

2010 ANNUAL REPORT

CECE
NASDAQ
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*A Global Leader In Air Pollution Control
And Integrated Clean Air Solutions*



2010 ANNUAL REPORT

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OFFICERS AND DIRECTORS

EXECUTIVE OFFICERS

Phillip DeZwirek

Chairman

Jeff Lang

Chief Executive Officer

Dennis W. Blazer

Chief Financial Officer and Assistant Secretary,
Vice President Finance & Administration

DIRECTORS

Phillip DeZwirek

Chairman

Jeff Lang

Chief Executive Officer

Jason DeZwirek

Secretary
Founder and former CEO, Kaboose Inc.

Donald A. Wright

Vice President, SD Homes

Ronald E. Krieg, CPA

Retired Partner, Plante & Moran, PLLC

Thomas J. Flaherty

Consultant and former Chief Operating Officer,
Fairchild Corporation

Arthur Cape

Director of International Sales,
Shymac Innovative Marketing

Jason Meretsky

Attorney
Meretsky Law Firm

OUR COMMITMENT

We are committed to building systems and equipment as well as providing technology and services that remove airborne contaminants from industrial facilities.

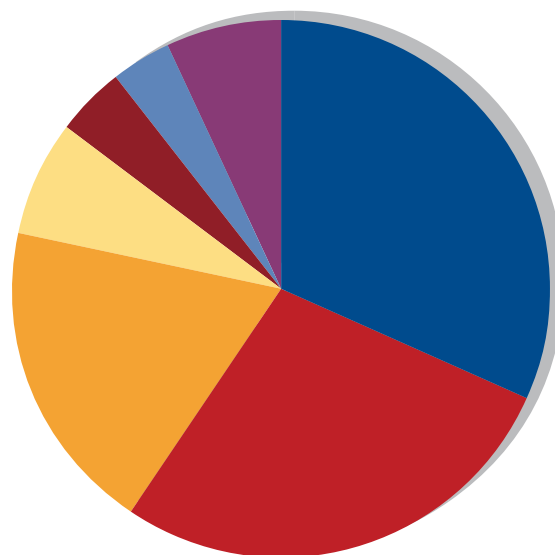
- We remove airborne contaminants and pollutants from the largest and most critical industrial facilities in the world.
- We clean the air exhausted from those large industrial facilities.

OUR VISION

To become the world-class leader in air pollution control that produces exceptional value for our customers, shareholders, employees and communities by delivering:

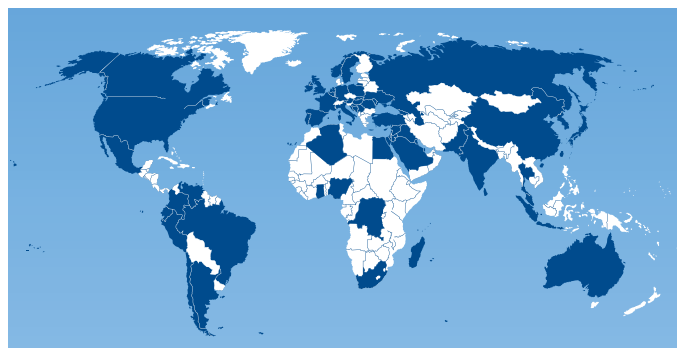
- **Significant Growth**
Implementing profitable ways to grow globally with premier solutions.
- **Product and Service Excellence**
Creating customer successes and building customer loyalty.
- **Operational Excellence**
Running smart, lean, best-in-class processes.
- **Employee Development**
Investing in the training and development of our employees.
- **Global Market Coverage**
Providing worldwide sales and manufacturing resources.
- **Safety Leadership**
Ensuring employee safety with world-class safety practices.

BACKLOG BY INDUSTRY DECEMBER 2010



Power	32%
Refining	28%
Steel	19%
Chemical	7%
Aluminum	4%
Automotive	4%
Other	6%

COUNTRIES SOLD IN 2010



SHAREHOLDER LETTER

Dear Fellow Shareholders,

2010 was an excellent year in our journey to improve CECO's portfolio, global sales focus and operational excellence. CECO employees did a great job streamlining our operations to become leaner, stronger and more international. Our core manufacturing plants today are running more efficiently than ever. We shuttered excess fabrication capacity and improved our cost structure for the future. We also placed a greater focus on pricing and gross margin enhancements. We retooled our product portfolio to focus on areas that bring greater value to our customers and produce higher operating margins. Along the way, we pruned technology portfolios to strengthen CECO for global and improving markets. CECO today is leaner and more efficient, which has strengthened our core business and enhanced our gross margins.

CECO is positioned very well for the growing global air pollution control demand. Both domestic growth and increasing international opportunities are taking shape. Over the next few years, our strategic goal is for CECO's international operations to become equal in size to our domestic revenues.

Once again, our market breadth was an asset this year, with many key customer industries continuing to perform well. Our global business model proved more important than ever, producing roughly 23.5% of our 2010 sales from outside the USA.

In 2010, we maintained a critical focus on growth in global markets, while reducing our SG&A expenses, consolidating our operations, and managing our working capital and cash wisely.

2010 Financial Particulars

- Revenue from continuing operations was \$141 million, compared to \$139 million in 2009.
- SG&A expenses were reduced by \$1.4 million. We will further streamline these costs in 2011.
- Gross profit from continuing operations increased 1.0% to 23.3%.
- Operating income increased to \$5 million as compared to \$1 million in 2009, showing excellent progress.
- Operating margin increased to 3.6% from 0.9% in 2009.
- CECO China delivered nearly 20% of our 2010 operating income and is positioned favorably for growth.

- International bookings increased from 19% in 2009 to 23.5% in 2010 and will continue to trend up.
- Bank debt was reduced to zero.
- Annual shop overhead has been reduced \$2.2 million, with fewer facilities, assets and real estate obligations.
- Balance sheet is stronger with \$5.8 million in cash and cash equivalents.

Our Focus

CECO is a leader in air pollution control equipment technologies. Our expertise in engineering industrial ventilation systems makes us the premier provider of integrated solutions for all global air pollution applications. We are well positioned for the renewable fuels, gasification and biomass markets. In addition, we are expanding operations in China, India and Brazil to maximize opportunities in those growing markets.

We believe the global air pollution control equipment and services sectors will grow as a result of increasing air quality regulations and climate change legislation. This will produce significant demand for CECO products over the long term.

We are excited about our future, our team, our strategy and our core focus. In 2011, CECO will strive to realize its vision to: 1) drive global growth, 2) achieve lean operational excellence, 3) improve operating margin, 4) ensure service and product quality, 5) develop our valued employees, 6) improve our global market coverage, and 7) provide safety leadership. As we continue to move our business forward, we plan to share with you our progress in these important areas.

In Summary

CECO has a stronger, leaner, more global, proven leadership team in place. Our portfolio of businesses is positioned optimally and running well. The markets we serve are gaining momentum and we are expanding globally. Given CECO's strength, growth and operational excellence, we believe we will create significant shareholder value as we execute on our vision and strategies.

Respectfully submitted,

Phillip DeZwirek
Chairman

Jeff Lang
Chief Executive Officer

2010 CECO Division Highlights

- Consolidated our manufacturing footprint by closing several facilities and streamlined our business.
- All divisions improved SG&A and gross margin focus.
- Expanded our global market sales coverage, aggressively focusing on China, India and Brazil.
- CECO Abatement received two orders totaling more than \$6.5 million for ethanol facilities.
- Busch International received two orders from one steel industry customer totaling more than \$5.0 million.
- Effox-Flextor received four orders totaling more than \$3.8 million in the power and refining markets.
- Buell FCC received three orders, two greater than \$2.5 million each and one order greater than \$5.5 million, all for the refining market.
- Kirk & Blum Contracting Services received two orders for a design/build contract totaling more than \$2.6 million from a chemical plant.
- Our global presence was expanded for the CECO companies of Effox-Flextor, Fisher-Klosterman and Buell with orders from Oman, Jordan, Saudi Arabia, India, China, Canada, Taiwan, Mexico, Mongolia, Brazil and Chile.

Building our Technology and Business Portfolio

CECO Environmental Corporation offers a comprehensive portfolio of air pollution control technologies that provides unique value and solutions to customers. In recent years, the company has acquired many world-class, complementary businesses that have expanded CECO's capabilities and market exposure. Our company has made exceptional progress integrating these businesses to strengthen its core. A few of our companies and their areas of specialization are listed below.

- **Buell FCC** provides fluidized catalytic cracking cyclones for refineries worldwide. Global refinery capacity is expanding.
- **CECO Filters** provides fiber bed filters for the chemical processing industry. Its products are manufactured in the United States, India and China.
- **Effox-Flextor** provides dampers and expansion joints for a wide variety of industries, but specializes in equipment for the power industry.
- **Fisher-Klosterman** provides cyclones, scrubbers, and other air pollution control equipment, specializing in high-temperature and high-pressure processes, such as gasification.
- **Busch International** provides filtration and ventilation systems to capture emissions from molten metal handling, specializing in steel and aluminum rolling mills.
- **CECO Abatement** provides oxidizers for the treatment and abatement of organics, particulates, malodorous emissions and acid gases from industrial process facilities. The company also provides service and maintenance.
- **Kirk & Blum Services** is the manufacturing muscle behind many CECO projects, providing comprehensive fabrication, engineering and installation services.
- **KBD/Technic** "The Air Engineering Company" specializing exclusively in industrial ventilation engineering, air balancing, stack testing and energy management.

ExxonMobil

Buell technology drives order for Saudi Refinery

Buell's superior technology and proven record resulted in a significant 2010 order for fluid catalytic cracking (FCC) regenerator cyclones at the Saudi Aramco Mobil Refining Company (SAMREF) in Saudi Arabia.

One of the key components for FCC, or "cat cracking," is the cyclones. The cat cracker must operate several years under extreme conditions between shut downs, so customers demand the highest standards for reliability. Buell cyclones have been used since the infancy of cat cracking in the 1940s. However, until recently, ExxonMobil technology favored other cyclone solutions. In 2008, Buell cyclones were used in a replacement project at ExxonMobil's Beaumont, Texas refinery. Following this project's success, word spread through the ExxonMobil engineering offices and in the summer of 2010, Buell was approached for the SAMREF project.

This project, which involved Foster-Wheeler Engineering Limited for project engineering and execution, is a major breakthrough for Buell, and the company looks forward to continued success with the world's leading refiners.



Matheson Tri-Gas

KBD/Technic and Kirk & Blum Contracting Services provide proven one-stop technical solution

For Matheson Tri-Gas, producer of specialty gases for the electronics, medical and industrial markets, worker protection during production is a key safety concern, due to the hazardous nature of the gases produced. KBD/Technic and Kirk & Blum provided product design, fabrication, installation, air balancing and on-going compliance audits for the design of the company's laminar flow work stations.

The work stations must comply with standards established by the National Fire Protection Association (NFPA) and the Compressed Gas Association (CGA), as well as the American Conference of Governmental Industrial Hygienists (ACGIH).

After the initial design by KBD/Technic, Kirk & Blum completed the fabrication and installation. The CECO Project Management Team's disciplined approach and strict adherence to all codes assured worker safety at every phase. CECO provides a true single source solution for applications like this that cannot be found in any other air pollution control provider in the U.S. or abroad.



SHAREHOLDER INFORMATION

AUDITORS

BDO USA, LLP

LEGAL COUNSEL

Barnes & Thornburg, LLP

REGISTRAR & TRANSFER AGENT

American Stock Transfer & Trust Company

STOCK MARKET

NASDAQ Global Market system under the symbol "CECE"

FORM 10-K

The CECO Environmental Corp. 2010 Form 10-K is available by emailing investors@cecoenviro.com

It can also be downloaded from our website:

www.cecoenviro.com

INVESTOR RELATIONS

Visit our website at www.cecoenviro.com or send an e-mail to investors@cecoenviro.com

ANNUAL MEETING

The CECO Environmental Corp. Annual Meeting will be held on:

**May 17, 2011 at 2:00 p.m. EDT at
Taft Stettinius & Hollister LLP
425 Walnut Street, Suite 1800
Cincinnati, Ohio 45202**

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