all filing fees and reasonable attorneys' fees and expenses incurred by the Company or the Underwriters (the Underwriters being limited to one counsel) in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Offered Shares for offer and sale under the state securities or blue sky laws, and, if requested by the Representative, preparing and printing a "**Blue Sky Survey**" or memorandum, and any supplements thereto, advising the Underwriters of such qualifications, registrations, determinations and exemptions, (vii) the filing fees incident to, and the reasonable fees and expenses of counsel for the Underwriters in connection with, the NASD's review and approval of the Underwriters' participation in the offering and distribution of the Offered Shares, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Offered Shares, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of aircraft and other transportation chartered in connection with the road shows, (ix) the fees and expenses associated with listing the Offered Shares on the Nasdaq Global Market and (x) all other fees, costs and expenses referred to in Item 14 of Part II of the Registration Statement. Except as provided in this Section 4, Section 7, Section 9 and Section 10 hereof, the Underwriters shall pay their own expenses, including the fees and disbursements of their counsel.

The Selling Stockholders further agree with each Underwriter to pay (directly or by reimbursement) all fees and expenses incident to the performance of their obligations under this Agreement which are not otherwise specifically provided for herein, including but not limited to (i) fees and expenses of counsel and other advisors for such Selling Stockholders, (ii) fees and expenses of the Custodian and (ii) expenses and taxes incident to the sale and delivery of the Offered Shares to be sold by such Selling Stockholders to the Underwriters hereunder (which taxes, if any, may be deducted by the Custodian under the provisions of Section 2 of this Agreement).

This Section 4 shall not affect or modify any separate, valid agreement relating to the allocation of payment of expenses between the Company, on the one hand, and the Selling Stockholders, on the other hand.

Section 5. Covenant of the Underwriters. Each Underwriter severally covenants with the Company not to take any action that would result in the Company being required to file with the Commission under Rule 433(d) a free writing prospectus prepared by or on behalf of such Underwriter that otherwise would not be required to be filed by the Company thereunder, but for the action of the Underwriter

Section 6. Conditions of the Obligations of the Underwriters. The obligations of the several Underwriters to purchase and pay for the Offered Shares as provided herein on the First Closing Date and, with respect to the Optional Shares, each Option Closing Date, shall be subject to the accuracy of the representations and warranties on the part of the Company and the Selling Stockholders set forth in Sections 1(A) and 1(B) hereof as of the date hereof and as of the First Closing Date as though then made and, with respect to the Optional Shares, as of each Option Closing Date as though then made, to the timely performance by the Company and the Selling Stockholders of their respective covenants and other obligations hereunder, and to each of the following additional conditions:

(a) Comfort Letters. On the date hereof, the Representative shall have received from:

(i) Batelle & Batelle LLP, independent certified public accountants for the Company, (i) a letter dated the date hereof addressed to the Underwriters, in form and substance satisfactory to the Representative, containing statements and information of the type ordinarily included in accountant's "comfort letters" to underwriters, delivered according to Statement of Auditing Standards No. 72 (or any successor bulletin), with respect to the audited financial statements and certain financial information incorporated by reference in the Registration Statement, Time of Sale Prospectus, and the Prospectus (and the Representative shall have received an additional four conformed copies of such accountants' letter for each of the several Underwriters), and (ii) confirming that they are (A) independent public or certified public accountants as required by the Securities Act and the Exchange Act and (B) in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission ("**Regulation S-X**");

(ii) Deloitte & Touche LLP, independent certified public accountants for the Company, (i) a letter dated the date hereof addressed to the Underwriters, in form and substance satisfactory to the Representative, containing statements and information of the type ordinarily included in accountant's "comfort letters" to underwriters, delivered according to Statement of Auditing Standards No. 72 (or any successor bulletin), with respect to the audited financial statements and certain financial information contained in the Registration Statement, Time of Sale Prospectus, and the Prospectus (and the

Representative shall have received an additional four conformed copies of such accountants' letter for each of the several Underwriters), and (ii) confirming that they are (A) independent public or certified public accountants as required by the Securities Act and the Exchange Act and (B) in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X; and

(iii) Greenwalt Sponsel & Co., Inc., independent certified public accountants for the Company, (i) a letter dated the date hereof addressed to the Underwriters, in form and substance satisfactory to the Representative, containing statements and information of the type ordinarily included in accountant's "comfort letters" to underwriters, delivered according to Statement of Auditing Standards No. 72 (or any successor bulletin), with respect to the audited financial statements and certain financial information contained in the Registration Statement, Time of Sale Prospectus, and the Prospectus (and the Representative shall have received an additional four conformed copies of such accountants' letter for each of the several Underwriters), and (ii) confirming that they are (A) independent public or certified public accountants as required by the Securities Act and the Exchange Act and (B) in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X.

(b) *Compliance with Registration Requirements; No Stop Order; No Objection from NASD.* For the period from and after the date of this Agreement and prior to the First Closing Date and, with respect to the Optional Shares, each Option Closing Date:

(i) the Company shall have filed the Prospectus with the Commission (including the information required by Rule 430A under the Securities Act) in the manner and within the time period required by Rule 424(b) under the Securities Act; or the Company shall have filed a post-effective amendment to the Registration Statement containing the information required by such Rule 430A, and such post-effective amendment shall have become effective;

(ii) no stop order suspending the effectiveness of the Registration Statement, any Rule 462(b) Registration Statement, or any post-effective amendment to the Registration Statement, shall be in effect and no proceedings for such purpose shall have been instituted or threatened by the Commission; and

(iii) the NASD shall have raised no objection to the fairness and reasonableness of the underwriting terms and arrangements.

(c) *No Material Adverse Change or Ratings Agency Change.* For the period from and after the date of this Agreement and prior to the First Closing Date and, with respect to the Optional Shares, each Option Closing Date:

(i) in the judgment of the Representative there shall not have occurred, except as contemplated by the Prospectus, any Material Adverse Change; and

(ii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any securities of the Company by any "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(d) *Opinions of Counsel for the Company.* On each of the First Closing Date and each Option Closing Date, the Representative shall have received the opinion of Sugar, Friedberg & Felsenthal LLP, as counsel for the Company, dated as of such Closing Date, the form of which is attached as Exhibit A (and the Representative shall have received an additional four conformed copies of such counsel's legal opinion for each of the several Underwriters).

(e) *Opinion of Counsel for the Underwriters.* On each of the First Closing Date and each Option Closing Date, the Representative shall have received the opinion of Porter & Hedges, L.L.P., counsel for the Underwriters, in form and substance satisfactory to the Underwriters, dated as of such Closing Date.

(f) *Officers' Certificate*. On each of the First Closing Date and each Option Closing Date, the Representative shall have received a written certificate executed by the Chairman of the Board, Chief Executive Officer or President of the Company and the Chief Financial Officer or Chief Accounting Officer of the Company, dated as of such Closing Date, to the effect set forth in subsections (b)(ii) and (c)(ii) of this Section 6, and further to the effect that:

(i) for the period from and after the date of this Agreement and prior to such Closing Date, there has not occurred any Material Adverse Change;

(ii) the representations and warranties of the Company set forth in Section 1(A) of this Agreement are true and correct with the same force and effect as though expressly made on and as of such Closing Date; and

(iii) the Company has complied with all the agreements and covenants hereunder and satisfied all the conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date.

(g) *Bring-down Comfort Letters.* On each of the First Closing Date and each Option Closing Date the Representative shall have received from:

(i) Batelle & Batelle LLP, independent certified public accountants for the Company, a letter dated such date, in form and substance satisfactory to the Representative, to the effect that they reaffirm the statements made in the letter furnished by them pursuant to subsection (a)(i) of this Section 6, except that the specified date referred to therein for the carrying out of procedures shall be no more than three business days prior to the First Closing Date or the applicable Option Closing Date, as the case may be (and the Representative shall have received an additional four conformed copies of such accountants' letter for each of the several Underwriters);

(ii) Deloitte & Touche LLP, independent certified public accountants for the Company, a letter dated such date, in form and substance satisfactory to the Representative, to the effect that they reaffirm the statements made in the letter furnished by them pursuant to subsection (a)(ii) of this Section 6, except that the specified date referred to therein for the carrying out of procedures shall be no more than three business days prior to the First Closing Date or the applicable Option Closing Date, as the case may be (and the Representative shall have received an additional four conformed copies of such accountants' letter for each of the several Underwriters); and

(iii) Greenwalt Sponsel & Co., Inc., independent certified public accountants for the Company, a letter dated such date, in form and substance satisfactory to the Representative, to the effect that they reaffirm the statements made in the letter furnished by them pursuant to subsection (a)(ii) of this Section 6, except that the specified date referred to therein for the carrying out of procedures shall be no more than three business days prior to the First Closing Date or the applicable Option Closing Date, as the case may be (and the Representative shall have received an additional four conformed copies of such accountants' letter for each of the several Underwriters).

(h) *Opinions of Counsels for the Selling Stockholders*. On the First Closing Date the Representative shall have received the opinions of Dinsmore & Shohl, LLP, Sugar, Friedberg & Felsenthal LLP, and WeirFoulds LLP, counsels for the Selling Stockholders, dated as of such Closing Date, the forms of which are attached as Exhibit B, Exhibit C and Exhibit D, respectively (and the Representative shall have received an additional four conformed copies of each such counsel's legal opinion for each of the several Underwriters).

(I) *Selling Stockholders' Documents.* On the date hereof, the Company and the Selling Stockholders shall have furnished for review by the Representative copies of the Powers of Attorney and Custody Agreements executed by each of the Selling Stockholders and such further information, certificates and documents as the Representative may reasonably request.

(j) *Selling Stockholders' Certificate.* On each of the First Closing Date and each Option Closing Date, the Representative shall receive a written certificate executed by each Selling Stockholder, dated as of such Closing Date, to the effect that:

(i) the representations and warranties of such Selling Stockholder set forth in Section 1(B) of this Agreement are true and correct with the same force and effect as though expressly made by such Selling Stockholder on and as of such Closing Date; and

(ii) such Selling Stockholder has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to such Closing Date.

(k) *Lock-Up Agreement from Certain Securityholders of the Company*. On or prior to the date hereof, the Company shall have furnished to the Representative an agreement in the form of Exhibit E hereto from each of the Company's directors and executive officers, and such agreement shall be in full force and effect on each of the First Closing Date and each Option Closing Date.

(i) *Additional Documents.* On or before each of the First Closing Date and each Option Closing Date, the Representative and counsel for the Underwriters shall have received such information, documents and opinions as they may reasonably require for the purposes of enabling them to pass upon the issuance and sale of the Offered Shares as contemplated herein, or in order to evidence the accuracy of any of the representations and warranties, or the satisfaction of any of the conditions or agreements, herein contained.

If any condition specified in this Section 6 is not satisfied when and as required to be satisfied, this Agreement may be terminated by the Representative by notice to the Company and the Selling Stockholders at any time on or prior to the First Closing Date and, with respect to the Optional Shares, at any time prior to the applicable Option Closing Date, which termination shall be without liability on the part of any party to any other party, except that Section 4, Section 6, Section 8 and Section 9 shall at all times be effective and shall survive such termination.

Section 7. Reimbursement of Underwriters' Expenses. If this Agreement is terminated by the Representative pursuant to Section 6 (other than (b)(iii) or (e)), Section 12(i)(a) or Section 18, or if the sale to the Underwriters of the Offered Shares on the First Closing Date is not consummated because of any refusal, inability or failure on the part of the Company or the Selling Stockholders to perform any agreement herein or to comply with any provision hereof, the Company agrees to reimburse the Representative and the other Underwriters (or such Underwriters as have terminated this Agreement with respect to themselves), severally, upon demand for all out-of-pocket expenses that shall have been reasonably incurred by the Representative and the Underwriters in connection with the proposed purchase and the offering and sale of the Offered Shares, not to exceed $150,000, including but not limited to reasonable fees and disbursements of counsel, printing expenses, travel expenses, postage, facsimile and telephone charges. If this Agreement is terminated pursuant to Section 11 by reason of the default of one or more Underwriters, the Company shall not be obligated to reimburse any defaulting Underwriter on account of those expenses.

Section 8. Effectiveness of this Agreement. This Agreement shall not become effective until the later of (i) the execution of this Agreement by the parties hereto and (ii) notification by the Commission to the Company and the Representative of the effectiveness of the Registration Statement under the Securities Act.

Section 9. Indemnification.

(a) Indemnification of the Underwriters by the Company. The Company agrees to indemnify and hold harmless each Underwriter, its officers and employees, and each person, if any, who controls any Underwriter within the meaning of the Securities Act and the Exchange Act against any loss, claim, damage, liability or expense, as incurred, to which such Underwriter or such controlling person may become subject, under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation), insofar as such loss, claim, damage, liability or expense (or actions in respect thereof as contemplated below) arises out of or is based (i) upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereto, including any information deemed to be a part thereof pursuant to Rule 430A under the Securities Act, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading; or (ii) upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) of the Securities Act or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and to reimburse each Underwriter and each such controlling person for any and all expenses (including the reasonable fees and disbursements of one counsel chosen by Oppenheimer) as such expenses are reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; provided, however, that the foregoing indemnity agreement shall not apply to any loss, claim, damage, liability or expense to the extent, but only to the extent, arising out of or based upon any untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company by the Representative expressly for use in the Registration Statement, any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), it being understood and agreed that the only such information furnished by the Representative to the Company consists of the information described in subsection (c) below. The indemnity agreement set forth in this Section 9(a) shall be in addition to any liabilities that the Company may otherwise have.

(b) *Indemnification of the Underwriters by the Selling Stockholders.* Each Selling Stockholder, severally and not jointly, agrees to indemnify and hold harmless each Underwriter, its officers and employees, and each person, if any, who controls any Underwriter within the meaning of the Securities Act and the Exchange Act against any loss, claim, damage, liability or expense, as incurred, to which such Underwriter or such controlling person may become subject, under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation), insofar as such loss, claim, damage, liability or expense (or actions in respect thereof as contemplated below) arises out of or is based (i) upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereto, including any information deemed to be a part thereof pursuant to Rule 430A under the Securities Act, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading; or (ii) upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) of the Securities Act or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and to reimburse each Underwriter and each such controlling person for any and all expenses (including the reasonable fees and disbursements of one counsel chosen by Oppenheimer) as such expenses are reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; provided, however, that the foregoing indemnity agreement shall only apply in each case to the extent but only to the extent such losses, claims, damages, liabilities, expenses or actions are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to such Selling Stockholder furnished to the Company in writing by such Selling Stockholder expressly for use therein. The indemnity agreement set forth in this Section 9(b) shall be in addition to any liabilities that each Selling Stockholder may otherwise have. Without limiting the full extent of the Company's agreement to indemnify each Underwriter pursuant to Section 9(a) as herein provided, the liability of any Selling Stockholder shall not exceed the aggregate gross proceeds received, but before expenses, from the sale of Shares by such Selling Stockholder.

(c) *Indemnification of the Company, its Directors and Officers and the Selling Stockholders.* Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement, the Selling Stockholders and each person, if any, who controls the Company or any Selling Stockholder within the meaning of the Securities Act or the Exchange Act, against any loss, claim, damage, liability or expense, as incurred, to which the Company, or any such director, officer, Selling Stockholder or controlling person may become subject, under the Securities Act, the Exchange Act, or other federal or state statutory law or regulation, or at common law or otherwise, insofar as such loss, claim, damage, liability or expense (or actions in respect thereof as contemplated below) arises out of or is based upon any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any preliminary prospectus the Time of Sale Prospectus, any free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) of the Securities Act or the Prospectus (or any amendment or supplement thereto), or arises out of or is based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) of the Securities Act, the Prospectus (or any amendment or supplement thereto), in reliance upon and in conformity with written information furnished to the Company and the Selling Stockholders by the Representative expressly for use therein; and to reimburse the Company, or any such director, officer,

Selling Stockholder or controlling person for any legal and other expense reasonably incurred by the Company, or any such director, officer, Selling Stockholder or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. Each of the Company and each of the Selling Stockholders, hereby acknowledges that the only information that the Underwriters have furnished to the Company and the Selling Stockholders expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) of the Securities Act or the Prospectus (or any amendment or supplement thereto) are the statements set forth in the second paragraph and as set forth in the ninth and tenth paragraphs under the caption "Underwriting" in the Prospectus. The indemnity agreement set forth in this Section 9(c) shall be in addition to any liabilities that each Underwriter may otherwise have.

(d) *Notifications and Other Indemnification Procedures*. Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party for contribution or otherwise than under the indemnity agreement contained in this Section 9 or to the extent it is not prejudiced as a proximate result of such failure. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it shall elect, jointly with all other indemnifying parties similarly notified, by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that a conflict may arise between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of such indemnifying party's election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 9 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel (together with local counsel), approved by the indemnifying party, representing the indemnified parties who are parties to such action) or (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party.

(e) *Settlements*. The indemnifying party under this Section 9 shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party against any loss, claim, damage, liability or expense by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement, compromise or consent to the entry of judgment in any pending or threatened action, suit or proceeding in respect of which any indemnified party is or could have been a party and indemnity was or could have been sought hereunder by such indemnified party, unless such settlement, compromise or consent includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding.

Section 10. Contribution. If the indemnification provided for in Section 9 is for any reason held to be unavailable to or otherwise insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount paid or payable by such indemnified party, as incurred, as a result of any losses, claims, damages, liabilities or expenses referred to therein (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholders, on the one hand, and the Underwriters, on the other hand, from the offering of the Offered Shares pursuant to this Agreement or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Stockholders, on the one hand, and the Underwriters, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholders, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Offered Shares pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Offered Shares pursuant to this Agreement (before deducting expenses) received by the Company and the Selling Stockholders, and the total underwriting discount received by the Underwriters, in each case as set forth on the front cover page of the Prospectus bear to the aggregate initial public offering price of the Offered Shares as set forth on such cover. The relative fault of the Company and the Selling Stockholders, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Stockholders, on the one hand, or the Underwriters, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 9(d), any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim. The provisions set forth in Section 9(d) with respect to notice of commencement of any action shall apply if a claim for contribution is to be made under this Section 10; provided, however, that no additional notice shall be required with respect to any action for which notice has been given under Section 9(d) for purposes of indemnification.

The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 10 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 10.

Notwithstanding the provisions of this Section 10, no Underwriter shall be required to contribute any amount in excess of the underwriting commissions received by such Underwriter in connection with the Offered Shares underwritten by it and distributed to the public. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 10 are several, and not joint, in proportion to their respective underwriting commitments as set forth opposite their names in Schedule A. For purposes of this Section 10, each officer and employee of an Underwriter and each person, if any, who controls an Underwriter within the meaning of the Securities Act and the Exchange Act shall have the

same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company with the meaning of the Securities Act and the Exchange Act shall have the same rights to contribution as the Company.

Section 11. Default of One or More of the Several Underwriters. If, on the First Closing Date or the applicable Option Closing Date, as the case may be, any one or more of the several Underwriters shall fail or refuse to purchase Offered Shares that it or they have agreed to purchase hereunder on such date, and the aggregate number of Offered Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase does not exceed 10% of the aggregate number of the Offered Shares to be purchased on such date, the Representative may make arrangements satisfactory to the Company and the Selling Stockholders for the purchase of such Offered Shares by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date, the other Underwriters shall be obligated, severally, in the proportions that the number of Firm Shares set forth opposite their respective names on Schedule A bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as may be specified by the Representative with the consent of the non-defaulting Underwriters, to purchase the Offered Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date. If, on the First Closing Date or the applicable Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Offered Shares and the aggregate number of Offered Shares with respect to which such default occurs exceeds 10% of the aggregate number of Offered Shares to be purchased on such date, and arrangements satisfactory to the Representative, the Company and the Selling Stockholders for the purchase of such Offered Shares are not made within 48 hours after such default, this Agreement shall terminate without liability of any party to any other party except that the provisions of Section 4, Section 7, Section 9 and Section 10 shall at all times be effective and shall survive such termination. In any such case the Representative, the Company or the Selling Stockholders shall have the right to postpone the First Closing Date or the applicable Option Closing Date, as the case may be, but in no event for longer than seven days in order that the required changes, if any, to the Registration Statement and the Prospectus or any other documents or arrangements may be effected.

As used in this Agreement, the term "**Underwriter**" shall be deemed to include any person substituted for a defaulting Underwriter under this Section 11. Any action taken under this Section 11 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

Section 12. Termination of this Agreement. The Representative, by notice given to the Company and the Selling Stockholders, shall have the right to terminate this Agreement at any time prior to the First Closing Date or to terminate the obligations of the Underwriters to purchase the Optional Shares at any time prior to the Option Closing Date, as the case may be, if at any time (i)(a) trading or quotation in any of the Company's securities shall have been suspended or limited by the Commission or by the Nasdaq Global Market or (b) trading in securities generally on either the Nasdaq Stock Market or the New York Stock Exchange shall have been suspended or limited, or minimum or maximum prices shall have been generally established on any of such stock exchanges by the Commission or the NASD; (ii) a general banking moratorium shall have been declared by any of federal or New York authorities; (iii) there shall have occurred any outbreak or escalation of national or international hostilities or any crisis or calamity, or any change in the United States or international financial markets, or any substantial change or development involving a prospective substantial change in United States' or international political, financial or economic conditions, as in the judgment of the Representative is material and adverse and makes it impracticable to market the Offered Shares in the manner and on the terms described in the Time of Sale Prospectus or to enforce contracts for the sale of securities; or (iv) the

Company shall have sustained a loss by strike, fire, flood, earthquake, accident or other calamity of such character as in the judgment of the Representative may interfere materially with the conduct of the business and operations of the Company regardless of whether or not such loss shall have been insured. Any termination pursuant to this Section 12 shall be without liability on the part of (a) the Company or the Selling Stockholders to any Underwriter, except that the Company and the Selling Stockholders shall be obligated to reimburse the expenses of the Representative and the Underwriters to the extent provided in Sections 4 and 7 hereof, (b) any Underwriter to the Company or the Selling Stockholders, or (c) of any party hereto to any other party except that the provisions of Section 9 and Section 10 shall at all times be effective and shall survive such termination.

Section 13. Representations and Indemnities to Survive Delivery. The respective indemnities, agreements, representations, warranties and other statements of the Company, of its officers, of the Selling Stockholders and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of its or their partners, officers or directors or any controlling person, or the Selling Stockholders, as the case may be, and will survive delivery of and payment for the Offered Shares sold hereunder and any termination of this Agreement.

Section 14. Notices. All communications hereunder shall be in writing and shall be mailed, hand delivered or telecopied and confirmed to the parties hereto as follows:

If to the Representative:

Oppenheimer & Co. Inc.
125 Broad Street
New York, New York 10004
Facsimile: (212) 668-8124
Attention: Henry P. Williams

with a copy to:

Porter & Hedges, L.L.P.
1000 Main Street, 36th Floor
Houston, Texas 77002
Facsimile: (713) 226-6274
Attention: Robert G. Reedy

If to the Company:

CECO Environmental Corp.
3120 Forrer Street
Cincinnati, Ohio 45209
Facsimile: (513) 458-2647
Attention: Richard J. Blum

If to the Selling Stockholders:

CECO Environmental Corp.
3120 Forrer Street
Cincinnati, Ohio 45209
Facsimile: (513) 458-2647
Attention: Dennis Blazer

in each case, with a copy to:

Sugar, Friedberg & Felsenthal LLP
30 N. LaSalle Street, Suite 3000
Chicago, Illinois 60602
Facsimile: 312-372-7951
Attention: Leslie J. Weiss

Any party hereto may change the address for receipt of communications by giving written notice to the others.

Section 15. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto, including any substitute Underwriters pursuant to Section 11 hereof, and to the benefit of the employees, officers and directors and controlling persons referred to in Section 9 and Section 10, and in each case their respective successors, and no other person will have any right or obligation hereunder. The term "**successors**" shall not include any purchaser of the Offered Shares as such from any of the Underwriters merely by reason of such purchase.

Section 16. Partial Unenforceability. The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

Section 17. Governing Law Provisions. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York applicable to agreements made and to be performed in such state.

Section 18. Failure of One or More of the Selling Stockholders to Sell and Deliver Offered Shares. If the Underwriters have fulfilled all of their obligations under this Agreement and one or more of the Selling Stockholders shall fail to sell and deliver to the Underwriters the Offered Shares to be sold and delivered by such Selling Stockholders at the First Closing Date pursuant to this Agreement, then the Underwriters may at their option, by written notice from the Representative to the Company and the Selling Stockholders, either (i) terminate this Agreement without any liability on the part of any Underwriter or, except as provided in Sections 4, 7, 9 and 10 hereof, the Company or the other Selling Stockholders, or (ii) purchase the shares which the Company and other Selling Stockholders have agreed to sell and deliver in accordance with the terms hereof. If one or more of the Selling Stockholders shall fail to sell and deliver to the Underwriters the Offered Shares to be sold and delivered by such Selling Stockholders pursuant to this Agreement at the First Closing Date, then the Underwriters shall have the right, by written notice from the Representative to the Company and the Selling Stockholders, to postpone the First Closing Date, as the case may be, but in no event for longer than seven days in order that the required changes, if any, to the Registration Statement and the Prospectus or any other documents or arrangements may be effected.

Section 19. General Provisions. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect

as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The Section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

Each of the parties hereto acknowledges that it is a sophisticated business person who was adequately represented by counsel during negotiations regarding the provisions hereof, including, without limitation, the indemnification provisions of Section 9 and the contribution provisions of Section 10, and is fully informed regarding said provisions. Each of the parties hereto further acknowledges that the provisions of Sections 9 and 10 hereto fairly allocate the risks in light of the ability of the parties to investigate the Company, its affairs and its business in order to assure that adequate disclosure has been made in the Registration Statement, any preliminary prospectus and the Prospectus (and any amendments and supplements thereto), as required by the Securities Act and the Exchange Act.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to the Representative the enclosed copies hereof, whereupon this instrument, along with all counterparts hereof, shall become a binding agreement in accordance with its terms.

Very truly yours,

CECO ENVIRONMENTAL CORP.

By: _____
Name: _____
Title: _____

SELLING STOCKHOLDERS

By: _____
Name: _____
Title: Attorney-in-fact

[Signature page to Underwriting Agreement]

The foregoing Underwriting Agreement is hereby confirmed and accepted by the Representative as of the date first above written.

OPPENHEIMER & CO. INC.

Acting as Representative of the several Underwriters named in the attached Schedule A.

By: _____
Name: _____
Title: _____

[Signature page to Underwriting Agreement]

SCHEDULE A

Underwriters	Number of Firm Shares to be Purchased
Oppenheimer & Co., Inc	
Needham & Company, LLC.	
Total	3,348,166

SCHEDULE B

Selling Stockholder	Number of Firm Shares to be Sold
Phillip DeZwirek	1,250,000
Jason DeZwirek	598,666
Richard Blum	224,000
David D. Blum	167,000
Lawrence J. Blum	108,500
Total:	2,348,166

SCHEDULE C

Schedule of Free Writing Prospectuses included in the Time of Sale Prospectus

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SCHEDULE D

Subsidiaries and Joint Ventures of the Company

CECO Group, Inc.	(Delaware)
CECO Filters, Inc.	(Delaware, subsidiary of CECO Group, Inc.)
CECO Abatement Systems, Inc.	(Delaware, subsidiary of CECO Group, Inc.)
H.M. White, Inc. (f/k/a CECO Energy, Inc.)	(Delaware, subsidiary of CECO Group, Inc.)
CECOaire, Inc.	(Delaware, subsidiary of CECO Group, Inc.)
The Kirk & Blum Manufacturing Company	(Ohio, subsidiary of CECO Group, Inc.)
kbd/Technic, Inc.	(Indiana, subsidiary of CECO Group, Inc.)
CECO Filters India Pvt. Ltd.	(India, subsidiary of CECO Filters, Inc.)
New Busch Co., Inc.	(Delaware, subsidiary of CECO Filters, Inc.)
CECO Acquisition Corp.	(Delaware, subsidiary of CECO Group, Inc.)

Exhibit 5.1

Sugar, Friedberg & Felsenthal LLP
30 N. LaSalle, Suite 3000
Chicago, IL 60602

April 26, 2007

CECO Environmental Corp.
3120 Forrer Street
Cincinnati, OH 45209

RE: Registration Statement on Forms S-3

Ladies and Gentlemen:

We have acted as counsel to CECO Environmental Corp., a Delaware corporation (the "Company"), in connection with the registration statement on Form S-3, Registration No. 333-142052, as amended (the "Registration Statement"), initially filed on April 11, 2007 with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933, as amended (the "Act"), in connection with the offer and sale of up to 3,850,391 shares of the Company's common stock, par value $0.01 per share (the "Shares"), of which (i) 1,000,000 Shares are to be issued and sold by the Company, (ii) 2,348,166 Shares are to be sold by certain stockholders of the Company (the "Selling Stockholders"), and (iii) 502,225 Shares are subject to an over-allotment option granted by the Company to the underwriters. The Shares are to be purchased by the underwriters and offered for sale to the public pursuant to the terms of an Underwriting Agreement by and among the Company, the Selling Stockholders and Oppenheimer & Co. Inc., on its own behalf and as representative of the underwriters (the "Underwriting Agreement"), the form of which is filed as an exhibit to the Registration Statement. Of the 2,348,166 Shares being sold by the Selling Stockholders, 1,749,500 Shares (the "Warrant Shares") are issuable upon exercise of warrants.

We have participated in the preparation of the Registration Statement and have reviewed the originals or copies certified or otherwise identified to our satisfaction of all such corporate records of the Company and such other instruments and other certificates of public officials, officers and representatives of the Company and such other persons, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions expressed below.

In arriving at the opinions expressed below, we have assumed without investigation, the authenticity of any document or other instrument submitted to us as an original, the conformity to the original of any document or other instrument submitted to us as a copy, the genuineness of all signatures on such originals or copies, and the legal capacity of natural persons who executed

any such document or instrument at the time of execution thereof. In addition, we have assumed and have not verified the accuracy as to factual matters of each document we have reviewed.

Based on the foregoing, and subject to the further qualifications set forth below (a) after the Commission shall have entered an appropriate order declaring effective the above-referenced Registration Statement, as amended and (b) after and assuming the exercise of warrants for the Warrant Shares, payment of the exercise price for the Warrant Shares in full in good funds, and the issuance of the Warrant Shares by the Company in accordance with the terms of the respective warrant agreements of the Selling Stockholders, it is our opinion that:

1. The Shares being registered for sale by the Company have been duly authorized by all necessary corporate action of the Company, and when issued and delivered against payment therefor in accordance with the Underwriting Agreement, will be validly issued, fully paid and non-assessable.

2. The Shares being registered for sale by the Selling Stockholders have been duly authorized by all necessary corporate action of the Company, and when sold in accordance with the terms and conditions of the Underwriting Agreement, will be validly issued, fully paid and non-assessable.

The foregoing opinion is limited to the General Corporation Law of the State of Delaware. We have acted as special counsel to the Company in connection with the issuance of this opinion and related matters and our engagement has been limited to certain matters about which we have been consulted. Consequently, there may exist matters of a legal nature involving the Company in which we have not been consulted and have not represented the Company. This opinion letter is limited to the matters stated herein and no opinions may be implied or inferred beyond the matters expressly stated herein. The opinions expressed herein are given as of this date, and we assume no obligation to update or supplement our opinions to reflect any facts or circumstances that may come to our attention or any change in law that may occur or become effective at a later date.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the caption “Legal Matters” in the Registration Statement and the prospectus which forms a part of the Registration Statement and any supplement or supplements to such prospectus. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ SUGAR, FRIEDBERG & FELSENTHAL LLP
SUGAR, FRIEDBERG & FELSENTHAL LLP

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No. 1 to Registration Statement on Form S-3 of our report dated April 2, 2007, relating to our audit of the consolidated financial statements of CECO Environmental Corp. as of and for the years ended December 31, 2006 and December 31, 2005 included in the Annual Report on Form 10-K of CECO Environmental Corp. for the year ended December 31, 2006, and to the reference to us under the heading “Experts” in the Prospectus, which is part of this Registration Statement.

/s/ Battelle & Battelle LLP

Dayton, Ohio
April 26, 2007

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No. 1 to Registration Statement No. 333-142052 on Form S-3 of our report dated March 31, 2005, relating to the consolidated financial statements of CECO Environmental Corp. for the year ended December 31, 2004, appearing in the Annual Report on Form 10-K of CECO Environmental Corp. for the year ended December 31, 2006, and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ DELOITTE & TOUCHE LLP

Cincinnati, Ohio
April 26, 2007

EXHIBIT 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No. 1 to Registration Statement on Form S-3 of our report dated March 27, 2007, relating to the consolidated financial statements of Effox, Inc. for the year ended December 31, 2006, included in CECO Environmental Corp.'s Current Report on Form 8-K/A filed April 5, 2007 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Greenwalt Sponsel & Co., Inc.

Indianapolis, Indiana
April 26, 2007

EXHIBIT 23.4

CONSENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No. 1 to Registration Statement on Form S-3 of our report dated March 1, 2006 (except for Notes S and T, as to which the date was June 1, 2006), relating to the financial statements of Effox, Inc. as of and for the years ended December 31, 2005 and December 31, 2004, included in CECO Environmental Corp.'s Current Report on Form 8-K/A filed April 5, 2007 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Jackson, Rolfes, Spurgeon & Co.

Cincinnati, Ohio
April 26, 2007